: 8070-01-P

FEDERAL HOUSING FINANCE AGENCY

12 CFR Parts 1209, 1281, and 1282

RIN 2590-AB59

2026-2028 Enterprise Housing Goals

AGENCY: Federal Housing Finance Agency.

ACTION: Proposed rule.

SUMMARY: The Federal Housing Finance Agency (FHFA) is issuing a proposed rule and requesting comments on the housing goals for Fannie Mae and Freddie Mac (the Enterprises) for 2026 through 2028 as required by the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. The proposed rule establishes benchmark levels for the housing goals for 2026 through 2028. The proposed rule replaces the two area-based subgoals with one low-income areas subgoal, simplifies the goal determination process, clarifies inflation adjustments to maximum civil money penalties related to housing goals, and makes other technical changes.

DATES: FHFA will accept written comments on the proposed rule on or before **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**.

ADDRESSES: You may submit your comments on the proposed rule, identified by regulatory information number (RIN) 2590-AB59, by any one of the following methods:

- *Agency website*: https://www.fhfa.gov/regulation/federal-register.
- *Federal eRulemaking Portal*: https://www.regulations.gov. Follow the

instructions for submitting comments. If you submit your comment to the Federal eRulemaking Portal, please also send it by e-mail to FHFA at RegComments@fhfa.gov to ensure timely receipt by FHFA. Include the following information in the subject line of your submission: Comments/RIN 2590-AB59.

- *Hand Delivered/Courier*: The hand delivery address is: Clinton Jones, General Counsel, Attention: Comments/RIN 2590-AB59, Federal Housing Finance Agency, 400 Seventh Street, SW, Washington, DC 20219. Deliver the package at the Seventh Street entrance Guard Desk, First Floor, on business days between 9 a.m. and 5 p.m. EST.
- *U.S. Mail, United Parcel Service, Federal Express, or Other Mail Service*: The mailing address for comments is: Clinton Jones, General Counsel, Attention: Comments/RIN 2590-AB59, Federal Housing Finance Agency, 400 Seventh Street, SW, Washington, DC 20219. Please note that all mail sent to FHFA via U.S. Mail is routed through a national irradiation facility, a process that may delay delivery by approximately two weeks.

FOR FURTHER INFORMATION CONTACT: For general questions, please contact MediaInquiries@FHFA.gov. For technical questions, please contact Leda Bloomfield, Senior Associate Director, Office of Affordable Housing and Community Investment, Division of Housing Mission and Goals, 202-649-3415, Leda.Bloomfield@fhfa.gov; Siobhan Kelly, Senior Associate Director, Office of Multifamily Analytics and Policy, Division of Housing Mission and Goals, 202-649-3142, Siobhan.Kelly@fhfa.gov; or Elena Hoffman, Honors Counsel, Office of General Counsel, 202-649-3511, Elena.Hoffman@fhfa.gov. These are not toll-free numbers. The mailing address is: Federal Housing Finance Agency, 400 Seventh Street, SW, Washington, DC 20219. For TTY/TRS users with hearing and speech disabilities, dial 711 and ask to be connected to any of the contact numbers above.

SUPPLEMENTARY INFORMATION:

I. Comments

FHFA invites comments on all aspects of the proposed rule and will take all comments into consideration before issuing a final rule. Comments will be posted to the electronic rulemaking docket on the FHFA public website at https://www.fhfa.gov/regulation/rulemaking, except as described below. Commenters should submit only information that the commenter wishes to make available publicly. FHFA may post only a single representative example of identical or substantially identical comments, and in such cases will generally identify the number of identical or substantially identical comments represented by the posted example. FHFA may, in its discretion, redact or refrain from posting all or any portion of any comment that contains content that is obscene, vulgar, profane, or threatens harm. All comments, including those that are redacted or not posted, will be retained in their original form in FHFA's internal rulemaking file and considered as required by all applicable laws. Commenters that would like FHFA to consider any portion of their comment exempt from disclosure on the basis that it contains trade secrets, or financial, confidential or proprietary data or information, should follow the procedures in section IV.D. of FHFA's *Policy on Communications with Outside Parties in Connection with FHFA Rulemakings,* see https://www.fhfa.gov/sites/default/files/documents/Ex-Parte-Communications-Public-Policy_3-5-19.pdf. FHFA cannot guarantee that such data or information, or the identity of the commenter, will remain confidential if disclosure is sought pursuant to an applicable statute or regulation. *See* 12 CFR 1202.8, 12 CFR 1214.2, and the FHFA *FOIA Reference Guide* at https://www.fhfa.gov/about/foia-reference-guide for additional information.

II. Background

A. Statutory and Regulatory Background for Enterprise Housing Goals

The Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Safety and Soundness Act) requires FHFA to establish several annual housing goals for both single-family and multifamily mortgages purchased by the Enterprises.[1] The annual housing goals are one measure of the extent to which the Enterprises are meeting their

[1] 12 U.S.C. 4561(a).

public purposes as defined by statute, which include "an affirmative obligation to facilitate the financing of affordable housing for low- and moderate-income families in a manner consistent with their overall public purposes, while maintaining a strong financial condition and a reasonable economic return."[2]

FHFA establishes annual housing goals for Enterprise purchases of single-family and multifamily mortgages consistent with the requirements of the Safety and Soundness Act. The structure of the housing goals and the parameters for determining how mortgage purchases are counted or not counted towards the goals are defined in FHFA's Enterprise housing goals regulation.[3] This proposed rule would establish benchmark levels for the single-family and multifamily housing goals for 2026-2028.

Single-family housing goals. The single-family housing goals defined under the Safety and Soundness Act include separate categories for home purchase mortgages for low-income families, very low-income families, and families that reside in low-income areas.[4] For purposes of the single-family housing goals, families that reside in low-income areas[5] include: (1) families in low-income census tracts, defined as census tracts with median income less than or equal to 80 percent of area median income (AMI);[6] (2) families with incomes less than or equal to 100 percent of AMI who reside in minority census tracts (defined as census tracts with a minority population of at least 30 percent and a tract median income of less than 100 percent of AMI);[7] and (3) families with incomes less than or equal to 100 percent of AMI who reside in designated disaster

[2] 12 U.S.C. 4501(7).
[3] 12 CFR part 1282.
[4] 12 U.S.C. 4562(a)(1). To distinguish the goals and subgoals related to home purchase mortgages from the goal related to refinance mortgages, this preamble refers to the "low-income home purchase goal" and the "very low-income home purchase goal" to refer to the low-income families housing goal and the very low-income families housing goal, respectively, described in 12 CFR 1282.12(c) and (d).
[5] *See* 12 U.S.C. 4502(28); 12 CFR 1282.1 (definition of "families in low-income areas").
[6] 12 CFR 1282.1 (par. (i) of definition of "families in low-income areas").
[7] 12 U.S.C. 4502(29); 12 CFR 1282.1 (par. (ii) of definition of "families in low-income areas" and definition of "minority census tract").

areas.[8] The current Enterprise housing goals regulation also includes subgoals[9] within the low-income areas home purchase goal.[10] Performance on the single-family home purchase goals and subgoals is measured as the percentage of the total home purchase mortgages purchased by an Enterprise each year that qualify for each goal or subgoal. There is also a separate goal for single-family refinance mortgages for low-income families, and performance on the refinance goal is determined in a similar way.

Under the Safety and Soundness Act, the single-family housing goals are limited to mortgages on owner-occupied housing with one to four units. The single-family goals cover first lien, conventional, conforming mortgages, meaning mortgages that are not subordinate to other mortgage liens, that are not insured or guaranteed by the Federal Housing Administration or another government agency, and that have principal balances that do not exceed the conforming loan limits for Enterprise mortgages.

Two-part evaluation approach for single-family housing goals. The Enterprises' performance on the single-family housing goals is evaluated using a two-part approach that compares the goal-qualifying share of each Enterprise's mortgage purchases to two separate measures: a benchmark level and a market level. To meet a single-family housing goal, the percentage of mortgage purchases by an Enterprise that qualifies for credit under each goal must equal or exceed either the benchmark level or the market level for that year. The benchmark level is set prospectively by rulemaking based on various factors set forth in the Safety and Soundness Act, which are further discussed below.[11] The market level is determined retrospectively for each year, based on the actual goal-qualifying share of the overall market as measured by the Home Mortgage

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[8] 12 U.S.C. 4502(28); 12 CFR 1282.1 (definition of "designated disaster area" and par. (iii) of definition of "families in low-income areas").
[9] For brevity, sometimes this preamble uses the term "goals" to refer to goals and subgoals.
[10] 12 CFR 1282.12(f).
[11] *See* 12 U.S.C. 4562(e).

Disclosure Act[12] (HMDA) data for that year.[13] The overall market that FHFA uses for setting both the prospective benchmark level and the retrospective market level consists of all single-family, owner-occupied, conventional, conforming mortgages that would be eligible for purchase by either Enterprise. It includes loans purchased by the Enterprises as well as comparable loans held in a lender's portfolio or that are part of a private label security (PLS).

Since 2018, several new HMDA data fields have become available. FHFA continues to monitor reporting of these new fields to consider potential adjustments to the way FHFA measures the overall market. Because FHFA's econometric market models use past years' data in their construction, a potential transition to incorporate any new data variables will require time to obtain an adequate input data series.

While the retrospective market levels measure mortgage originations in a particular year, the performance of the Enterprises on the housing goals includes all Enterprise purchases in that year, regardless of the year in which the loan was originated. This includes any loans that are originated in one year and purchased by an Enterprise in a later year.

Multifamily housing goals. The multifamily housing goals defined under the Safety and Soundness Act include separate categories for mortgages on multifamily properties (properties with five or more units) with rental units affordable to low-income and very low-income families. The Safety and Soundness Act also requires reporting on smaller properties.[14] The multifamily housing goals generally include all Enterprise multifamily mortgage purchases, regardless of the purpose of the loan. The multifamily

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[12] 12 U.S.C. 2801 *et seq*.
[13] FHFA bases these calculations on its analysis of public HMDA data made available by the Consumer Financial Protection Bureau (CFPB) based on data that mortgage originators submit to the Federal Financial Institutions Examination Council (FFIEC). Additional information about loans held in lender portfolios is available through HMDA and the National Mortgage Database (National Mortgage Database (NMDB®), a joint dataset published by FHFA and CFPB).
[14] 12 U.S.C. 4563(a)(3).

housing goals evaluate the performance of the Enterprises based on the share of affordable units in properties that serve as collateral for mortgages purchased by an Enterprise (loans that are excluded as ineligible under 12 CFR 1282.16(b) are not counted for purposes of measuring Enterprise performance). The Enterprise housing goals regulation does not include a retrospective market level measure for the multifamily housing goals, due in part to a lack of comprehensive data about the multifamily market. As a result, FHFA measures Enterprise multifamily housing goals performance against the benchmark levels only and the proposed rule retains this approach.

The Safety and Soundness Act requires that affordability for rental units under the multifamily housing goals be determined based on rents that "[do] not exceed 30 percent of the maximum income level of such income category, with appropriate adjustments for unit size as measured by the number of bedrooms."[15] The Enterprise housing goals regulation considers the net rent paid by the renter, *i.e.*, the rent is decreased by any subsidy payments that the renter may receive, including housing assistance payments.[16]

B. Adjusting the Housing Goals

If, after publication of this proposed rule, new information indicates that any of the single-family or multifamily housing goals should be adjusted in light of market conditions or the safety and soundness of the Enterprises, or for any other reason, FHFA may take any steps that are necessary and appropriate to respond, consistent with the Safety and Soundness Act and the Enterprise housing goals regulation.

For example, under the Safety and Soundness Act and the Enterprise housing goals regulation, FHFA is permitted to reduce a benchmark level in response to an Enterprise petition for reduction for any of the single-family or multifamily housing goals in a particular year. Any adjustment in response to such a petition must be based on a

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[15] *See* 12 U.S.C. 4563(c).
[16] *See* 12 CFR 1282.1 (par. (i)(B) of definition of "rent").

determination by FHFA that: (1) market and economic conditions or the financial condition of the Enterprise require a reduction; or (2) efforts to meet the goal or subgoal would result in the constraint of liquidity, over-investment in certain market segments, or other consequences contrary to the intent of the Safety and Soundness Act or the purposes of the Enterprises' charter acts.[17]

The Safety and Soundness Act and the Enterprise housing goals regulation also provide for the possibility that achievement of a particular housing goal or subgoal may not have been feasible for an Enterprise. If FHFA determines that a housing goal or subgoal was not feasible for an Enterprise to achieve, then the statute and regulation do not require any further action related to that housing goal or subgoal for that year.[18]

If FHFA determines that an Enterprise did not meet a housing goal or subgoal and that achievement of the housing goal or subgoal was feasible, the statute and regulation provide FHFA with discretion in determining whether to require the Enterprise to submit a housing plan describing the specific actions the Enterprise will take to improve its housing goals performance.[19]

III. Summary of Proposed Rule

A. Benchmark Levels for the Single-Family Housing Goals and Subgoal

This proposed rule would establish the benchmark levels for the single-family housing goals for 2026-2028 as follows:

Goal or Subgoal	Criteria	Current benchmark level	Proposed benchmark level for 2026-2028
Low-Income Home Purchase Goal	Home purchase mortgages on single-family, owner-occupied properties, to borrowers with incomes no greater than 80 percent of area median income (AMI).	25.0 percent	21.0 percent

[17] *See* 12 U.S.C. 4564(b); 12 CFR 1282.14(d).
[18] *See* 12 U.S.C. 4566(b); 12 CFR 1282.22(a).
[19] *See* 12 U.S.C. 4566(c); 12 CFR 1282.22(a).

Goal or Subgoal	Criteria	Current benchmark level	Proposed benchmark level for 2026-2028
Very Low-Income Home Purchase Goal	Home purchase mortgages on single-family, owner-occupied properties, to borrowers with incomes no greater than 50 percent of AMI.	6.0 percent	3.5 percent
Low-Income Refinance Goal	Refinance mortgages on single-family, owner-occupied properties, to borrowers with incomes no greater than 80 percent of AMI.	26.0 percent	26.0 percent
Low-Income Areas Home Purchase Subgoal	Home purchase mortgages on single-family, owner-occupied properties with: • Borrowers in census tracts with tract median income of no greater than 80 percent of area median income; or • Borrowers with income no greater than 100 percent of area median income in census tracts where (i) tract income is less than 100 percent of area median income, and (ii) minorities comprise at least 30 percent of the tract population	N/A	16.0 percent

The proposed rule would combine the current low-income census tracts home purchase subgoal and the minority census tracts home purchase subgoal into a single low-income areas home purchase subgoal. Similar to the existing regulation, the benchmark level for the low-income areas home purchase goal would be the sum of the benchmark levels for the low-income areas home purchase subgoal, plus an additional amount that will be determined separately by FHFA that takes into account families in disaster areas with incomes no greater than 100 percent of AMI.[20] The low-income areas home

[20] *See* 12 CFR 1282.12(e). The low-income areas home purchase goal benchmark level for 2025 is 21 percent.

purchase goal is published annually on FHFA's website.[21]

To simplify the structure of the Enterprise housing goals regulation, FHFA is proposing to remove temporary measurement buffers for the housing goals that the Agency previously established for 2025-2027. The measurement buffers were established to encourage the Enterprises to focus on achieving certain single-family housing goals by meeting the market level, if the benchmark level turns out to be higher than the market level. These measurement buffers partly addressed the uncertainty in forecasting the market several years in advance as well as the time lag in determining the actual market level retrospectively. Since the 2026-2028 proposed benchmarks are set below the forecasted marketed level, FHFA expects that the Enterprises will be able to calibrate their mortgage purchase strategies to anticipate small fluctuations in market uncertainty, making it unnecessary to maintain an additional regulatory buffer. This would accomplish the original intent of the measurement buffers, rendering the buffers duplicative and unnecessary.

B. Proposed Benchmark Levels for the Multifamily Housing Goals and Subgoal

The proposed rule would establish the benchmark levels for the multifamily housing goals and subgoal for 2026-2028 as follows:

Goals and Subgoal	**Criteria**	**Current benchmark level**	**Proposed benchmark level for 2026-2028**
Low-Income Goal	Percentage share of all goal-eligible units in multifamily properties financed by mortgages purchased by the Enterprises in the year that are affordable to low-income families, defined as families with incomes less than or equal to 80 percent of AMI.	61.0 percent	61.0 percent

[21] *See* Housing Goal Annual Housing Activity Reports and Determinations for each Enterprise at https://www.fhfa.gov/programs/affordable-housing/enterprise-housing-goals.

Goals and Subgoal	Criteria	Current benchmark level	Proposed benchmark level for 2026-2028
Very Low-Income Goal	Percentage share of all goal-eligible units in multifamily properties financed by mortgages purchased by the Enterprises in the year that are affordable to very low-income families, defined as families with incomes less than or equal to 50 percent of AMI.	14.0 percent	14.0 percent
Small Multifamily Low-Income Subgoal	Percentage share of all goal-eligible units in all multifamily properties financed by mortgages purchased by the Enterprises in the year that are units in small multifamily properties affordable to low-income families, defined as families with incomes less than or equal to 80 percent of AMI.	2.0 percent	2.0 percent

C. Required Adjustments to Maximum Civil Money Penalty Amounts

The Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015[22] (Adjustment Improvements Act) requires FHFA to adjust the level of civil monetary penalties for inflation (including an initial catch-up adjustment and annual adjustments thereafter). This proposed rule would make explicit that the required inflation adjustments apply to civil money penalties described in section 1345 of the Safety and Soundness Act (12 U.S.C. 4585), including penalties applicable to the Enterprise and Federal Home Loan Bank housing goals.

D. Notice of Preliminary Determination of Compliance with Housing Goals

To streamline the housing goal compliance determination processes, this proposed rule would provide that the Director need only provide written notice to an Enterprise of a preliminary determination if an Enterprise has failed to meet a housing goal or subgoal.

E. Technical Changes

[22] Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Pub. L. 114-74, title VII, sec. 701, 129 Stat. 599 (28 U.S.C. 2461 note) (2015), *available at* https://www.govinfo.gov/content/pkg/PLAW-114publ74/pdf/PLAW-114publ74.pdf.

The proposed rule would make technical changes to the names of the single-family housing goals to distinguish between goals related to home purchase mortgages and the goal related to refinance mortgages.

IV. Single-Family Housing Goals and Subgoal

A. Factors Considered in Setting the Single-Family Housing Goal Benchmark Levels

The Safety and Soundness Act requires FHFA to consider the following seven factors in setting the single-family housing goals:

1. National housing needs;

2. Economic, housing, and demographic conditions, including expected market developments;

3. The performance and effort of the Enterprises toward achieving the housing goals in previous years;

4. The ability of the Enterprises to lead the industry in making mortgage credit available;

5. Such other reliable mortgage data as may be available;

6. The size of the purchase money conventional mortgage market, or refinance conventional mortgage market, as applicable, serving each of the types of families described, relative to the size of the overall purchase money mortgage market or the overall refinance mortgage market, respectively; and

7. The need to maintain the sound financial condition of the Enterprises.[23]

FHFA has considered each of these seven statutory factors in setting the proposed benchmark levels for each of the single-family housing goals in the proposed rule.

In setting the benchmark levels for the single-family housing goals, FHFA typically relies on statistical market models developed by FHFA to evaluate four of the seven factors (national housing needs; economic, housing, and demographic conditions;

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[23] *See* 12 U.S.C. 4562(e)(2)(B).

other reliable mortgage data; and the size of the conventional purchase money or refinance mortgage segment). These market models generate a point forecast for each goal as well as a confidence interval for the point forecast. FHFA monitors information on market developments and Enterprise financial condition that are not reflected in the models. FHFA also considers the other statutory factors that are not explicitly modeled in the statistical forecast models (*i.e.*, performance and effort of the Enterprises to lead the industry in making mortgage credit available; the ability of the Enterprises to do so; and the need to maintain sound financial condition of the Enterprises) to make post-model adjustments to the point forecast for each goal.

Market forecast models. The purpose of FHFA's market forecast models is to forecast the market share of the goal-qualifying mortgage originations for the relevant goal period. The models are intended to generate reliable forecasts rather than to test various economic hypotheses about the housing market or to explain the relationship between variables. Therefore, following standard practice among forecasters and economists at other federal agencies, FHFA estimates a reduced-form equation for each of the housing goals and fits an Autoregressive Integrated Moving Average (or ARIMA) model to each goal share. The models look at the statistical relationship between (a) the historical market share for each single-family housing goal or subgoal, as calculated from monthly HMDA data, and (b) the historical values for various factors that may influence the market shares, such as interest rates, inflation, home prices, home sales, the unemployment rate, and other factors. The models then project the future value of the affordable market share using forecast values of the model inputs. Separate models are developed for each of the single-family housing goals.

FHFA has employed similar models in past cycles of rulemaking for Enterprise housing goals to generate market forecasts. The models are developed using monthly series generated from HMDA and other data sources, and the resulting monthly forecasts are then averaged into an annual forecast for each of the three years in the goal period. The most recently developed models, published in December 2024, relied on 20 years of HMDA data, from 2004 to 2023, the latest year for which public HMDA data was available at the time of model construction. Additional discussion of the most recent market forecast models can be found in a technical report on FHFA's website.[24]

This proposed rule continues to use the most recent market forecast models, because the 2024 HMDA data, which is critical for accurately forecasting the outcome variables (*i.e.*, market share estimates), was not available at the time FHFA prepared this proposed rule. In addition, as shown below, the current forecasts for several key independent variables are substantially similar to those used in the most recent market forecast models. As such, FHFA finds it appropriate to use the most recent market forecasts for this proposed rule.

Current market outlook. There are many factors that impact the affordable housing market, and changes to any of them could significantly impact the ability of the Enterprises to meet the goals. In developing the most recent market forecast models, FHFA used Moody's August 2024 baseline forecasts as the source for macroeconomic variables.[25] FHFA reviewed Moody's April 2025 baseline forecast and determined that it is not materially different from the August 2024 baseline forecast for key driver variables in the models, including mortgage interest rates, FHFA's Purchase-Only House Price Index (HPI), and the Housing Affordability Index (HAI) provided by the National Association of Realtors (NAR). In their December 2024 meeting, the Federal Open Market Committee (FOMC) of the Federal Reserve affirmed its policy priorities to seek maximum employment and a 2 percent long-term inflation rate, by lowering its target for

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[24] Details on FHFA's single-family market models are available in the technical report "The Size of the Affordable Mortgage Market: 2025-2027 Enterprise Single-Family Housing Goals," (December 2024), *available at* https://www.fhfa.gov/research/papers/2025-2027-enterprise-single-family-housing-goals-12-2024.

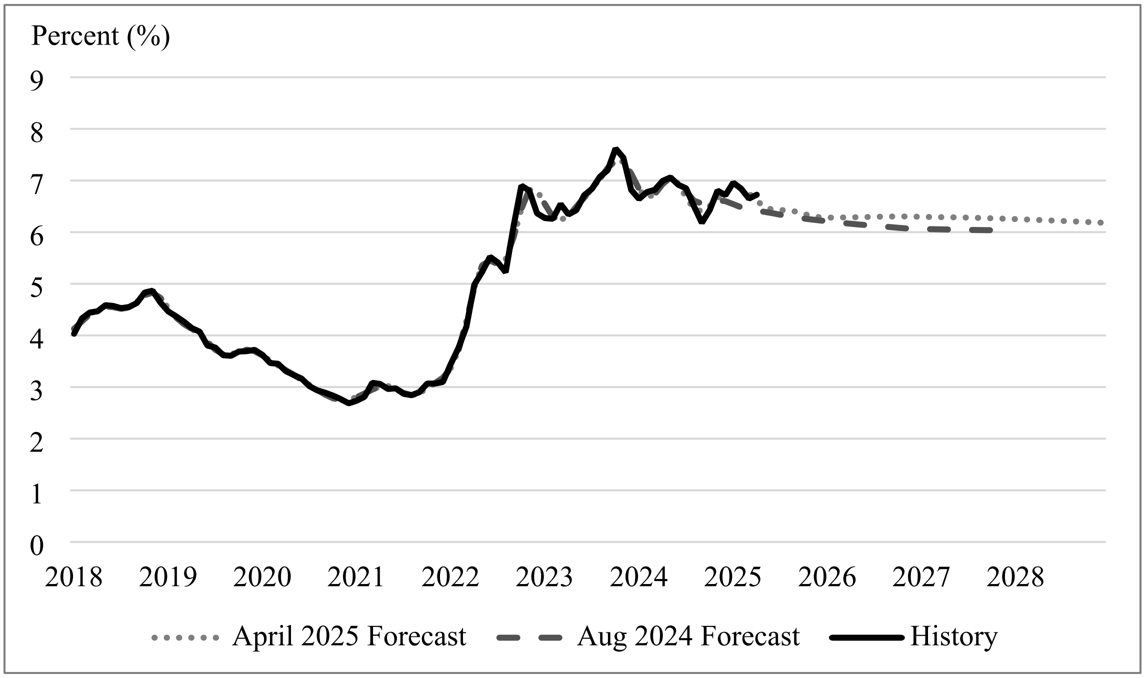
[25] *Ibid.*

the federal funds rate to a range of 4.25 percent to 4.5 percent.[26] In its May 2025 meeting, FOMC reiterated that commitment by maintaining its target range for the federal funds rate at that level.[27] Consistent with Moody’s 2024 baseline forecast, Moody’s April 2025 baseline forecast projects that the federal funds rate will decrease to 3 percent by the fourth quarter of 2026.[28]

Moody's April 2025 baseline forecast for the 30-year fixed mortgage rate indicates a slightly more elevated trajectory compared to the August 2024 baseline forecast, with a projected decline of 0.2 percentage points from 6.5 percent in 2025 to 6.3 percent in 2027 versus the earlier projection of 6.4 percent in 2025 to 6.0 percent in 2027. However, this difference is not considered material for the purposes of this rulemaking. Notably, the projected 30-year mortgage rate for 2025 in both forecasts is nearly identical (6.5 percent versus 6.4 percent). Given the inherent uncertainties in long-term economic projections and the relatively modest divergence in out-year forecasts, particularly when the initial year remains largely consistent, the Agency finds these projections to be substantially similar and, therefore, appropriate to use to inform our current policy considerations.[29]

[26] Press Release, “Federal Reserve issues FOMC statement,” (December 2024), *available at* https://www.federalreserve.gov/newsevents/pressreleases/monetary20241218a.htm.
[27] Press Release, “Federal Reserve issues FOMC statement,” (May 2025) *available at* https://www.federalreserve.gov/newsevents/pressreleases/monetary20250507a.htm.
[28] Moody’s Analytics, “Economic Data and Forecasts,” August 2024 and April 2025.
[29] *Ibid.*

Graph 1: Historical and Projected Trends of the 30-year Fixed Mortgage Rate



Home prices increased rapidly in 2021 and 2022, as indicated by the HPI, due to a strong demand for housing and limited supply of homes for sale.[30] The rapid rise in mortgage rates through 2022 and their stabilization at new elevated levels in 2023 slowed down the pace of house price growth. Although slower, house price growth was still significant, rising 3.9 percent from February 2024 to February 2025.[31] Moody's predicts that home price appreciation will continue to slow in 2026. Moody's April 2025 forecast of the same HPI expects the annual rates of house price growth to decline to 0.8 percent in 2026 before rising to 1.6 percent and 2.7 percent in 2027 and 2028, respectively. While Moody's August 2024 baseline forecast predicted a lower 2024 percentage growth than

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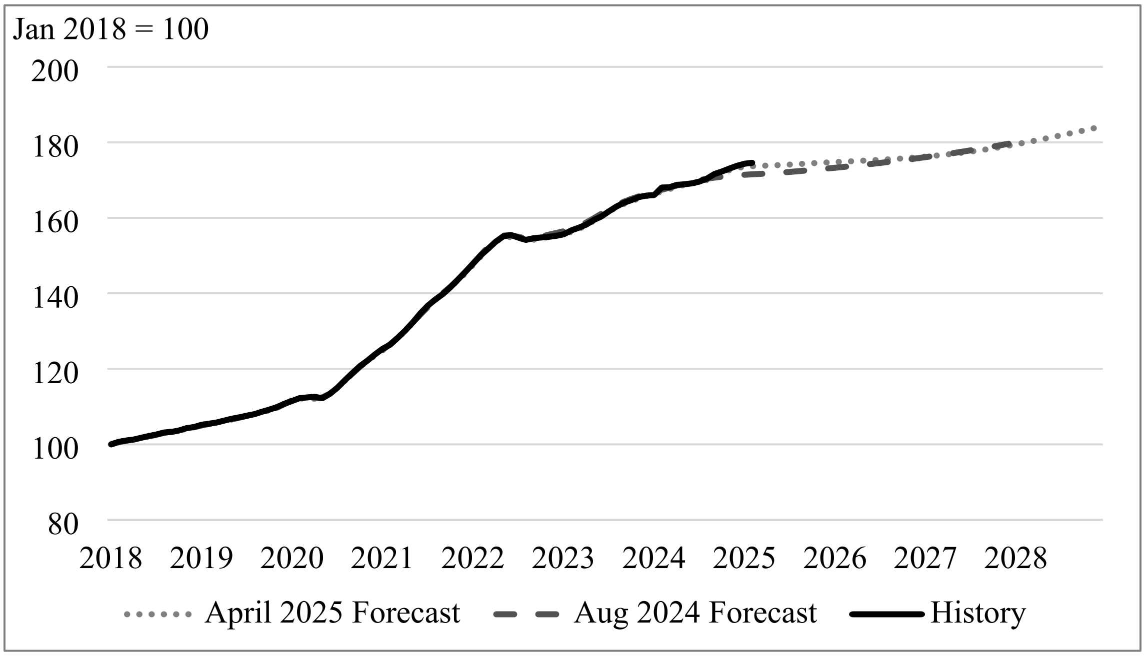
[30] FHFA, "House Price Index Datasets," *see* https://www.fhfa.gov/data/hpi/datasets?tab=hpi-datasets.
[31] FHFA, "FHFA House Price Index Report – Monthly Report," (April 2025), *see* https://www.fhfa.gov/document/fhfa-hpir-monthly-april-2025.

seen in the April 2025 forecast (3.3 percent vs 4.5 percent), the average annual price growth for both forecasts for 2024-2027 is the same at 2 percent.[32]

Graph 2: Historical and Projected Trends of FHFA's House Price Index



Housing affordability in 2025 remains historically low compared to the past two decades. Based on Moody's April 2025 baseline forecast of the HAI, as reported by NAR, affordability is expected to improve.[33] That forecast projects a continued, albeit moderate, upward trajectory in affordability from an index value of 99.8 in 2024 to 110.1 in 2027 and remain flat at 110.2 in 2028.[34] Moody's August 2024 baseline forecast saw a similar rise in the index from 99.5 in 2024 to 111.6 in 2027.[35]

Graph 3: Historical and Projected Trends of Housing Affordability Index

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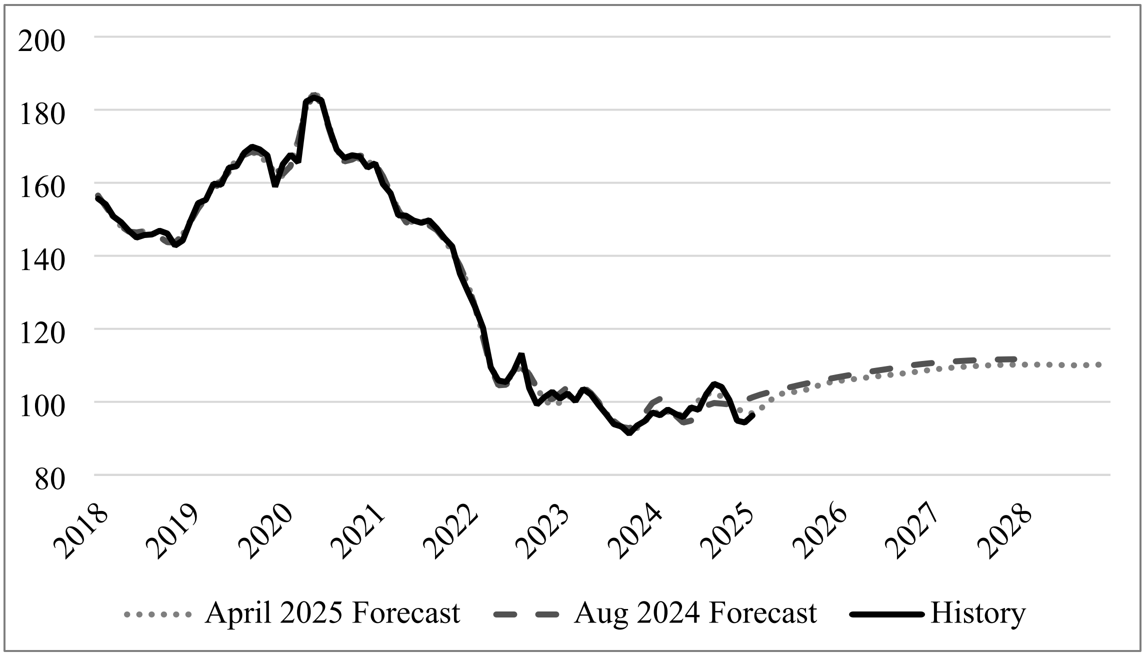
[32] Moody's Analytics, "Economic Data and Forecasts," August 2024 and April 2025.
[33] NAR's HAI is a national index. It measures, nationally, whether an average family could qualify for a mortgage on a typical home. A typical home is defined as the national median-priced, existing single-family home as reported by NAR. An average family is defined as one earning the median family income. The calculation assumes a down payment of 20 percent of the home price and a monthly payment that does not exceed 25 percent of the median family income. An index value of 100 means that a family earning the median family income has exactly enough income to qualify for a mortgage on a median-priced home. An index value above 100 signifies that a family earning the median family income has more than enough income to qualify for a mortgage on a median-priced home. A decrease in the index value over time indicates that housing is becoming less affordable.
[34] Moody's Analytics, "Economic Data and Forecasts," August 2024 and April 2025.
[35] *Ibid.*



Following the historic low in housing supply observed in March 2022, inventory levels have shown consistent growth. As of April 2025, active listings have increased by 30.1 percent compared to April 2024 and 70.4 percent relative to April 2023.[36] Current listing levels now exceed pre-pandemic benchmarks, surpassing January 2020 figures by 7,552 units. Single-family housing starts—which measure new construction of one-to-four-unit residential properties—registered a modest 7.3 percent increase from 2023 to 2024 but remain slightly below the decade-high levels recorded in 2021.[37]

FHFA continues to monitor how these changes in the housing market, as well as other market conditions, may impact various segments of the market, including those targeted by the housing goals.

Post-model adjustments. While FHFA's models can address and forecast many of the factors referenced in the statute, including increasing mortgage interest rates and rising property values, some factors are not captured in the models. FHFA, therefore, considers additional factors when selecting the benchmark level for each of the single-

[36] "Housing Inventory: Active Listing Count in the United States," accessed on May 20, 2025, at https://fred.stlouisfed.org/series/ACTLISCOUUS.
[37] "New Privately-Owned Housing Units Started: Single-Family Units," accessed on May 20, 2025, at https://fred.stlouisfed.org/series/ACTLISCOUUS.

family housing goals. These factors may adjust the model point forecast to arrive at the proposed benchmark levels.

Demographic trends. Although the models consider some demographic factors, FHFA also considers specific demographic changes not captured in the models as post-model adjustments when setting the housing goals benchmark levels. Notably, according to NAR, Millennials represented the largest share of homebuyers for almost a decade until 2022.[38] After a brief dip in 2022, Millennials once again constituted the largest share of homebuyers in 2023, surging from 28 percent to 38 percent.[39] [40] As a substantial portion of this generation continues to enter their peak homebuying years, this demographic wave is poised to create additional, substantial demand across the housing market.

However, the nature of this demand, when considered in conjunction with prevailing market conditions, presents notable affordability challenges, particularly for first-time homebuyers and lower-income households. The NAR 2025 "Housing Affordability & Supply" report indicates a significant disparity between available inventory and affordability for this segment.[41] While overall housing inventory has experienced an increase, the preponderance of newly available housing is not affordable to first-time homeowners. Specifically, the NAR report identifies that buyers earning less than $50,000 per year now face a reduction in affordable options compared to the preceding year. This observation underscores a widening affordability gap, demonstrating that lower-income households are increasingly excluded from homeownership

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[38] NAR, "2023 Home Buyers and Sellers Generational Trends Report," (2023), p. 8, *available at* https://www.nar.realtor/sites/default/files/documents/2023-home-buyers-and-sellers-generational-trends-report-03-28-2023.pdf.

[39] *Ibid.*

[40] NAR, "2024 Home Buyers and Sellers Generational Trends Report," (2024), p. 8, *available at* https://www.nar.realtor/sites/default/files/documents/2024-home-buyers-and-sellers-generational-trends-04-03-2024.pdf.

[41] NAR, "Housing Affordability & Supply: Rising Inventory, But for Whom? A Look at Inventory Gaps by Price Range and Income Levels in 2025," (May 2025), *available at* https://www.nar.realtor/sites/default/files/2025-05/2025-housing-affordability-and-supply-05-15-2025.pdf.

opportunities within the current market environment.

This evidence suggests that, despite robust demand originating from the Millennial cohort, the commensurate supply of available and affordable housing is insufficient to meet the needs of low- and moderate-income segments. Elevated housing goals, if unaligned with the realistic capacity of the market to deliver affordable units, possess the potential to exacerbate existing affordability pressures. Consequently, in consideration of these demographic trends and the persistent affordability constraints documented by NAR—particularly for low- and moderate-income homebuyers—the Agency deems it prudent to establish more modest benchmarks for the housing goals. This adjustment acknowledges the current limitations in affordable inventory, facilitating a lending pace that more accurately reflects accessible supply and mitigating the potential for further price escalation that could disproportionately affect the intended beneficiaries of these goals.

Past performance and effort of the Enterprises to achieve the housing goals.

The Enterprises' primary method to meet the housing goal targets is through guarantee fee pricing subsidies. Guarantee fee subsidies designed to facilitate lending to housing goal-qualifying households include the elimination of upfront fees, cash window incentives, and variable ongoing fees. Notably, none of the three methods of providing incentives are generally required to be passed on to the borrower; rather, they incent sellers to deliver loans that qualify for the goals. The Enterprises charge guarantee fees to sellers to cover expected credit losses, administrative costs, and the cost of capital associated with their guarantees. There are two types of guarantee fees: ongoing and upfront. Ongoing fees are factored into each loan's interest rate and collected monthly over the life of a loan. Upfront fees are one-time payments made by sellers upon delivery of a loan to an Enterprise, and are similarly factored into the interest rate paid by the borrower. Upfront guarantee fees are determined by the risk attributes of a borrower, such as the loan-to-value ratio, borrower's credit score, property type, and occupancy type. Loans with riskier attributes have higher upfront fees.[42] This is the primary manner by which the Enterprises implement risk-based pricing.

In October 2022, FHFA announced the elimination of upfront fees for certain homebuyers and affordable products. Upfront fees were eliminated for first-time homebuyers at or below 100 percent of AMI or at or below 120 percent of AMI in high-cost areas; HomeReady and Home Possible loans;[43] HFA Advantage and HFA Preferred loans; and single-family loans supporting the Duty to Serve program. Loans that qualify for upfront fee waivers align with, but are not exact matches to, loans that qualify for goals credit. The fee subsidies encourage lenders to deliver these loans to the Enterprises.[44]

The Enterprises also provide incentives for loans that qualify for goals that are delivered through the cash window.[45] The cash window allows sellers to deliver loans directly to an Enterprise in return for a cash payment. The Enterprises bundle these loans into mortgage-backed securities (MBS) and sell the MBS into the secondary market. The Enterprises can provide subsidies, in the form of pay-ups or other pricing benefits, to goal-qualifying loans. While pay-ups are used primarily to account for these loans' lower prepayment risk, an important secondary effect is to encourage the delivery of more goal-qualifying loans due to the overlapping populations.

The Enterprises may also vary the ongoing guarantee fees they charge to lenders.

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[42] FHFA, "Fannie Mae and Freddie Mac Single-Family Guarantee Fees in 2022," (May 2024), *available at* https://www.fhfa.gov/sites/default/files/2024-05/GFee-Report-2022.pdf.

[43] HomeReady is Fannie Mae's low-down payment mortgage product designed for creditworthy low-income borrowers, *available at* https://singlefamily.fanniemae.com/media/8316/display. Home Possible is Freddie Mac's equivalent *see*: https://sf.freddiemac.com/working-with-us/origination-underwriting/mortgage-products/home-possible.

[44] New Release, "FHFA Announces Updates to the Enterprises' Single-Family Pricing Framework," (January 2023), *available at* https://www.fhfa.gov/news/news-release/fhfa-announces-updates-to-the-enterprises-single-family-pricing-framework.

[45] Also known as the whole loan conduit channel and distinct from the MBS swap acquisition channel, whereby a seller exchanges a group of loans for an Enterprise-guaranteed mortgage-backed security, which the seller may then sell into the secondary market. *See* https://www.cbo.gov/publication/60978.

Ongoing fees are based primarily on the product type, such as whether the loan is a 30-year fixed-rate or a 15-year fixed-rate loan, but also reflect other factors, which may include the share of mortgages delivered that are goals-qualifying. As described by the Congressional Budget Office in its report on the housing goals: “For example, when lenders consistently deliver a higher percentage of mortgages that meet the requirements of one or more housing goals, the GSEs may charge those lenders a lower ongoing fee for future deliveries than the fee paid by lenders who deliver a lower share of such mortgages.”[46]

Through ongoing discussions and stakeholder engagement with market participants,[47] the Agency is also aware of other methods for meeting housing goals that do not rely on pricing incentives. One large lender stated that to meet the housing goals, the Enterprises reduced purchases of higher-balance loans through their cash window, provided less competitive pricing for non-goal qualifying loans, and implemented market share and/or volume restrictions. Another large lender shared that to maintain its relationship with the Enterprises, they have to pay-up for goal-qualifying loans from third-party loan aggregators that they would have not ordinarily purchased in order to deliver those loans to the Enterprises, noting that the lower pricing is not passed to the borrower in the form of down payment assistance, closing cost assistance, or a lower rate. One large trade association reiterated these concerns, noting that the Enterprises’ actions resulted in distorted pricing and an inefficient subsidy mechanism that benefits lenders, rather than “creating a bigger [affordable housing] pie” that benefits future homeowners, and that sellers’ ability to participate in pilots and receive preferential pricing was directly tied to goals.[48] The trade association also noted that lenders felt compelled to turn

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[46] *See* Congressional Budget Office, “Fannie Mae and Freddie Mac’s Housing Goals,” (November 2024), *available at* https://www.cbo.gov/publication/60978.

[47] FHFA is not aware of a data source that would quantify the trends illustrated by these examples.

[48] *Ibid.*

away non-goals business in order to keep their goal percentages high, or place low-income borrowers in conventional loans when another product might be a better fit.

Anecdotal feedback from the Enterprises and industry notes that the housing goals often result in Fannie Mae and Freddie Mac competing with each other for the same low- and moderate-income borrowers. In Congressional testimony, Edward DeMarco of the Housing Policy Council, similarly stated that "the current target level of affordable loans materially exceeds what the market is capable of producing, given today's market conditions … As a result, there is a bidding war for these loans but there is no mechanism to ensure the homebuyer benefits. Moreover, competition between the two GSEs over goals loans does nothing to expand the number of borrowers reached."[49] These insights highlight that the Enterprises compete over a limited pool of borrowers rather than ensuring all credit eligible applicants have access to a liquid market. If the housing goals benchmark target results in shifting volume from one Enterprise to another, it may indicate that the goals are set too high.

These anecdotal discussions reinforce the need to carefully set the housing goals to avoid unintended consequences that harm borrowers, lenders, and the market. Of particular concern is feedback from lenders that they have turned away middle-class borrowers or increased prices on middle-class borrowers in pursuit of meeting housing goals.[50] These concerns were also expressed in public comments to the 2025-2027 proposed rule.[51] While this feedback is not presented as formal statistical data, it offers illustrative examples of the real-world impact of the current regulatory structure. These concerns also suggest that the benchmarks for the housing goals have been set too high.

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[49] *See* Housing Policy Council, "Edward DeMarco Testimony," (May 17, 2023), *available at* https://www.housingpolicycouncil.org/_files/ugd/d315af_c923c372d1074faebc5c80f2b2bbc6ec.pdf.

[50] AEI, "Reforming GSE Lending: A Sustainable Path for Fannie Mae and Freddie Mac White Paper," (April 2025), *available at* https://aei.org/wp-content/uploads/2025/04/FHFA-White-Paper-Reforming-GSE-Lending-A-Sustainable-Path-for-Fannie-Mae-and-Freddie-Mac-FINAL-2.pdf.

[51] *See*, *e.g.*, John Meussner, MMCD, "Public Comment on FHFA 2025-2027 Proposed Housing Goals," (August 26, 2024), *available at* https://www.fhfa.gov/regulation/federal-register/proposed-rulemaking/2025-2027-enterprise-housing-goals.

Further, on January 20, 2025, the President issued a Memorandum entitled "Delivering Emergency Price Relief for American Families and Defeating the Cost-of-Living Crisis," instructing federal agencies to, among other actions, lower the cost of housing and expand housing supply.[52] FHFA, in carrying out this policy priority, is assessing the impact of the housing goals on the cost of housing, particularly to middle-class borrowers, who may be turned away or receive higher prices than they would in the absence of overly aggressive housing goals.

The Agency recognizes that it is difficult to fully isolate and quantify the extent to which setting inappropriately aggressive housing goals penalizes middle-class borrowers. However, insights from discussions with market participants suggest a material impact on access to liquidity and inefficient deployment of funds. While the scope and systemic impact of these unintended consequences are not yet fully understood, the Agency recognizes the importance of ensuring the Enterprises meet their charter act mission to provide liquidity to all markets at all times for all income segments. Further, the Agency has a policy interest in ensuring effective allocation of resources, as well as lowering costs for American families.

To address the concern that middle-class borrowers are penalized by benchmarks that are too high, and to facilitate a more thorough examination of the relationship between housing goal benchmarks and Enterprise practices to meet the benchmarks, the Agency believes that a recalibration of the Enterprise housing goals is warranted. By setting the goals at a level that allows for greater flexibility in Enterprise operations, FHFA anticipates that it and the Enterprises will be better positioned to collect and analyze comprehensive data on lending patterns, pricing structures, and borrower

[52] Presidential Memorandum "Delivering Emergency Price Relief for American Families and Defeating the Cost-of-Living Crisis," (January 20, 2025), 90 FR 8245 (Jan. 28, 2025), *available at* https://www.federalregister.gov/documents/2025/01/28/2025-01904/delivering-emergency-price-relief-for-american-families-and-defeating-the-cost-of-living-crisis.

outcomes. This approach will enable the Agency to gain a more robust, data-driven understanding of whether and to what extent certain pricing mechanisms are indeed creating unintended barriers for middle-class families. Allowing FHFA to better observe and study these potential impacts will be invaluable in informing the establishment of more appropriately benchmarked housing goals in future rulemakings that enable the Enterprises to serve all income levels fairly.

In previous iterations of the Enterprise Housing Goals rules, the Agency has, by design, afforded less significant weight to the Enterprises' past performance and effort to achieve the housing goals in setting future benchmarks. This approach was largely predicated on a recognition that past performance data, while valuable, may not always capture the nuances of the Enterprises' efforts, particularly regarding the specific actions taken to achieve goals, and a larger weighting on the Enterprises' ability to lead the mortgage market. However, recent insights into the Enterprises' operational behaviors, coupled with an updated understanding of how various pricing mechanisms can affect overall housing affordability, necessitate a recalibration of the Agency's approach.

Table 1 provides the annual performance of both Enterprises on the single-family housing goals between 2010 and 2024.

Table 1—Enterprise Single-Family Housing Goals Performance (2010-2024)

Low-Income Home Purchase Goal															
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Actual Market	27.2	26.5	26.6	24.0	22.8	23.6	22.9	24.3	25.5	26.6	27.6	26.7	26.8	26.3	TBD
Benchmark	27.0	27.0	23.0	23.0	23.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	28.0	28.0	28.0
Fannie Mae Performance	25.1*	25.8*	25.6	23.8	23.5	23.5*	22.9	25.5	28.2	27.8	29.0	28.7	27.4	26.1+	26.7
Freddie Mac Performance	27.8	23.3*	24.4	21.8*	21.0*	22.3*	23.8	23.2*	25.8	27.4	28.5	27.4	29.0	28.5	26.6
Very Low-Income Home Purchase Goal															
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Actual Market	8.1	8.0	7.7	6.3	5.7	5.8	5.4	5.9	6.5	6.6	7.0	6.8	6.8	6.5	TBD
Benchmark	8.0	8.0	7.0	7.0	7.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0
Fannie Mae Performance	7.2*	7.6*	7.3	6.0*	5.7	5.6*	5.2*	5.9	6.7	6.5	7.3	7.4	6.9	6.0+	5.9
Freddie Mac Performance	8.4	6.6*	7.1	5.5*	4.9*	5.4*	5.7	5.7*	6.3	6.8	6.9	6.3	7.1	6.8	6.1
Low-Income Areas Home Purchase Goal															
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**

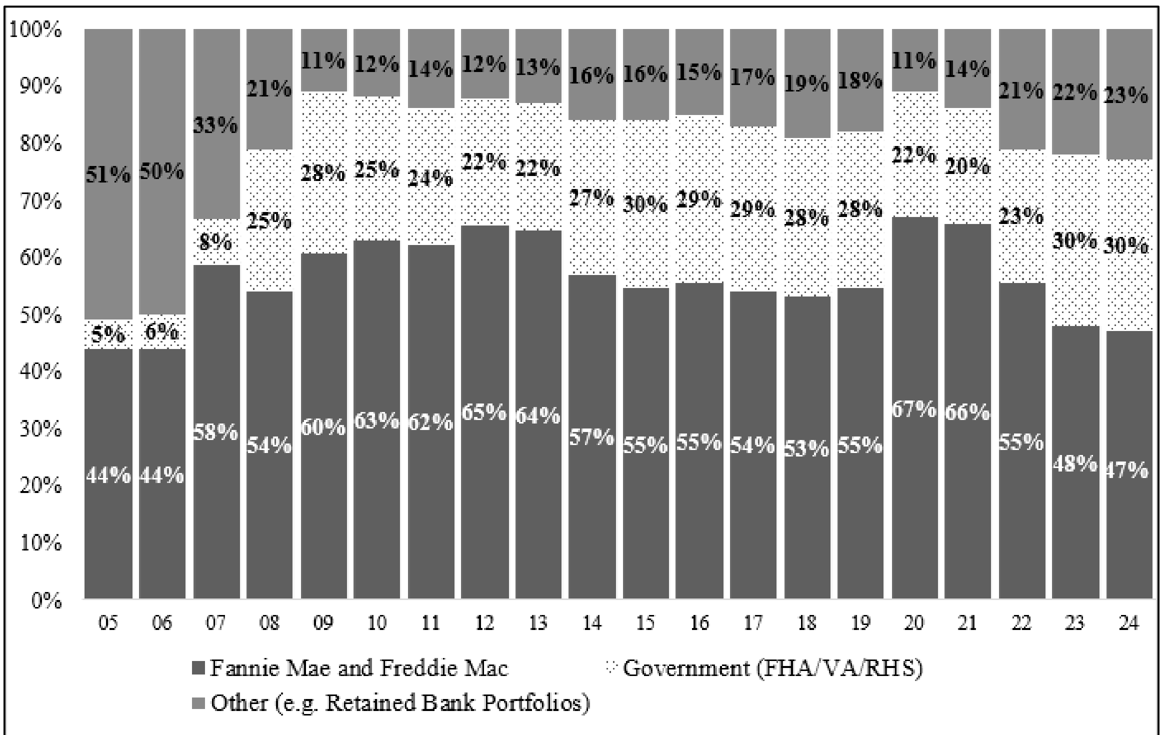
Actual Market	24.0	22.0	23.2	22.1	22.1	19.8	19.7	21.5	22.6	22.9	22.4	19.1	28.0	28.1	TBD
Benchmark	24.0	24.0	20.0	21.0	18.0	19.0	17.0	18.0	18.0	19.0	18.0	14.0	20.0	20.0	19.0
Fannie Mae Performance	24.1	22.4	22.3	21.6	22.7	20.4	20.2	22.9	25.1	24.5	23.6	20.3	29.6	28.1	29.0
Freddie Mac Performance	23.8*	19.2*	20.6	20*	20.1	19.0	19.9	20.9	22.6	22.9	21.8	18.0	28.7	29.5	28.0
Low-Income Census Tracts Home Purchase Subgoal															
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Actual Market	-	-	-	-	-	-	-	-	-	-	-	-	9.7	9.8	TBD
Benchmark	-	-	-	-	-	-	-	-	-	-	-	-	4.0	4.0	4.0
Fannie Mae Performance	-	-	-	-	-	-	-	-	-	-	-	-	9.3	9.3	9.6
Freddie Mac Performance	-	-	-	-	-	-	-	-	-	-	-	-	9.1	9.4	9.2
Minority Census Tracts Home Purchase Subgoal															
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Actual Market	-	-	-	-	-	-	-	-	-	-	-	-	12.1	12.5	TBD
Benchmark	-	-	-	-	-	-	-	-	-	-	-	-	10.0	10.0	10.0
Fannie Mae Performance	-	-	-	-	-	-	-	-	-	-	-	-	13.5	12.6	13.0
Freddie Mac Performance	-	-	-	-	-	-	-	-	-	-	-	-	12.8	13.2	12.0
Low-Income Refinance Goal															
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Actual Market	20.2	21.5	22.3	24.3	25.0	22.5	19.8	25.4	30.7	24.0	21.0	26.1	37.3	40.3	TBD
Benchmark	21.0	21.0	20.0	20.0	20.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	26.0	26.0	26.0
Fannie Mae Performance	20.9	23.1	21.8	24.3	26.5	22.1	19.5*	24.8	31.2	23.8	21.2	26.2	34.7	38.4	36.4
Freddie Mac Performance	22.0	23.4	22.4	24.1	26.4	22.8	21.0	24.8	27.3	22.4	19.7*	24.8	37.1	43.2	33.0

Note: 2024 data is preliminary.
**Numbers marked with an asterisk indicate that the Enterprise failed to meet the goal.*
+Numbers marked with a plus sign indicate that FHFA determined the goal to be infeasible.

To better align the housing goals with the Agency's objectives, and to gain a more granular understanding of how Enterprise actions contribute to or detract from this aim, FHFA believes that adjustments to the weighting of past performance is appropriate for some of the benchmarks. As described above, FHFA's review of past Enterprise tactics used to achieve housing goals target indicates that some actions taken may have increased housing costs for some homebuyers. A key policy priority for the Agency is to reduce costs to homeownership for all borrowers across all income brackets. FHFA is assessing both the Enterprises performance in meeting the goals and the effectiveness of strategies used to complete the goals in order to inform the establishment of more precise and appropriately calibrated benchmark housing goals in future rulemakings that reduce homeownership costs for all borrowers.

Ability of the Enterprises to lead the mortgage market. The Enterprises' overall share of the mortgage market at origination is subject to fluctuation. In the years preceding the 2008 financial crisis, the Enterprises' share of the market dropped to about 44 percent. As shown in Graph 4, that share rose to about 65 percent in 2012, but declined to about 55 percent in 2015. The Enterprises' share remained relatively stable until 2019, then jumped to 67 percent in 2020 as the Enterprises continued to acquire mortgages even as others in the market stepped back during the COVID-19 pandemic. Since then, the Enterprises' share has declined as the shares of government-guaranteed and government-insured loans, as well as the shares of other market participants, have grown. Government-guaranteed and government-insured loans are not eligible for housing goals credit.

Graph 4: Shares of the Conforming Mortgage Market: New Originations



Source: National Mortgage Database

Graph 4 also shows that the Enterprises' share of the conforming mortgage market returned to pre-pandemic levels in 2022 but declined significantly the following year, by seven percentage points in 2023. In 2024, the Enterprises' share continued to decline, dropping one percentage point from the previous year. Compared to pre-pandemic levels of 2019, the Enterprise share in 2024 was 8 percentage points lower. Over the same period, the total direct government share of the mortgage market (not including the Enterprises) and the Other share (such as retained bank portfolios) expanded. Government share of the mortgage market increased seven percentage points from 2022 to 2023 and remained the same level in 2024.

It is neither efficient nor necessary for the Enterprises to serve the entire of the low- and moderate-income market. The market serving low- and moderate-income households is a distinct segment of the housing market, offering tailored mortgage products and programs to serve the credit needs of these borrowers. The federal government – through the Federal Housing Administration (FHA),[53] Rural Housing Service (RHS), and Veterans Administration (VA) – also provide mortgage products geared toward low- and moderate-income households.[54] For example, HUD reports that in FY 2024 about 32 percent of FHA-insured mortgages were issued to borrowers earning less than 80 percent of the Area Median Income, compared with 26 percent in the rest of the broader market.[55] In FY 2024, FHA served 766,942 forward mortgage borrowers, including 603,040 purchase mortgages.[56] Assuming, of the 603,040 purchase mortgages, a similar percentage were to low-income borrowers, FHA insured home purchase mortgages to roughly 193,150 borrowers earning less than 80 percent of the AMI—roughly on par with the 189,247 low-income home purchases mortgages supported by Fannie Mae and the 200,757 low-income home purchase mortgages supported by Freddie Mac. According to the Veterans' Administration report, similarly,

[53] *See* HUD, "Let FHA Loans Help You," *available at* https://www.hud.gov/helping-americans/loans.
[54] *See* VA, "Rural Housing Programs," *available at* https://www.va.gov/HOMELESS/docs/Rural-Housing-Programs-Fact-Sheet.pdf.
[55] *See* FHA Annual Report to Congress FY2024, *available at* https://www.hud.gov/sites/dfiles/Housing/documents/2024FHAAnnualReportMMIFund.pdf.
[56] *Ibid.*

in FY 2024, 22 percent (65,949 purchase loans) of Veterans Administration insured loans were to borrowers with incomes of less than $74,999.[57] That same year, 4,164 low-and very low-income borrowers received funding through the Section 502 Single Family Housing Direct Loan program under USDA's Rural Housing Programs.[58] For the USDA rural housing program, data provided by USDA shows an average loan size of $102,154 for the most recent year with available data (2016), compared to an average conventional loan amount of $256,000 for that same year.[59]

State Housing Finance Agencies (HFAs) are state-chartered organizations that provide financing and services for affordable housing, generally targeted towards low- and moderate-income borrowers. HFAs can offer first-lien mortgage products and programs that include low down payment products, down payment assistance, flexible underwriting guidelines, and competitive or lower-than-market interest rates.[60] Certain HFA loans may be delivered to the Enterprises, while others may not meet the Enterprises' charter act requirements or underwriting guidelines.[61]

Finally, many financial institutions elect to keep mortgage loans in their portfolios to meet their obligations under the Community Reinvestment Act (CRA). A core component of CRA evaluations is an assessment of a bank's record of providing credit to low- and moderate-income households, and first-lien mortgages directly contribute to this

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[57] *See* VA Annual Benefits Report FY2024, *available at* https://www.benefits.va.gov/REPORTS/abr/docs/2024-abr.pdf#.

[58] *See* Congressional Research Service, "USDA Rural Housing Programs: An Overview," (March 2022), *available at* https://www.congress.gov/crs-product/R47044; USDA's current low- and very low-income limits, "Rural Development Single Family Housing Guaranteed Loan Program," *available at* https://www.rd.usda.gov/files/rd-grhlimitmap.pdf; and Housing Assistance Council, "USDA Rural Development Housing Activity Report Fiscal Year 2024," *available at* https://ruralhome.org/wp-content/uploads/2025/03/2024-usda-rural-development-housing-activity-report.pdf.

[59] *See* USDA Rural Development Single Family Section 502 Direct Active Loans by County, *available at* http://www.sc.egov.usda.gov/data/files/SFH_Data/USDA%20Single%20Family%20Section%20502%20Direct_Loans%20by%20County%20as%20of%207.8.2016.csv; and FHFA NMDB data base for new mortgages *available at* https://www.fhfa.gov/data/dashboard/nmdb-new-residential-mortgage-statistics.

[60] *See* FDIC, "Affordable Mortgage Lending Guide," *available at* https://www.fdic.gov/resources/bankers/affordable-mortgage-lending-center/guide/part-2-docs/affordable-mortgage-lending-guide-part-2.pdf.

[61] *See* HFA Preferred, *available at* https://singlefamily.fanniemae.com/media/8661/display; and HFA Advantage, *available at* https://sf.freddiemac.com/working-with-us/origination-underwriting/mortgage-products/hfa-advantage.

test.[62] By originating and retaining these loans in their portfolio, financial institutions demonstrate their commitment to serving these communities.

As described above, the Enterprises are not the sole source of support for mortgage originations to low- and moderate-income households. Mortgage lenders offer a broad range of products and assess each individual borrower's circumstances to identify the best product. For affordable lending, lender considerations include strategies that ensure long-term affordability and borrower success. For an individual household, a conventional mortgage that is eligible to be purchased by the Enterprise may not always offer the best execution or product for their needs.[63] Loans held in portfolio for CRA purposes, and other non-Enterprise eligible loans may be a better fit based on a borrower's credit profile, down payment, and other factors. For example, a bank may offer a CRA product that provides a below-market interest rate, ensuring a more sustainable loan compared to the rates offered in the conventional market, or a household eligible for a Veterans Administration loan may wish to use a product with no down payment requirement.[64] Financial institutions serving low- to moderate-income borrowers may also seek liquidity through Federal Home Loan Bank advances to best meet affordability needs.

The Presidential Memorandum on Federal Housing Finance Reform issued by President Trump on March 27, 2019,[65] includes the following policy objectives: (1) "increasing competition and participation of the private sector in the mortgage market;" and (2) "defining the GSEs' role in promoting affordable housing without duplicating support provided by the FHA or other Federal programs." Consistent with the policy

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[62] *See, generally*, 12 CFR part 25.
[63] *See* FDIC, "Affordable Mortgage Lending Guide," (October 2021), *available at* https://www.fdic.gov/affordable-mortgage-lending-center/affordable-mortgage-lending-guide.
[64] *See* Veterans United, "VA Loan Downpayment Requirements," (January 2025), *available at* https://www.veteransunited.com/realestate/why-va-loans-dont-require-a-down-payment/?msockid=17e9c459dfd169f939ecd1a3de5a6807.
[65] *See* White House, Presidential Memorandum "Memorandum on Housing Finance Reform," (March 2019), *available at* https://www.govinfo.gov/content/pkg/DCPD-201900181/pdf/DCPD-201900181.pdf.

objectives and the U.S. Treasury's Housing Reform Plan,[66] the Enterprises should provide support for low- and moderate-income households without crowding out or displacing other important sources of liquidity that may better serve these segments.

It is appropriate, therefore, that FHFA consider the potentially distortive impacts of the Enterprises on the market when determining their appropriate role in the low- and moderate-income segment. Benchmark levels that are set inappropriately high will likely result in the Enterprises increasing their relative market share of low-income borrowers, but, as discussed in the *Past performance and effort of the Enterprises to achieve the housing goals* section of this preamble, may reduce liquidity for middle-class borrowers and increase costs for all borrowers.

Further, unduly elevated housing goals may continue to inhibit the PLS market. The PLS market, which includes mortgage-backed securities not guaranteed by the Enterprises or the federal government, is a critical component of a diversified and resilient housing finance system.[67] As shown in Graph 4, the PLS market has not robustly returned following the 2008 financial crisis.[68] A diminished PLS market can stifle innovation in private sector underwriting, product development, and risk management. A small PLS market also limits the financing options for low-income borrowers who do not have the necessary credit for government-backed loans.[69]

Further, if the most straightforward and least risky segments of the market are disproportionately absorbed by the Enterprises, private capital may be deterred from developing solutions for the remaining, potentially higher-risk, market niches, and FHA

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[66] Treasury, "U.S. Department of Treasury Housing Reform Plan," (September 2019), *available at* https://home.treasury.gov/system/files/136/Treasury-Housing-Finance-Reform-Plan.pdf.

[67] *See* Congressional Research Service, "An Overview of the Housing Finance System in the United States," (January 2017), *available at* https://www.congress.gov/crs-product/R42995.

[68] FHFA, Office of Inspector General Report, "FHFA's Initiative to Reduce the Enterprises' Dominant Position in the Housing Finance System by Raising Gradually their Guarantee Fees," (July 2013), *available at* https://www.fhfaoig.gov/Content/Files/EVL-2013-005.pdf.

[69] Urban Institute, "The Rebirth of Securitization: Where is the Private Label Mortgage Market?" *available at* https://mitsloan.mit.edu/sites/default/files/inline-files/GCFP-3rdConference-Goodman.pdf.

will be left with the riskiest loans. A comprehensive review of the mortgage risk of Enterprise, VA, PLS, and FHA loans from 1990 to 2019 found a history of the least risky loans being absorbed by the Enterprises,[70] and results from 2024 show that PLS, VA, and FHA loans continue to have higher rates of default compared to Enterprise loans.[71] If elevated housing goals crowd out the PLS market, pushing risky loans to non-Enterprises, the result could leave private capital with a reduced incentive to innovate. Lowering the benchmarks may help support a vibrant PLS market which encourages diverse product offerings and risk solutions that may not be available through the GSEs or government programs.

Importantly, housing goals that are set too high may simply steer borrowers from other loan products, such as FHA loans, to conventional loans, rather than providing liquidity for new households. As defined in statute, the Enterprises have the objective of supporting financing for low- to moderate-income households, including ensuring the Enterprises promote access to mortgage capital throughout the Nation.[72] However, this does not require the Enterprises to diminish the vital role of other market participants in a diversified secondary market ecosystem or engage in a "race to the bottom" competition between the two Enterprises. These outcomes ultimately diminish the benefit to underserved and middle-class borrowers. In such scenarios, the Enterprises may gain a disproportionate share of the existing market for certain loan types, rather than expand the universe of eligible borrowers or foster new, innovative lending solutions across the entire market. This can lead to a phenomenon where the benefits of housing goals accrue more to the Enterprises' market presence than to a broader societal gain in housing accessibility.

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[70] FHFA, "A Quarter Century of Mortgage Risk," Figure 4, (February 2022 revised; January 2019 original), *available at*: https://www.fhfa.gov/document/wp1902.pdf.
[71] MBA, "Mortgage Delinquencies Increase in the Fourth Quarter of 2024," (February 2025), *available at* https://www.mba.org/news-and-research/newsroom/news/2025/02/06/mortgage-delinquencies-increase-in-the-fourth-quarter-of-2024.
[72] 12 U.S.C. 4501.

Commenters on the proposed rule for the 2025-2027 housing goals expressed this concern about how high housing goals can shift borrowers away from other loan products to conventional loans, thereby creating competition between the Enterprises, rather than increasing affordable housing supply. For example, the Mortgage Bankers Association (MBA) wrote, "While well intended…there is extreme competition for LIP and VLIP loans," noting how there is a "tug of war effect," over these loans that can "cause market disruption, mispricing of underlying risks, and potentially higher costs for nongoals loans – *i.e.*, cross-subsidization beyond the levels intended in the Enterprises' pricing framework."[73]

Conversely, if housing goals are set too low, there is a risk of a decrease in liquidity and outreach to low- and moderate-income borrowers if market participants are not sufficiently incented to provide mortgage liquidity to these borrowers. However, there are several countervailing reasons why this is unlikely. First, both Enterprises have a statutory mandate to provide ongoing assistance for residential mortgages, including "housing for low- and moderate-income families." This broad mission is enshrined in their charter acts and extends beyond the specifics of housing goals.[74] Second, lenders and the Enterprises are incented to deliver loans to low- and moderate-income borrowers due to the pay-ups (premiums) they command through spec pool trading.[75] Loans to low- and moderate-income borrowers exhibit more stable prepayment behavior and other desirable attributes for investors. Third, and finally, low- and moderate-income households represent a significant (and still profitable) proportion of the overall potential

[73] MBA, Public Comment Letter on "FHFA 2025-2027 Proposed Housing Goals," (October 28, 2024), *available at https://www.fhfa.gov/sites/default/files/2024-10/FHFA_2025-2027_Housing_Goals_Final.pdf*; LIP refers to low-income purchase mortgages and VLIP refers to very low-income purchase mortgages.
[74] *See* https://www.govinfo.gov/content/pkg/USCODE-2023-title12/pdf/USCODE-2023-title12-chap11A.pdf and https://www.govinfo.gov/content/pkg/USCODE-2023-title12/pdf/USCODE-2023-title12-chap13-subchapIII.pdf.
[75] A spec pool is an MBS where all loans in the pool meet a specified criteria at issuance, and these characteristics are known at the time of the trade. Investors generally invest in spec pools because of the prepayment characteristics of these pools. For a discussion of this issue in the context of low-loan balance spec pools, *see* Fannie Mae, "Low Balance Lending Economics: The Role of the Spec Pay-up," (December 2023), *available at* https://www.fanniemae.com/media/49786/display.

homebuying market.[76] It is not in the Enterprises' interest to cease purchases from this market because it would result in a substantial loss of business and market reach.

FHFA also looks to past performance to assess the likelihood that an Enterprise would cease or reduce liquidity to low- and moderate-income borrowers if the benchmarks were lowered. A review of performance in the 2018 and 2021 housing goals cycle finds that the Enterprises consistently delivered above the benchmark number.[77] When the benchmark was set higher, as in the 2022-2024 cycle, one or both Enterprises did not meet the benchmarks for low-income and very low-income purchase goals.[78] For 2025, FHFA lowered the benchmark and to date, both Enterprises are performing above the benchmark. Additionally, when FHFA lowered the single-family benchmarks for the 2012-2014 housing goals, Enterprise performance maintained a similar variance from the actual market to the period when the benchmarks were higher.[79,80] This pattern leads FHFA to conclude that the Enterprises would not pull back from providing liquidity if the goals were lowered.

For the reasons discussed above, FHFA believes that in some instances it is appropriate to set benchmarks that are lower than the market forecasts to encourage other secondary market outlets to participate in the market, and to avoid unnecessary and costly duplication of support. While the housing goals provide a quantitative framework for avoiding significant liquidity gaps in the market, the underlying business rationale, market dynamics, and the Enterprises' foundational mission ensure a continued, strong

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[76] National Community Reinvestment Coalition, "Home Lending to LMI Borrowers and Communities by Banks Compared to Non-Banks," (April 2019), *available at* https://ncrc.org/home-lending-to-lmi-borrowers-and-communities-by-banks-compared-to-non-banks/.
[77] FHFA, "[Affordable] Housing Goals Performance," *available at* https://www.fhfa.gov/programs/affordable-housing/housing-goals-performance.
[78] FHFA, "Annual Housing Report 2024," p. 33, (October 2024), *available at* https://www.fhfa.gov/document/annual-housing-report-2024.
[79] FHFA, "[Affordable] Housing Goals Performance," *available at* https://www.fhfa.gov/programs/affordable-housing/housing-goals-performance.
[80] Since the Housing Goals market performance level includes loans purchased by Fannie Mae and Freddie Mac, in periods where the Enterprises had a high market share, their purchase activities could influence the overall market level.

incentive to provide liquidity to low- and moderate-income borrowers. Moreover, the presence of the goals, even at a lower level, ensures that the low- and moderate-income mortgage market continues to be served and recognizes the crucial role the Enterprises play in maintaining this stability.

In previous Enterprise Housing Goals rules, the Agency's assessment of the Enterprises' ability to lead the mortgage market has primarily focused on their direct contributions to providing liquidity to low- and moderate-income borrowers. This approach historically placed less explicit emphasis on the broader market's composition, including the vital roles and activities of other federal housing programs, such as FHA, and of the PLS market, as well as lender decisions regarding their portfolio. While acknowledging the interconnectedness of the overall housing finance system, prior regulations were structured to primarily address the Enterprises' activities. Prior FHFA housing goal regulations often lacked a detailed consideration of potential overlaps or synergistic effects with other market participants.

However, recent policy priorities and market conditions necessitate a more holistic view. The Agency is now placing a significant policy focus on ensuring that Enterprise subsidies are deployed efficiently, minimizing unnecessary and costly duplication of efforts within the government share of the mortgage market. Additionally, the Agency will undertake a critical examination of how the Enterprises' activities intersect with, impact, and compete with FHA's mission, the health of the PLS market, and financial institutions' obligations under the Community Reinvestment Act. Furthermore, the Agency is aligning its approach with Treasury's recommendations regarding the appropriate roles and potential overlap between the Enterprises and FHA, with the goal of creating a more streamlined and effective housing finance system. Therefore, the Agency's analysis and weighting of the Enterprises' ability to lead the market will consider the Enterprises' role within the entire mortgage market, seeking to optimize resource allocation and ensure that each segment of the market efficiently serves its intended purpose without undue competition or inefficiency.

Need to maintain the sound financial condition of the Enterprises. A key factor guiding FHFA in setting the benchmark levels for the housing goals is FHFA's statutory mandate and critical policy objective to maintain the sound financial condition of the Enterprises. FHFA is reevaluating the housing goals to prioritize Enterprise safety and soundness, ensure adequate capital accumulation, and promote efficient deployment of Enterprise resources. This rulemaking occurs during a period of heightened housing affordability challenges and increased market uncertainty. FHFA carefully considered benchmark levels that represent a balanced approach to supporting access for low- and moderate-income families, and those living in low-income areas, while supporting the Enterprises' financial stability and overall market integrity.

The Housing and Economic Recovery Act (HERA) of 2008 mandates that Fannie Mae and Freddie Mac operate in a "safe and sound manner, including maintenance of adequate capital and internal controls."[81] FHFA's unwavering policy priority is to ensure that the Enterprises accumulate statutorily required capital, mitigate risk exposures, and adjust financial strategies to ensure their long-term stability.

Despite this statutory requirement, the Enterprises continue to face significant capital shortfalls. As noted in FHFA's 2024 Annual Report to Congress, while their capital positions have improved since the 2008 financial crisis, they have not yet accumulated the statutorily required capital.[82] At the end of 2024, both Fannie Mae and Freddie Mac failed to meet the minimum regulatory capital requirements established

[81] HERA, Pub. L. 110-289, title I, subtitle A, sec. 1102(a), 122 Stat 2664 (12 U.S.C. 4513(a)(1)(B)(i)), (2008), *available at* https://www.congress.gov/110/plaws/publ289/PLAW-110publ289.pdf.
[82] 2024 Annual Report to Congress, (June 2025), p. 15, *available at* https://www.fhfa.gov/document/fhfa-2024-annual-report-to-congress.pdf.

under the Enterprise Regulatory Capital Framework (ERCF).[83] Their continued reliance on government support through the Senior Preferred Stock Purchase Agreements (PSPAs) with Treasury, evidenced by accumulated deficits and negative retained earnings, underscores their ongoing capital needs.[84] Specifically, as of December 2024, Fannie Mae's statutory capital shortfall was $157 billion, with a total regulatory shortfall of $164 billion ($243 billion when including regulatory capital buffers).[85] For Freddie Mac, the statutory capital shortfall stood at $108 billion, with a total regulatory capital shortfall of $107 billion ($164 billion when including regulatory capital buffers).[86]

These shortfalls underscore why the Enterprises must make safety and soundness their primary focus, considering their size and role in the housing market. The Enterprises' profitability, crucial for organic capital generation, depends heavily on the credit risk associated with guarantee fees. However, the Enterprises often expect lower returns on mortgage loans for low- and moderate-income families.[87] A study conducted by Fannie Mae in 2017 on "The Credit Risk of Low-Income Mortgages" describes how several risk factors, such as debt-to-income ratios, loan-to-value ratios, and credit scores can vary significantly across income groups, with loans to lower-income borrowers exhibiting higher risk profiles. The data illustrates that default rates for mortgages are higher when borrower income declines, reinforcing the need to carefully balance support for low- and moderate-income families with safety and soundness concerns.[88]

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[83] Fannie Mae, *available at* https://www.fanniemae.com/media/document/pdf/fnma-capital-disclosures-2024q4-022625.pdf; and Freddie Mac, *available at* https://www.freddiemac.com/investors/docs/4Q24_ERCF_Public_Disclosure.pdf.
[84] 2024 Annual Report to Congress, (June 2025), p. 15, *available at* https://www.fhfa.gov/document/fhfa-2024-annual-report-to-congress.pdf.
[85] U.S. Securities and Exchange Commission Form 10-k, 2024, Fannie Mae, p. 125, *available at* https://www.fanniemae.com/media/document/pdf/q42024.pdf.
[86] U.S. Securities and Exchange Commission Form 10-k, 2024, Freddie Mac, p. 93, *available at* https://www.freddiemac.com/investors/financials/pdf/10k_021325.pdf.
[87] FHFA, "Fannie Mae and Freddie Mac Single-Family Guarantee Fees in 2023," (January 2025), p. 8, *available at* https://www.fhfa.gov/document/gfee-report-2023.pdf.
[88] Hamilton Fout, Grace Li, Mark Palim, "Credit Risk of Low Income Mortgages, Economic and Strategic Research, Fannie Mae," (May 2017), p. 7, *available at* https://www.fanniemae.com/sites/g/files/koqyhd191/files/migrated-files/resources/file/research/datanotes/pdf/credit-risk-of-low-income-mortgages-white-paper.pdf.

Given the current economic climate characterized by elevated mortgage rates, reduced transaction volume, and affordability concerns, as well as the Enterprises' current capital shortfalls, the Agency must reweight its policy priorities to emphasize the need to maintain the sound financial condition of the Enterprises. In prior housing goal rulemakings, FHFA has given less weight to safety and soundness considerations than it has to other considerations. In today's climate, reduced loan origination volumes, elevated interest rates, and economic uncertainty may make it harder for the Enterprises to generate sufficient retained earnings to meet ERCF requirements if benchmark levels are not reduced since housing goals loans generally earn a lower return relative to non-housing goals loans, harming their financial resiliency and independence. A strategic shift to weighing safety and soundness more heavily is necessary to continue to maintain sound financial positioning. Prioritizing full recapitalization and then maintaining sufficient capital reserves will be critical to fulfilling their statutory obligations and preserving their ability to support the entire housing market sustainably while adhering to HERA requirements for financial stability.

During a period of affordability challenges and uncertainty around market conditions[89] [90], setting the single-family housing goals benchmark levels too high could compromise safe and sound acquisition standards. Failure to appropriately account for important risk management considerations, such as the need to maintain sound financial

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[89] See evidence of uncertainty in mortgage conditions: Bank of America, "BofA Report: 60% of Homeowners and Prospective Buyers Uncertain About the Housing Market–A Three-Year High," (May 2025), *available at* https://newsroom.bankofamerica.com/content/newsroom/press-releases/2025/05/bofa-report--60--of-homeowners-and-prospective-buyers-uncertain-.html. Joint Center for Housing Studies, "New Report Highlights Unease in Housing Market Amid a Worsening Affordability Crisis," (June 2025), *available at* https://www.jchs.harvard.edu/press-releases/new-report-highlights-unease-housing-market-amid-worsening-affordability-crisis. Goodness C. Aye, Matthew W. Clance, Rangan Gupta, "The Effect of Economic Uncertainty on the Housing Market Cycle," (2019), *available at* https://www.jstor.org/stable/26742376?seq=1.

[90] See uncertainty in general market conditions: UNDP, "Global Train Update (September 2025): Trade Policy Uncertainty Looms Over Global Markets," *available at* https://unctad.org/publication/global-trade-update-september-2025-trade-policy-uncertainty-looms-over-global-markets. McKinsey & Co, "Economic Conditions Outlook, June 2025," (June 2025), *available at* https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/economic-conditions-outlook.

conditions and meet minimum regulatory capital requirements could lead to unintended consequences, including persistent capital shortfalls. The proposed benchmarks levels are designed to support access to mortgage lending for low- and moderate-income families while concurrently enabling the Enterprises to adequately support all other segments of the market fairly and fortify their financial foundations.

B. Proposed Benchmark Levels for the Single-Family Housing Goals for 2026-2028

FHFA is proposing to establish the following benchmark levels for the single-family housing goals for 2026-2028:

1. Low-Income Home Purchase Goal

The low-income home purchase goal is based on the percentage share of all conventional, conforming, single-family, owner-occupied home purchase mortgages purchased by an Enterprise that are made to low-income families, defined as families with incomes less than or equal to 80 percent of AMI. FHFA proposes setting the low-income home purchase benchmark at 21.0 percent. Lowering the benchmark is necessary to ensure the Enterprises' participation remains effective, avoids distorting the market and competing unnecessarily with other secondary market participants, and supports a policy objective of reducing overall housing costs for all borrowers.

Table 2—Single-Family Low-Income Home Purchase Goal

	Historical Performance							
Year	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Actual Market	26.7%	26.8%	26.3%					
Benchmark	24.0%	28.0%	28.0%	28.0%	25.0%	21.0%	21.0%	21.0%
Fannie Mae Performance								
Low-Income Home Purchase Mortgages	375,569	278,799	189,439	189,247				
Total Home Purchase Mortgages	1,306,459	1,016,371	726,139	710,076				
Low-Income % of Home Purchase Mortgages	28.7%	27.4%	26.1%	26.7%				
Freddie Mac Performance								
Low-Income Home Purchase Mortgages	329,426	264,118	209,432	200,757				
Total Home Purchase Mortgages	1,201,540	911,037	735,932	753,338				
Low-Income % of Home Purchase Mortgages	27.4%	29.0%	28.5%	26.6%				

Recent performance and forecasts. As presented in Table 2, the low-income home purchase market level, derived from HMDA data, declined from 27.6 percent in 2020 to

26.3 percent in 2023. FHFA's most recent forecast for this goal projects a continued market level decline, averaging 25.9 ± 5.6 percent. FHFA's current model forecasts the market level to remain below 26.0 percent through 2027, with an average forecast midpoint value of 25.9 percent.

Regarding Enterprise performance, Freddie Mac recorded a low-income home purchase performance of 29.0 percent in 2022 and 28.5 percent in 2023, exceeding both the benchmark and market levels in those years. Fannie Mae's performance in 2022 was 27.4 percent, which was below the benchmark level but above the market level. In 2023, however, Fannie Mae's performance decreased to 26.1 percent, falling below both the benchmark and the market levels. For 2023, FHFA determined that while Fannie Mae did not meet the goal, the established benchmark was not feasible for the Enterprise.[91] Preliminary performance for 2024 indicates Fannie Mae at 26.7 percent and Freddie Mac at 26.6 percent. FHFA will issue its preliminary and final determinations on this goal when HMDA data becomes available.

FHFA rationale for the proposed benchmark. FHFA's holistic review of Enterprise pricing factors, coupled with a policy objective to facilitate lower housing costs for all borrowers and to ensure efficient deployment of Enterprise subsidy, supports a reduction in this goal's benchmark. It is imperative for the Enterprises to remain active participants within this market segment; however, FHFA must ensure that the established benchmark does not create distortive incentives or unintended consequences within the housing finance system.

As discussed previously in this preamble, feedback from lenders and other market participants has indicated that, under the previous benchmark level, the Enterprises employed various pricing incentives and other competitive tactics to increase goals-

[91] FHFA's final determination of Fannie Mae's performance for 2023, *available at* https://www.fhfa.gov/sites/default/files/2024-11/2023-Final-Determination-Letter-Fannie-Mae.pdf.

eligible loan delivery, or decrease non-goals-eligible loan delivery, particularly for low-income and very low-income loans. This competition extended not only between the Enterprises themselves, but also with the government share of the mortgage market and private market participants. This dynamic raised concerns about unnecessary and costly duplication of support. Resources that could have been more efficiently deployed to ensure sustainability and access for low- and moderate-income borrowers through down payment or closing cost assistance, or towards building accretive capital for the Enterprises were instead used to pursue a comparatively limited pool of loans, potentially at the expense of the wider market.

FHFA finds that the current benchmark of 25.0 percent is inconsistent with the current Administration's policy focus of ensuring efficiency in operations and minimizing duplication of efforts across the secondary mortgage market. FHFA believes that lowering the benchmark to 21.0 percent will better align with these objectives. This proposal to reduce the benchmark from 25.0 percent to 21.0 percent is further supported by the lower threshold of the model output, indicating that 21.0 percent remains within the model's projected range for an achievable goal that is commensurate with the Enterprises' size and role in the market. The revised benchmark is anticipated to enable the Enterprises to meet their statutory obligations without distorting market dynamics or creating unintended incentives.

Moreover, while the 21.0 percent benchmark remains a significant component of the Enterprises' overall book of business, its reduction would offer several strategic advantages. Other market participants, including FHA, VA, RHS, and potentially PLS lenders, would be able to provide alternative funding without contributing to artificially bidding up prices within this segment since the Enterprises would not be incented to engage in denominator management activities described above. This can facilitate the flow of more loans, thereby bolstering their portfolios and diversifying market support.

By reducing the Enterprises' tendency to "crowd out" this space, FHFA explicitly aims to avoid unnecessary overlap with FHA's core mission and foster a more efficient allocation of capital across the housing finance system. Finally, a reduction in the benchmark may enable the Enterprises to build additional capital at an accelerated rate, consequently improving their safety and soundness.

2. Very Low-Income Home Purchase Goal

The very low-income home purchase goal is based on the percentage share of all conventional, conforming, single-family, owner-occupied home purchase mortgages purchased by an Enterprise that are for very low-income families, defined as families with incomes less than or equal to 50 percent of AMI. FHFA proposes setting the very low-income home purchase benchmark at 3.5 percent. Like the low-income home purchase goal, lowering the benchmark will ensure the Enterprises effectively support very low-income borrowers, while preventing market distortions and redundant efforts, all while advancing FHFA's policy of lower housing costs for all borrowers.

Table 3—Single-Family Very Low-Income Home Purchase Goal

	Historical Performance							
Year	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Actual Market	6.8%	6.8%	6.5%					
Benchmark	6.0%	7.0%	7.0%	7.0%	6.0%	3.5%	3.5%	3.5%
Fannie Mae Performance								
Very Low-Income Home Purchase Mortgages	97,154	69,919	43,792	41,783				
Total Home Purchase Mortgages	1,306,459	1,016,371	726,139	710,076				
Very Low-Income % of Home Purchase Mortgages	7.4%	6.9%	6.0%	5.9%				
Freddie Mac Performance								
Very Low-Income Home Purchase Mortgages	75,945	64,850	50,244	46,055				
Total Home Purchase Mortgages	1,201,540	911,037	735,932	753,338				
Very Low-Income % of Home Purchase Mortgages	6.3%	7.1%	6.8%	6.1%				

Recent performance and forecasts. As detailed in Table 3, the very low-income home purchase market level, derived from HMDA data, decreased from 7.0 percent in 2020 to 6.5 percent in 2023. FHFA's most recent forecast projects a continued market level decline, averaging 6.0 ± 2.5 percent. FHFA's current model forecasts the market to continue its downward trajectory reaching below 6 percent through 2027, with an average forecast midpoint value of 5.9 percent.

Regarding the Enterprises, Freddie Mac's performance was 7.1 percent in 2022, exceeding both the benchmark and the market. In 2023, Freddie Mac's performance was 6.8 percent, which was above the market, but below the benchmark. Fannie Mae's performance was 6.9 percent in 2022, exceeding the market, but below the benchmark. In 2023, Fannie Mae's performance was 6.0 percent, which was below both the market and the benchmark. Preliminary 2024 performance shows Fannie Mae at 5.9 percent and Freddie Mac at 6.1 percent, both of which are below the benchmark. FHFA will issue final determinations later this year when HMDA data is released.

The observed decline is largely attributable to a constrained housing supply within the very low-income borrower purchase market. Sustained house price appreciation has reduced the inventory of homes affordable to very low-income borrowers.[92] Concurrently, new construction of starter homes remains insufficient to meet consumer demand.[93] This deficit in the supply of new homes is compounded by current economic incentives within the construction sector. Builders are drawn to developing properties at the higher end of the market due to more substantial profit margins. The increase in the cost of land acquisition,[94] construction materials,[95] lack of skilled labor, and regulatory barriers has compressed profit margins on starter homes significantly, thereby hindering the addition of new, affordable supply to the market.

FHFA rationale for proposed benchmark. FHFA is proposing a benchmark level

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[92] NY Times, "Whatever Happened to the Starter Home?" (September 2022), *available at* https://www.nytimes.com/2022/09/25/upshot/starter-home-prices.html.

[93] National Association of Realtors, "Housing Affordability & Supply: Rising Inventory, But for Whom? A Look at Inventory Gaps by Price Range and Income Levels in 2025," (May 2025), *available at* https://www.nar.realtor/sites/default/files/2025-05/2025-housing-affordability-and-supply-05-15-2025.pdf.

[94] Joint Center for Housing Studies, Housing Perspectives, "Increasing Land Prices Make Housing Less Affordable," (July 2019), *available at* https://www.jchs.harvard.edu/blog/increasing-land-prices-make-housing-less-affordable.

[95] National Association of Home Builders, "How Soaring Prices for Building Materials Impact Housing," (July 2024), *available at* https://www.nahb.org/blog/2024/07/how-soaring-prices-building-materials-impact-housing.

of 3.5 percent for the very low-income home purchase goal for the 2026-2028 cycle based on a comprehensive review of the Enterprises' actions and tactics to achieve goal benchmarks and FHFA's policy objectives to facilitate lower housing costs for all borrowers, particularly by avoiding distortive incentives and ensuring efficient deployment of Enterprise subsidy. This proposed benchmark is appropriate, reasonable, and consistent with the prudential risk management of the Enterprises' respective portfolios.

Similar to the rationale for the low-income home purchase goal, a reduction in the very low-income purchase goal compared to current levels offers significant benefits for both the Enterprises and the broader mortgage market. For the very low-income goal, in particular, FHFA has received lender feedback since publication of the 2025-2027 final rule indicating that the benchmark is unattainable due to the severe insufficiency of affordable housing supply. The cumulative effect of sustained house price appreciation, elevated interest rates, and persistent demand coupled with a lack of affordable housing supply over recent years has significantly constrained this market segment. Discussions with lenders indicate a strategic reallocation of resources away from pursuing goal-eligible loans towards higher-margin products in an effort to remain in business, further underscoring the market's current capacity constraints in this segment.

FHFA believes that the current benchmark of 6 percent, established in the 2025-2027 Enterprise Housing Goals final rule, does not fully align with the current Administration's policy focus of ensuring operational efficiency and minimizing duplication of efforts across the secondary mortgage market. The proposed 3.5 percent benchmark remains within the tolerance band of FHFA's model, indicating that it is an achievable goal that is commensurate with the Enterprises' size and role in the market. Further, it encourages the Enterprises to continue their efforts to promote safe and sustainable lending to very low-income families without creating undue market pressure.

By setting the benchmark at 3.5 percent, the Enterprises can ensure that liquidity for middle-class borrowers is not constrained, while also improving their own sound financial condition.

The Agency also recognizes that very low-income borrowers are often better served by other market participants, such as FHA or HFAs, which can offer more flexible products and underwriting. By setting a more appropriate benchmark, the Enterprises will no longer create as great an adverse competitive pressure in the market for these loans. Instead, they will provide a complementary level of support without overwhelming or distorting the broader market. In sum, FHFA believes that a benchmark of 3.5 percent is appropriate, offering a stronger emphasis on maintaining the Enterprises' sound financial condition, avoiding the displacement of potentially innovative market participants, and more effectively serving a wide range of borrowers, reflecting a prudent balance between mission achievement, market dynamics, and safety and soundness.

3. Low-Income Areas Home Purchase Subgoal

The proposed rule would establish a single low-income areas home purchase subgoal, rather than two separate area-based subgoals, each with their own benchmark level. The proposed subgoal would count all single-family, owner-occupied home purchase mortgages purchased that are either: (1) for families in low-income areas, defined to include census tracts with median income less than or equal to 80 percent of AMI; or (2) for families with incomes less than or equal to AMI who reside in minority census tracts (defined as census tracts with a minority population of at least 30 percent and a tract median income of less than 100 percent of AMI).The proposed rule would set the annual benchmark level for this subgoal for 2026-2028 at 16.0 percent.

Table 4—Single-Family Low-Income Areas Home Purchase Subgoal

	Historical Performance							
Year	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Actual Market	19.1%	*21.8%*	*22.1%*					
Benchmark	14.0%	*N/A*	*N/A*	*N/A*	*N/A*	16.0%	16.0%	16.0%

Fannie Mae Performance				
Minority Census Tracts Home Purchase Mortgages	143,340	*137,474*	*91,202*	*92,060*
Low-Income Census Tracts Home Purchase Mortgages	122,177	*94,864*	*67,844*	*68,370*
Low-Income Areas Subgoal Home Purchase Mortgages	265,517	*232,338*	*159,046*	*160,430*
Total Home Purchase Mortgages	1,306,459	*1,016,371*	*726,139*	*710,076*
Low-Income Area Subgoal % of Home Purchase Mortgages	20.3%	*22.9%*	*21.9%*	*22.6%*
Freddie Mac Performance				
Minority Census Tracts Home Purchase Mortgages	111,691	*116,223*	*97,378*	*90,754*
Low-Income Census Tracts Home Purchase Mortgages	104,401	*82,883*	*69,459*	*69,438*
Low-Income Areas Subgoal Home Purchase Mortgages	216,092	*199,106*	*166,837*	*160,192*
Total Home Purchase Mortgages	1,201,540	*911,037*	*735,932*	*753,338*
Low-Income Area Subgoal % of Home Purchase Mortgages	18.0%	*21.9%*	*22.7%*	*21.3%*

The numbers in italics refer to FHFA's tabulations of the market and Enterprise performance had this subgoal been in place from 2022-2024.

Recent performance and forecasts. Table 4 shows the market levels and Enterprise performance on this subgoal in 2021, along with implied market levels and Enterprise performance for the years 2022 through 2024, during which the low income areas subgoal was replaced by the low-income census tracts and minority census tracts subgoals. As shown above, both Enterprises exceeded the proposed benchmark level for this subgoal in 2022, 2023, and, based on preliminary data, in 2024.

FHFA rationale for the proposed benchmark: In 2010, FHFA established a low-income areas housing subgoal as a component of the overall low-income areas housing goal.[96] Both the low-income areas housing goal and subgoal were established as part of FHFA's implementation of the new housing goals structure created by Congress in the Housing and Economic Recovery Act of 2008.[97] HERA amended the Safety and Soundness Act to include a new single-family housing goal for "low-income areas," which were defined to include census tracts where the median tract income does not exceed 80 percent of the areas median income, as well as moderate-income families in minority census tracts and moderate-income families in designated disaster areas.

[96] "2010-2011 Enterprise Housing Goals; Enterprise Book-entry Procedures" (Final Rule), 75 FR 55892 (Sept. 14, 2010), *available at* https://www.federalregister.gov/documents/2010/09/14/2010-22361/2010-2011-enterprise-housing-goals-enterprise-book-entry-procedures.
[97] HERA, Pub. L. 110-289, 122 Stat. 2654 (2008), *available at* https://www.congress.gov/110/plaws/publ289/PLAW-110publ289.pdf.

Because the areas of the country affected by disasters change each year, it was necessary to structure the overall low-income areas housing goal in a way that would allow the target level to be adjusted by notice each year. FHFA established the low-income areas housing subgoal as including the other two components of the goal, to facilitate the setting of the overall low-income areas housing goal.

The 2022-2024 Enterprise Housing Goal rule replaced the low-income areas housing subgoal that had been in place each year since 2010 with a new structure for the low-income areas goal. The 2022-2024 Enterprise Housiung Goals rule established two new area-based subgoals: the minority census tracts subgoal and the low-income census tract subgoals. The minority census tracts subgoal assesses the Enterprises' performance in minority areas with respect to loans for families with incomes no greater than 100 percent of AMI. The low-income census tracts subgoal assesses the Enterprises' performance in low-income census tracts, exclusive of loans that would qualify for the minority census tracts subgoal. In other words, the low-income census tracts subgoal is limited to: (1) loans in low-income census tracts that are not minority census tracts, and(2) loans to borrowers above 100 percent of AMI in low-income census tracts that are also minority census tracts.

FHFA adopted the two-part subgoal structure, with separate subgoals for low-income census tracts and minority census tracts, to "refocus Enterprise efforts towards … families at or below 100 percent of AMI."[98] FHFA had observed that many goal-qualifying loans purchased by the Enterprises were for higher income families (over 100 percent of AMI) rather than for families at or below 100 percent of AMI. At the time, FHFA was concerned that the single subgoal structure incentivized the Enterprises to lend to higher-income households in low-income census tracts. FHFA also cited concerns

[98] "2025-2027 Enterprise Housing Goals," (Proposed Rule), 89 FR 70127, 70138 (Aug. 29, 2024), *available at* https://www.federalregister.gov/documents/2024/08/29/2024-19261/2025-2027-enterprise-housing-goals.

about gentrification and displacement of lower-income borrowers as part of its rationale for setting a relatively low benchmark level for the low-income census tracts subgoal compared to historical performance and market levels.

FHFA is proposing to restore the single low-income areas subgoal to simplify the regulatory framework, improve operational clarity for the regulated Enterprises, and better align subgoals with existing borrower-based metrics. After consideration of implementation challenges related to the current subgoal structure, overlap of the subgoals with existing low-income borrower goals, and broader policy objectives to promote socioeconomic diversity and attract private investment to distressed communities, FHFA concludes that returning to the single low-income areas subgoal will further FHFA's policy objectives while reducing complexity and unintended consequences.

The proposed elimination of the two-part subgoal structure advances Administration priorities for regulatory reform by reducing needless complexity and focusing the Enterprises' affordable housing targets on a single low-income areas subgoal. The current structure of the low-income areas goal includes two separate subgoals, each with mutually exclusive definitions for qualifying loans that require distinct quantitative computation, tracking, and analysis for FHFA and the regulated entities. Removing the current subgoal structure and replacing with the low-income area's goal definition that applied from 2010 through 2021 is consistent with the Agency's objectives and with Administration policy. Executive Order 14192 calls for agencies to be "prudent and financially responsible in the expenditure of funds, from both public and private sources, and to alleviate unnecessary regulatory burdens."[99] By switching to one simplified definition of a low-income area that aligns with statutory

[99] Executive Order 14192 "Unleashing Prosperity Through Deregulation," section 2, (January 31, 2025), 90 FR 9065 (Feb. 6, 2025), *available at* https://www.federalregister.gov/documents/2025/02/06/2025-02345/unleashing-prosperity-through-deregulation.

objectives, the Agency reduces compliance costs, increases efficiency, and reduces regulatory burden.

The two-part subgoal structure also imposed modeling and compliance challenges to the Enterprises that made it difficult to operationalize the minority areas subgoal. Under the two-subgoal approach, the Enterprises must develop and maintain models that accurately identify qualifying census tracts, incorporate frequently updated geographic and demographic inputs, and apply differing eligibility rules across multiple subgoals—tasks that increase implementation complexity, raise model risk, and divert resources from mission-oriented financing. Since publication of the 2025-2027 final rule, FHFA has become aware of operational challenges encountered by the Enterprises in accurately forecasting lending within minority census tracts. For example, the Enterprises have noted the difficulty in obtaining real-time metrics on the size of the market due to the timing of the HMDA data release, the availability of macroeconomic data at the census tracts level, and the lack of technology infrastructure available to lenders to help target and deliver the loans.[100] [101]The Agency seeks to prevent the Enterprises from engaging in practices that could lead to an artificial increase in lending within this market segment solely to overcome forecasting uncertainties to meet the elevated benchmark level. These practices include distortive pricing and inefficient use of subsidy. Eliminating these subgoals returns the Enterprises to a simpler, more predictable framework that better supports underwriting, targeted investment, efficient deployment of pricing incentives, and consistent reporting.

Empirical analysis and program experience indicate substantial overlap between

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[100] Freddie Mac, "Proposed Rulemaking on 2025-2027 Enterprise Housing Goals – Comments/RIN 2590-AB34 (Enterprise Housing Goals)," (October 28, 2024), *available at*: https://www.fhfa.gov/sites/default/files/2024-10/Freddie Mac Comments RIN 2590–AB34_2025-2027 EHG_2024.pdf

[101] Fannie Mae, "Notice of Proposed Rule and Request for Public Comment concerning the 2025-2027 Enterprise Housing Goals, RIN 2590-AB34," (October 25,2024), available at: https://www.fhfa.gov/sites/default/files/2024-10/FNMA Comment Letter on 2025 2027 Housing Goals NPR Oct 25 2024.pdf

beneficiaries captured by the minority area subgoal and those already reached through the low-income borrower goals. Approximately 70 percent of minority census tracts subgoal loans otherwise qualify for the low-income purchase goal metrics. Maintaining the two-part subgoal structure therefore produces limited incremental benefit relative to the added complexity. The proposed low-income areas subgoal maintains the statutory focus on families that reside in low-income areas, including minority census tracts and designated disaster areas. The Agency acknowledges that in 2022, there was a noticeable increase in both the market level and the Enterprises' performance. While this increase could be attributed to Enterprise efforts at achieving the housing goal benchmark, several other factors may also explain this material change. For example, 2022 marked the implementation of new census boundaries derived from the 2020 Census, which included a substantial increase in minority census tracts.[102] Concurrently, 2022 also saw an unusually high average AMI increase, which led to more borrowers qualifying for the subgoal.[103] Another factor that may have contributed to increased Enterprise performance in this loan segment is a potential shift of loans from other entities that previously served these borrowers before 2022, rather than serving new borrowers or providing liquidity to areas that needed it. As noted in the 2025-2027 Enterprise Housing Goals final rule, isolating the precise driver of this increase – specifically, distinguishing between the Enterprises' efforts to meet the subgoal and the impact of external factors – was challenging. The new census tract boundaries and unusually high AMI increases, for instance, may have independently led to more borrowers qualifying for this subgoal[104] Therefore, FHFA finds that this high performance does not justify maintaining the 2025-2027 minority census tract and low-income census tract subgoal structure.

FHFA further acknowledges that gentrification and displacement are real

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[102] *See* 89 FR 106253 (Dec. 30, 2024).
[103] *Ibid.*
[104] *Ibid.*

concerns when financing activity increases in low-income neighborhoods. These potential harms merit consideration and monitoring. Researchers note that gentrification since the 1970s impacts a targeted set of central cities on the eastern and western coasts.[105] However, the National Community Reinvestment Coalition reported in May 2025 that only about 15 percent of urban neighborhoods showed signs of gentrification in the fifty-year time window of 1970-2020.[106] Increasingly, studies have found evidence that vulnerable, low-income Americans leave gentrified neighborhoods at similar rates then they leave non-gentrified neighborhoods.[107] In fact, Ellen and O'Regan (2011) found that exit rates were lower in gentrifying neighborhoods than in non-gentrifying neighborhoods, even among renters or poor households.[108] Further, scholars find mixed effects of gentrification, noting while gentrification can have negative impacts, it can also result in positive outcomes like lower unemployment, and higher wages.[109] Given this evidence of gentrification's isolated and complex impacts, FHFA believes the two-part subgoal structure is unnecessary.

FHFA does not have evidence that the low-income areas subgoal, as previously defined, was a major cause of gentrification across the country. Limited housing supply

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[105] Institute on Metropolitan Opportunity, "Executive Summary: American Neighborhood Change in the 21st Century," (April 2019), *available at* https://law.umn.edu/sites/law.umn.edu/files/metro-files/american_neighborhood_change_in_the_21st_century_-_executive_summary_-_4-2-2019.pdf; and National Community Reinvestment Coalition, "Displaced by Design: Fifty Years of Gentrification and Black Cultural Displacement in US Cities," *available at* https://ncrc.org/displaced-by-design/#gen.

[106] National Community Reinvestment Coalition, "Displaced by Design: Fifty Years of Gentrification and Black Cultural Displacement in US Cities," (May 2025), *available at* https://ncrc.org/displaced-by-design/#gen.

[107] HUD, "Displacement of Lower-Income Families in Urban Areas Report," (May 2018), *available at* https://www.huduser.gov/portal/sites/default/files/pdf/DisplacementReport.pdf; T. McKinnish, R. Walsh, T.K. White, "Who gentrifies low-income neighborhoods?" J. Urban Econ., 67 (2) (2010), pp. 180-193, *available at* https://www.sciencedirect.com/science/article/pii/S0094119009000588?via%3Dihub; Jacob L. Vigdor, Douglas S. Massey, Alice M. Rivlin, "Does Gentrification Harm the Poor? [with Comments]," Brookings–Wharton Papers on Urban Affairs (2002), pp. 133-173 *available at* https://www.jstor.org/stable/25067387?seq=1; "Gentrification and displacement: New York City in the 1990s," J. Am. Plann. Assoc., 70 (1) (2004), pp. 39-52; and "Displacement or succession? Residential mobility in gentrifying neighborhoods," Urban Aff. Rev., 40 (4) (2005), pp. 463-491.

[108] Ingrid Gould Ellen and Kathy O'Regan, "How Low Income Neighborhoods Change: Entry, Exit, and Enhancement," (June 2010), *available at* https://furmancenter.org/files/publications/How_Low_Income_Neighborhoods_Change_1.pdf.

[109] Jacob L. Vigdor, Douglas S. Massey, Alice M. Rivlin, "Does Gentrification Harm the Poor? [with Comments]," Brookings-Wharton Papers on Urban Affairs, (2002), pp. 133-182, *available at* https://www.jstor.org/stable/25067387?seq=1.

and heightened affordability persist, regardless of housing goal structure, and are some of the driving causes of gentrification.[110] While FHFA has a responsibility to underserved communities and low-to moderate income borrowers, reverting the low-income area's goal back to the structure that applied from 2010 through 2021 adequately fulfills this duty, while ensuring all credit is acknowledged in low-income areas to best support housing supply constraints and development needs.

FHFA's most recent forecast for the low-income areas subgoal averaged 22.8 ± 3.3 percent.[111] FHFA is proposing to set the benchmark level below the lower bound of the confidence interval to balance the need for access to credit in the low-income census tracts with the concern that a higher benchmark level could over-incentivize the Enterprises to purchase loans for higher-income borrowers. The 2025-2027 final rule notes that around 70 percent of the loans that qualified for the low-income census tracts segment of this subgoal were made to borrowers at or above 100 percent of AMI.[112] Taking this into account, FHFA is proposing to set the benchmark level for this subgoal at 16.0 percent, which is the sum of the 12.0 percent benchmark level for the minority census tracts subgoal and the 4.0 percent benchmark level for the low-income census tracts subgoal set in the 2025-2027 final rule. This approach ensures that the Enterprises continue to adequately serve borrowers in both segments of the low-income areas subgoal while also addressing concerns about the displacement of low-income families in these areas.

4. Low-Income Areas Home Purchase Goal

FHFA will continue to set a benchmark level for the overall low-income areas home purchase goal by notice. The proposed rule will define the low-income areas home

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[110] National Community Reinvestment Coalition, "Displaced by Design: Fifty Years of Gentrification and Black Cultural Displacement in US cities," (May 2025), *available at* https://ncrc.org/displaced-by-design/#gen.
[111] FHFA did not publish a forecast for this subgoal in the 2025-2027 final rule.
[112] See 89 FR 106253 (Dec. 30, 2024).

purchase goal benchmark level as the benchmark level for the low-income areas home purchase subgoal plus an adjustment factor reflecting the additional incremental share of mortgages for low- and moderate-income families in designated disaster areas. This proposed definition is exactly equivalent to the current low-income areas home purchase goal which is the sum of the benchmark levels for the area-based subgoals plus an adjustment factor for the low- and moderate-income families in designated disaster areas. FHFA will continue to set a benchmark level for the overall low-income areas home purchase goal that will reflect the adjustment factor for mortgages to families with incomes less than or equal to 100 percent of AMI who are in federally declared disaster areas.[113] Accordingly, the low-income areas home purchase goal benchmark level is not included in the proposed rule. During the 2026-2028 housing goals period, FHFA will continue its annual practice of notifying the Enterprises of the benchmark level for the overall low-income areas home purchase goal for each year and posting the benchmark on FHFA's Web site.

5. Low-Income Refinance Goal

The low-income refinance goal is based on the percentage share of all conventional, conforming, single-family, owner-occupied refinance mortgages purchased by an Enterprise that are for low-income families, defined as families with incomes less than or equal to 80 percent of AMI. The proposed rule would keep the annual benchmark level for this goal for 2026-2028 at 26.0 percent.

Table 5—Single-Family Low-Income Refinance Goal

	Historical Performance							
Year	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Actual Market	26.1%	37.3%	40.3%					
Benchmark	21.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%
Fannie Mae Performance								
Low-Income Refinance Mortgages	809,452	279,020	60,682	67,584				
Total Refinance Mortgages	3,089,529	803,634	157,984	185,763				

[113] Disaster declarations are listed on the Federal Emergency Management Agency (FEMA) website at https://www.fema.gov/disasters.

Low-Income % of Refinance Mortgages	26.2%	34.7%	38.4%	36.4%	
Freddie Mac Performance					
Low-Income Refinance Mortgages	658,845	254,332	54,906	61,557	
Total Refinance Mortgages	2,651,858	686,394	127,043	186,266	
Low-Income % of Refinance Mortgages	24.8%	37.1%	43.2%	33.0%	

Recent performance and forecasts. Annual performance in low-income refinance mortgages, when measured in percentage terms, consistently demonstrates an inverse relationship to the overall volume of refinance loans within the market and the Enterprises' acquisitions. For instance, during the low mortgage rate environment in 2020, a significant refinance boom occurred, with overall low-income refinance volume in the market exceeding 1.3 million loans.[114] However, the total market volume for all refinances reached over 6.3 million loans, resulting in a low-income refinance market performance of only 21.0 percent.[115]

In contrast, in 2023, amidst higher mortgage rates, the overall low-income refinance volume contracted sharply to approximately 160,000 loans, while total market refinance volume declined to about 397,000 loans.[116] This contraction in volume corresponded to a substantially higher low-income refinance market performance of 40.3 percent. The Enterprises' performance on the low-income refinance goal mirrored this pattern, with their low-income refinance percentages increasing significantly during this later period, even as the absolute volume of their low-income refinance mortgage purchases decreased. This trend demonstrates the inverse relationship of low-income refinance mortgages. It also highlights that percentage-based performance metrics can reflect market contraction rather than increased absolute support for low-income borrowers during periods of reduced refinance activity.

As shown in Table 5, both Enterprises have met this goal since 2021. The table also shows that when mortgage rates were low in 2021 and refinance volume high, both

[114] FHFA's tabulation of HMDA data.
[115] *Ibid.*
[116] *Ibid.*

Enterprises met the benchmark but only Fannie Mae performed higher than the actual market. However, when mortgage rates rose in the following year and years since then, refinance volume declined, and Enterprise performance rose and has remained elevated.

FHFA rationale for proposed benchmark. As noted in the 2025-2027 Enterprise Housing Goals final rule, and shown in Table 5, the annual performance in the overall market and by the Enterprises on low-income refinance mortgages tends to be inversely proportional to the volume of low-income refinance loans in the market.[117] While FHFA's most recent forecast for this goal averaged 36.3 ± 6.9 percent, the Agency noted in the 2025-2027 final rule that "although mortgage rates are expected to decline during the 2025-2027 housing goals period, FHFA's model cannot forecast the low-income refinance market with a high degree of confidence due to the unpredictability of future interest rates and the strong sensitivity of refinance originations to interest rates."[118] Particularly, if interest rates were to decline more significantly, and volume returned to the levels seen in 2021, a benchmark level within the confidence interval could be difficult for the Enterprises to achieve based on market conditions.

FHFA is proposing to maintain the benchmark level of 26.0 percent for this goal because it believes that this level will keep the Enterprises focused on providing liquidity to this affordable segment in 2026-2028 under current and projected market conditions, as well as if interest rates decline more than projected and refinance volume materially increases. This benchmark level maintains the Enterprises' sound financial condition and avoids market participant displacement, while supporting low-income borrowers.

V. Measurement Buffers

The 2025-2027 final housing goal rule established measurement buffers,

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[117] *See* "2025-2027 Enterprise Housing Goals," (Final Rule), 89 FR 106253 (Dec. 30, 2024), *available at* https://www.federalregister.gov/documents/2024/12/30/2024-30793/2025-2027-enterprise-housing-goals.
[118] *See* "2025-2027 Enterprise Housing Goals," (Final Rule), 89 FR 106253, 106270 (Dec. 30, 2024), *available at* https://www.federalregister.gov/documents/2024/12/30/2024-30793/2025-2027-enterprise-housing-goals.

numerical factors to encourage each Enterprise to focus on achieving the housing goal by meeting the market level if the benchmark level is higher than the market level, thereby addressing uncertainties regarding the final market level throughout the year.[119] Specifically, an Enterprise that failed to meet the goal would not be required to submit a housing plan if its performance met or exceeded: (i) the market level minus 1.3 percentage points for the low-income home purchase goal; (ii) the market level minus 0.5 percentage points for the very low-income home purchase goal; or (iii) the market level minus 1.3 percentage points for the low-income refinance goal. The final rule articulated that these measurement buffers are a fair mechanism to encourage Enterprise achievement of these three single-family housing goals despite market level uncertainty during the measurement period.

FHFA is proposing to remove the measurement buffers for the 2026-2028 proposed rule. The Agency now believes these measurement buffers to be duplicative and unnecessary. The flexibility previously sought through the buffers, particularly during uncertain market periods, is now accounted for in proposing lower benchmark levels for the low-income and very low-income home purchase goals, and by maintaining the low-income refinance goal at an appropriate level. This revised approach to benchmark setting provides the necessary operational latitude without the complexity introduced by the buffers.

Furthermore, the Agency believes that these buffers have overly complicated calculations and imposed increased administrative burden on both FHFA staff and the Enterprises. One of the objectives of instituting the buffers was to enhance transparency of Enterprise performance. However, the buffers have not achieved this objective, instead fueling uncertainty by requiring unnecessary additional computational steps. Consequently, FHFA believes these measurement buffers are not effective at enhancing

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[119] As previously noted, the proposed rule referred to the measurement buffers as "Enforcement Factors."

performance transparency.

VI. Multifamily Housing Goals and Subgoal

A. Factors Considered in Setting the Multifamily Housing Goal Benchmark Levels

The Safety and Soundness Act requires FHFA to consider the following six factors in setting the multifamily housing goals:

1. National multifamily mortgage credit needs and the ability of the Enterprises to provide additional liquidity and stability for the multifamily mortgage market;

2. The performance and effort of the Enterprises in making mortgage credit available for multifamily housing in previous years;

3. The size of the multifamily mortgage market for housing affordable to low-income and very low-income families, including the size of the multifamily markets for housing of a smaller or limited size;

4. The ability of the Enterprises to lead the market in making multifamily mortgage credit available, especially for multifamily housing affordable to low-income and very low-income families;

5. The availability of public subsidies; and

6. The need to maintain the sound financial condition of the Enterprises.[120]

Unlike the single-family housing goals, performance on the multifamily housing goals is measured solely against benchmark levels set by FHFA in the regulation, without any retrospective market measure. The absence of a retrospective market measure for the multifamily housing goals results, in part, from the lack of comprehensive data about the multifamily mortgage market. Unlike the single-family mortgage market, where HMDA provides a reasonably comprehensive dataset about single-family mortgage originations each year,[121] the multifamily mortgage market (and the affordable multifamily mortgage

[120] 12 U.S.C. 4563(a)(4).
[121] Single family market performance is determined by FHFA through analyzing public HMDA data made available by the CFPB based on data that mortgage originators submit to the FFIEC.

market segment) has no comparable single, unified data source with coverage extending across many years. As a result, it is difficult to correlate different datasets that rely on different reporting metrics.

The lack of comprehensive data for the multifamily mortgage market is even more acute with respect to the segments of the market that are targeted to low-income families, defined as families with incomes at or below 80 percent of AMI, and very low-income families, defined as families with incomes at or below 50 percent of AMI.

Unlike the single-family housing goals, which set separate benchmark levels for home purchase and refinance mortgages, the multifamily housing goals include all Enterprise multifamily mortgage purchases, regardless of the purpose of the loan.

In consideration of public comments and to improve the responsiveness of the multifamily housing goals to market conditions, in 2023, FHFA revised the housing goals regulation to change the multifamily housing goals benchmark levels from a numeric benchmark level for units to a percentage of affordable units in multifamily properties financed by mortgages purchased by the Enterprise each year. This ensures that the multifamily housing goals remain meaningful in different market conditions and enables the Enterprises to respond to those conditions while continuing to serve affordable segments.[122]

The proposed rule would establish benchmark levels for the multifamily low-income housing goal, the multifamily very low-income housing goal, and the small multifamily low-income subgoal for 2026-2028 at the same levels that are currently in effect for 2025-2027. FHFA believes that these relatively conservative benchmark levels are appropriate for the multifamily housing goals given market uncertainty and a desire to avoid unintended consequences that may result if the multifamily goals are set at unrealistic levels. In proposing the benchmark levels for the multifamily housing goals,

[122] 12 CFR 1282.13.

FHFA has considered each of the six statutory factors identified above. Five of the factors relate to the multifamily mortgage market and the Enterprises' role in that market. Those factors generally have similar impacts on each of the multifamily housing goals and have not changed significantly in the months since FHFA established the housing goals for 2025-2027. Each of those factors is discussed below. The past performance of the Enterprises is discussed separately for each of the multifamily housing goals.

Multifamily mortgage market. FHFA's consideration of the multifamily mortgage market credit needs addresses the size and competitiveness of the overall multifamily mortgage market. In February 2025, MBA forecasted that multifamily mortgage originations would increase from the $312 billion estimated in 2024 to $361 billion in 2025, and then to $419 billion in 2026.[123] MBA noted that there is an abundance of capital ready to be deployed, though that deployment will depend on whether interest rates decline as they did at the end of 2024.[124]

Affordability in the multifamily mortgage market. FHFA's consideration of the affordability in the multifamily mortgage market addresses the size of the multifamily mortgage market for housing affordable to low-income and very low-income families, including the size of the multifamily market for housing of a smaller or limited size. In *The State of the Nation's Housing 2025* report*,* Harvard University's Joint Center for Housing Studies (JCHS) found that rent growth for multifamily apartments remained modest through early 2025, even as rental demand increased, and vacancies declined. Asking rents rose 0.8 percent year-over-year in the first quarter of 2025, up slightly from 0.2 percent in 2024.[125] Such increases represent moderate growth compared with the

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[123] MBA, "CREF Forecast: Commercial/Multifamily Borrowing and Lending Expected to Increase 16 Percent to $583 Billion in 2025," (February 10, 2025), *available at* https://www.mba.org/news-and-research/newsroom/news/2025/02/10/cref-forecast--commercial-multifamily-borrowing-and-lending-expected-to-increase-16-percent-to--583-billion-in-2025.
[124] *Ibid*.
[125] Joint Center for Housing Studies of Harvard University, "The State of the Nation's Housing 2025," (2025), p. 14, *available at*

same quarter in 2022 when rents rose by 15.3 percent year-over-year. Despite the continued slowdown in rent growth, the extended period of rising rents corresponds to the continued stress on renters, with the share of cost-burdened renters continuing to remain elevated.

For purposes of the Enterprise housing goals, the Safety and Soundness Act requires FHFA to evaluate housing goals performance based on whether rent levels are affordable. The Safety and Soundness Act defines a rent level as affordable if a family's rent and utility expenses do not exceed 30 percent of the maximum income level for each income category, with appropriate adjustments for unit size as measured by the number of bedrooms.[126] In *America's Rental Housing 2024* report, JCHS found that the share of cost-burdened renters, particularly among low-income and very low-income households, continues to grow.[127] A household is considered cost-burdened if it spends more than 30 percent of its income on housing, and severely cost-burdened if it spends more than 50 percent of its income on housing. The JCHS report shows that the share of cost-burdened renters across all income segments rose by 3.2 percentage points to 50 percent from 2019 to 2022.[128] The share of cost-burdened renters earning between $45,000 and $74,999 increased the most, rising by 5.4 percentage points.[129]

In *The State of the Nation's Housing 2025* report, JCHS noted the significant rise in new rental supply as 608,000 units were added in 2024, the highest number of completions in more than 30 years.[130] However, the growth in new rental supply is

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https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2025.pdf.

[126] 12 U.S.C. 4563(c).

[127] Joint Center for Housing Studies of Harvard University, "America's Rental Housing 2024," (2024), p. 2, *available at* https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Americas_Rental_Housing_2024.pdf.

[128] *Ibid*.

[129] *Ibid*.

[130] Joint Center for Housing Studies of Harvard University, "The State of the Nation's Housing 2025," (2024), p. 35, *available at* https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2025.pdf.

expected to slow down as multifamily starts fell by 25 percent in 2024, and this decline has accelerated.[131] The JCHS report found that new rental units are primarily targeted towards the upper end of the market, with a median asking rent of $1,830 in the first quarter of 2025, up 32 percent since 2019.[132]

Ability of the Enterprises to lead the market. In adopting the multifamily housing goal benchmark levels for 2026-2028 in the proposed rule, FHFA has considered the ability of the Enterprises to lead the market in making multifamily mortgage credit available. The Enterprises' share of the overall multifamily mortgage market increased in the years immediately following the 2008 financial crisis but has declined more recently in response to growing private sector participation. The Enterprises' share of the multifamily market was over 70 percent in 2008 and 2009, compared to 36 percent in 2015.[133] [134] The total share was 40 percent or higher from 2016 to 2020. However, in 2021 and 2022, when multifamily origination volume was relatively robust, the combined Enterprise share was estimated to be below 30 percent before increasing to 41 percent in 2023.[135] In 2024, the combined Enterprise share is estimated to be 39 percent.[136]

FHFA recognizes that the multifamily housing goals are just one measure of how the Enterprises contribute to and participate in the multifamily market. Other Enterprise multifamily activities include those under their Duty to Serve Plans for Underserved Markets and Low-Income Housing Tax Credit (LIHTC) equity investments.[137] Together with the housing goals, these programmatic activities provide support to renter

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[131] *Ibid.*
[132] *Ibid.,* at 14.
[133] Urban Institute, "The GSE's Shrinking Role in the Multifamily Market," (April 2015), p. 4, *available at* https://www.urban.org/sites/default/files/publication/48986/2000174-The-GSEs-Shrinking-Role-in-the-Multifamily-Market.pdf.
[134] Fannie Mae, "Multifamily Business Information Presentation," (Updated August 2025), p. 3, *available at* https://multifamily.fanniemae.com/media/37196/display.
[135] *Ibid*.
[136] *Ibid.*
[137] Since FHFA placed the Enterprises into conservatorship on September 6, 2008, it has issued a Conservatorship Scorecard periodically to communicate its priorities and expectations for Fannie Mae and Freddie Mac.

households, including low-income families spending more than 30 percent of their income on housing. FHFA will continue to monitor these initiatives and priorities to maintain appropriate focus by the Enterprises, including compliance with the Enterprises' charter acts and safety and soundness considerations.

FHFA expects the Enterprises to continue to demonstrate leadership in supporting affordable housing in the multifamily market by providing liquidity for housing for tenants at different income levels in various geographies and market segments. This support should continue throughout the economic cycle, even as the overall size of the multifamily mortgage market fluctuates.

Availability of public subsidies. Multifamily housing assistance is primarily available in two forms: demand-side public subsidies that either directly assist low-income tenants (*e.g.*, Housing Choice vouchers) or provide project-based rental assistance (*e.g.*, Project-Based Vouchers and Project-Based Rental Assistance contracts), and supply-side public subsidies that support the creation and preservation of affordable housing (*e.g.*, the housing trust fund and LIHTCs). The availability of public subsidies impacts the overall affordable multifamily housing market, and significant changes to long-standing public subsidy programs could impact the ability of the Enterprises to meet the housing goals. The Enterprises also provide liquidity to facilitate the preservation of public subsidies through their purchases of mortgages that finance the preservation of existing affordable housing units (especially for restructurings of older properties that reach the end of their initial 15-year LIHTC compliance periods) and for refinancing properties with expiring Project-Based Rental Assistance contracts.

In 2026 and beyond, there will continue to be opportunities in the multifamily mortgage market to provide permanent financing for properties with LIHTCs and to preserve existing affordable units, as described above.

Maintaining the sound financial condition of the Enterprises. In establishing the

2026-2028 benchmark levels for multifamily housing goals in the proposed rule, FHFA must balance the role of the Enterprises in providing liquidity and supporting various multifamily mortgage market segments with the need to maintain the Enterprises' sound and solvent financial condition. The Enterprises have served as a stabilizing force in the multifamily mortgage market across economic cycles, and their loans on affordable multifamily properties have experienced low levels of delinquency and default that are similar to those of market rate properties.

FHFA continues to monitor the activities of the Enterprises in this market to ensure their continued safety and soundness.

B. Proposed Multifamily Housing Goals and Subgoal Benchmark Levels

Based on FHFA's consideration of the statutory factors described above and the past performance of the Enterprises under the multifamily housing goals and subgoal, the proposed rule would establish benchmark levels for the multifamily housing goals and subgoal as further discussed below. Before finalizing the benchmark levels for the multifamily housing goals and subgoal in the final rule, FHFA will review any additional data that becomes available about the Enterprises' performance related to these goals, developments in the multifamily mortgage market, and comments on the proposed benchmark levels.

1. Multifamily Low-Income Housing Goal

The multifamily low-income housing goal is the percentage share of all goal-eligible units in multifamily properties financed by mortgages purchased by the Enterprises that are affordable to low-income families in any given year. Low-income families are defined as those with incomes less than or equal to 80 percent of AMI.

Table 6—Multifamily Low-Income Housing Goal

	Historical Performance							
Year	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Low-Income Multifamily Benchmark	315,000	415,000	61.0%	61.0%	61.0%	61.0%	61.0%	61.0%

Fannie Mae Performance								
Low-Income Multifamily Units	384,488	419,361	317,032	270,938				
Total Multifamily Units	557,152	542,347	415,513	398,661				
Low-Income % Total	69.0%	77.3%	76.3%	68.0%				
Freddie Mac Performance								
Low-Income Multifamily Units	373,225	420,107	231,968	302,324				
Total Multifamily Units	540,541	567,249	345,702	463,113				
Low-Income % of Total Units	69.0%	74.1%	67.1%	65.3%				

Table 6 shows the number and share of goal-qualifying low-income multifamily units in properties backing mortgages acquired by each Enterprise from 2021 through 2024.[138] In addition, the historical performance share average for the pre-pandemic years of 2017-2019 would have been 65.1 percent for Fannie Mae and 67.3 percent for Freddie Mac.[139] Starting in 2023, the benchmark metric for this goal changed from the number of low-income units to the share of low-income units.

Ongoing shortages in the supply of affordable rental housing continue to contribute to the growing share of cost-burdened families in the United States.[140] There remains a liquidity need for Enterprise support in the multifamily affordable housing market due to evolving market conditions. These challenges are expected to persist in 2026-2028. In light of these factors, FHFA proposes to maintain the current benchmark level for this goal at 61.0 percent for both Enterprises in 2026-2028. The current benchmark for this goal enables the Enterprises to adequately support multifamily housing affordable to families with incomes at or below 80 percent of AMI. The proposed benchmark takes into account market dynamics and safety and soundness considerations, without diminishing the Enterprises' focus on affordability.

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[138] 12 CFR 1282.16 (Special Counting Requirements).
[139] *See* "2023-2024 Multifamily Enterprise Housing Goals," (Proposed Rule), 87 FR 50794, 50800 (Aug. 18, 2022), *available at* https://www.federalregister.gov/documents/2022/08/18/2022-17868/2023-2024-multifamily-enterprise-housing-goals.
[140] *See* Joint Center for Housing Studies of Harvard University, "The State of the Nation's Housing 2024," (June 2024), *available at* https://www.jchs.harvard.edu/state-nations-housing-2024.

2. Multifamily Very Low-Income Housing Goal

The multifamily very low-income housing goal is the percentage share of all goal-eligible units in multifamily properties financed by mortgages purchased by the Enterprises that are affordable to very low-income families in any given year. Very low-income families are defined as those with incomes less than or equal to 50 percent of AMI.

Table 7—Multifamily Very Low-Income Housing Goal

	Historical Performance							
Year	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Very Low-Income Multifamily Benchmark	60,000	88,000	12.0%	12.0%	14.0%	14.0%	14.0%	14.0%
Fannie Mae Performance								
Very Low-Income Multifamily Units	83,459	127,905	77,509	58,000				
Total Multifamily Units	557,152	542,347	415,513	398,661				
Very Low-Income % of Total Units	15.0%	23.6%	18.7%	14.5%				
Freddie Mac Performance								
Very Low-Income Multifamily Units	87,854	127,733	71,217	70,795				
Total Multifamily Units	540,541	567,249	345,702	463,113				
Very Low-Income % of Total Units	16.3%	22.5%	20.6%	15.3%				

Table 7 shows the number and share of goal-qualifying very low-income multifamily units as a percentage of the total goal-eligible units in properties backing mortgages acquired by each Enterprise from 2021 through 2024. In addition, the historical performance share average for the pre-pandemic years of 2017-2019 would have been 13.1 percent for Fannie Mae and 15.6 percent for Freddie Mac.[141] Starting in 2023, the benchmark metric for this goal changed from the number of very low-income units to the share of very low-income units.

In 2025, the benchmark for this goal was raised from 12.0 percent to 14.0 percent. FHFA set this benchmark at a higher level to ensure that the Enterprises continue to adequately serve very low-income families. Considering the multifamily mortgage

[141] *See* "2023-2024 Multifamily Enterprise Housing Goals," (Proposed Rule), 87 FR 50794, 50801 (Aug. 18, 2022), *available at* https://www.govinfo.gov/content/pkg/FR-2022-08-18/pdf/2022-17868.pdf.

conditions described above and the continued need for affordable rental housing support, FHFA proposes to maintain the current benchmark level for this goal at 14.0 percent for both Enterprises in 2026-2028. The current benchmark for this goal enables the Enterprises to adequately support multifamily housing affordable to families with incomes at or below 50 percent of AMI. The proposed benchmark takes into account market dynamics and safety and soundness considerations, without diminishing the Enterprises' focus on affordability.

3. Small Multifamily Low-Income Housing Subgoal

The current Enterprise housing goals regulation defines a small multifamily property as having 5 to 50 units. The small multifamily low-income housing subgoal is based on the share of units in small multifamily properties affordable to low-income families as a percentage of all goal-eligible units in all multifamily properties financed by mortgages purchased by the Enterprises in a given year.

Table 8—Small (5-50 units) Multifamily Low-Income Subgoal

	Historical Performance							
Year	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Fannie Mae Small Low-Income Multifamily Benchmark	10,000	17,000	2.5%	2.5%	2.0%	2.0%	2.0%	2.0%
Freddie Mac Small Low-Income Multifamily Benchmark	10,000	23,000	2.5%	2.5%	2.0%	2.0%	2.0%	2.0%
Fannie Mae Performance								
Small Low-Income Multifamily Units	14,409	21,436	13,241	11,182				
Total Multifamily Units	557,152	542,347	415,513	398,661				
Low-Income % of Total Multifamily Units	2.6%	4.0%	3.2%	2.8%				
Freddie Mac Performance								
Small Low-Income Multifamily Units	31,913	27,103	14,006	14,007				
Total Multifamily Units	540,541	567,249	345,702	463,113				
Low-Income % of Total Multifamily Units	5.9%	4.8%	4.1%	3.0%				

Table 8 shows Enterprise performance on this subgoal, including the previous numeric benchmark levels applicable through 2022 and the percentage-based metric that began in 2023. FHFA recognizes that the Enterprises have different business approaches to the small multifamily market segment, and that each Enterprise sets its own credit risk tolerance for these products. As a result, each Enterprise has performed very differently on this subgoal. Since 2021, Freddie Mac has exceeded Fannie Mae in terms of percentage share of total units and volume of low-income units in small (5-50) multifamily properties.

In 2025, FHFA lowered the benchmark for this goal from 2.5 percent to 2.0 percent due to increased availability of private sector financing for small multifamily properties in recent years. While FHFA continues to observe private sector participation in this market, the Enterprises provide an important backstop for financing small multifamily properties affordable to low-income families. Taking these factors and the multifamily mortgage market conditions described above into account, FHFA proposes to maintain the current benchmark level for this subgoal at 2.0 percent for both Enterprises for 2026-2028. The current benchmark for this subgoal enables the Enterprises to adequately support this market when needed without crowding out other sources of financing for small multifamily properties.

VII. Notice of Determination of Compliance with Housing Goals

The 2025-2027 housing goals final rule made non-substantive changes to 12 CFR 1282.20 that describe the preliminary and final determinations of housing goals compliance issued by FHFA each year.[142] FHFA has reviewed its current practices and is proposing a regulatory change to streamline the housing goals compliance process.

This proposed rule seeks to simplify FHFA's process by eliminating a requirement for preliminary determination letters when an Enterprise has met its goals. As revised, the rule would require only a single determination letter if FHFA determines that an Enterprise has met all housing goals, and FHFA will provide the Enterprise with an opportunity to comment on such determination during the 30-day period beginning

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[142] *See* 12 CFR part 1282, adopted at "2025-2027 Enterprise Housing Goals," (Final Rule), 89 FR 106253, 106275 (Dec. 30, 2024) *available at* https://www.federalregister.gov/documents/2024/12/30/2024-30793/2025-2027-enterprise-housing-goals.

upon receipt by the Enterprise. FHFA finds it unnecessary for the regulation to require two separate but substantially similar determination letters that provide notice to the Enterprise that it has met its housing goals obligations. Historically, the preliminary determination letters have provided an opportunity for the Enterprises to provide supplemental information for FHFA to consider when determining compliance, feasibility, and whether a housing plan is appropriate and necessary if an Enterprise fails to meet a housing goal or subgoal.

If an Enterprise has met the housing goals, it is not necessary for the Enterprise to provide additional information in order for FHFA to reach a determination. Whether an Enterprise has met a goal depends on whether its performance meets or exceeds the lower of the benchmark level and the market level, not on the degree by which an Enterprise's performance exceeds those levels. Preliminary determination letters that confirm an Enterprise is meeting a goal are an inefficient use of staff resources.

However, to comply with statutory requirements and ensure the Enterprises have an opportunity to provide information to the Director on their compliance and the feasibility of compliance, this proposed rule continues to require preliminary determination letters if an Enterprise has failed, or there is a substantial probability that an Enterprise will fail, to meet any housing goal or subgoal. In sum, the proposed rule would simplify existing procedures and ensure adequate transparency.

VIII. Required Adjustments to Maximum Civil Money Penalty Amounts

The Adjustment Improvements Act amended the Federal Civil Penalties Inflation Adjustment Act of 1990 by establishing a mechanism for regular adjustment for inflation of civil money penalties. To maintain their deterrent effect, this law requires FHFA to adjust the level of civil monetary penalties for inflation (including an initial catch-up adjustment and annual adjustments thereafter). The law also requires FHFA to report inflation adjustments annually in its Agency Financial Report as directed by OMB

Circular A-136.

FHFA complies with the requirement by publishing a final rule each year to adjust the amount of the civil money penalties in FHFA's Rules of Practice and Procedure (12 CFR part 1209); FHFA's Flood Insurance regulation (12 CFR part 1250); and FHFA's Implementation of the Program Fraud Civil Remedies Act regulation (12 CFR part 1217). FHFA published its most recent final rule to make the required adjustments on January 16, 2025.[143]

This proposed rule would make explicit that the required inflation adjustments apply to civil money penalties described in section 1345 of the Safety and Soundness Act (12 U.S.C. 4585), including penalties applicable to the Enterprise and Federal Home Loan Bank housing goals.

A. Statutory civil money penalties related to Enterprise and Federal Home Loan Bank housing goals

The Safety and Soundness Act authorizes FHFA to seek civil money penalties to enforce several requirements related to the Enterprise and Bank housing goals. Civil money penalties and other remedies related to housing goals enforcement are subject to statutory procedural requirements in sections 1341 through 1348 of the Safety and Soundness Act (12 U.S.C. 4581-4588) (other remedies authorized by the Safety and Soundness Act are not discussed in this preamble because they are not relevant to inflation adjustment requirements). The civil money penalty amount for violations related to housing goals is determined by the Director after consideration of several statutory factors in section 1345(c)(2) (12 U.S.C. 4585(c)(2)). For most potential violations, the amount may not exceed $50,000 for each day that the failure occurs.

Enterprise compliance with the housing goals is enforced under section 1336 of

[143] See "Rules of Practice and Procedure; Civil Money Penalty Inflation Adjustment," (Final Rule), 90 FR 4607 (Jan. 16, 2025), *available at* https://www.federalregister.gov/documents/2025/01/16/2025-00775/rules-of-practice-and-procedure-civil-money-penalty-inflation-adjustment.

the Safety and Soundness Act (12 U.S.C. 4566). Under this provision, if an Enterprise fails to meet a housing goal, or has a substantial probability of failing to meet a goal, and FHFA determines that meeting the goal was or is feasible, the Director may, in his or her discretion, require the Enterprise to submit a housing plan describing the specific actions the Enterprise will take to achieve the goal. Section 1336 further provides that if an Enterprise fails to submit an acceptable housing plan or fails to comply with the plan, the Director may impose civil money penalties against the Enterprise in accordance with section 1345 (12 U.S.C. 4585) of the Safety and Soundness Act. In addition, section 1345(a)(2) provides that the Director may impose civil money penalties if an Enterprise fails to report information on its housing activities to FHFA or Congress as required by subsection (m) or (n) of section 309 of the Federal National Mortgage Association Charter Act (12 U.S.C. 1723a(m) or (n)) or subsection (e) or (f) of section 307 of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1456(e) or (f)).

The Banks are subject to housing goals requirements pursuant to section 10C(a) of the Federal Home Loan Bank Act (Bank Act), as amended by section 1205 of HERA (12 U.S.C. 1430c(a)). This provision requires the Director of FHFA to establish housing goals with respect to the purchase of mortgages, if any, by the Banks. Section 10C(d) of the Bank Act provides that the monitoring and enforcement requirements of section 1336 of the Safety and Soundness Act shall apply to the Banks in the same manner and to the same extent as they apply to the Enterprises. Thus, in accordance with section 1336, FHFA's Bank housing goals regulation includes housing plan provisions similar to those in FHFA's Enterprise housing goals regulation. If a Bank fails to submit or follow an acceptable housing plan, the Director may impose civil money penalties against the Bank.

B. Other civil money penalties in section 1345

Section 1345(b)(1) of the Safety and Soundness Act (12 U.S.C. 4585(b)(1)) authorizes the Director to impose civil money penalties of up to $100,000 for each day of occurrence "for any failure described in paragraph (1), (5), or (6)" of section 1345(a). The cross references to paragraphs (1), (5), and (6) are not clear. Section 1345(a) does not include a paragraph (5) or (6). Section 1345(a)(1) describes a failure to "submit a report under section 1327 [of the Safety and Soundness Act] following a notice of such failure, an opportunity for comment by the enterprise, and a final determination by the Director." At the same time HERA added the current section 1345, it removed general reporting requirements in section 1327 and amended section 1314 of the Safety and Soundness Act to authorize the Director to issue general and specific reporting orders and penalties for violating those reporting orders.[144] Congress subsequently added a new section 1327 related to Enterprise guarantee fee requirements that provides for reporting by each Enterprise as part of its annual report submitted to Congress.[145]

Regardless of whether Congress intended the civil money penalties provision in section 1345(b)(1) to apply to violations of reporting requirements under current section 1327, the statutory provision is subject to the Adjustment Improvements Act requirements. Therefore, FHFA proposes to make explicit the mandatory inflation adjustments required by law.

C. Making explicit required inflation adjustments to civil money penalties authorized by section 1345

FHFA's Rules of Practice and Procedure regulation in part 1209 sets forth procedures for any violation, practice, or breach addressed under sections 1371, 1372, or 1376 of the Safety and Soundness Act (12 U.S.C. 4631, 4632, 4636).

In 2013, FHFA published a final rule, "*Rules of Practice and Procedure: Enterprise and Federal Home Loan Bank Housing Goals Related Enforcement*

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[144] HERA, Pub. L. 110-289, title I, subtitle A, sec. 1104(b), 122 Stat. 2667; 12 U.S.C. 4514, *available at* https://www.congress.gov/110/plaws/publ289/PLAW-110publ289.pdf.

[145] Temporary Payroll Tax Cut Continuation Act of 2011, Pub. L. 112-78, title IV, sec. 401, 125 Stat. 1287 (12 U.S.C. 4547(d)), (Dec. 23, 2011), *available at* https://www.govinfo.gov/content/pkg/PLAW-112publ78/pdf/PLAW-112publ78.pdf.

Amendment."[146] Section 1209.1(c)(4) of FHFA's Rules of Practice and Procedure, as amended by this 2013 final rule, provides that the rules of practice and procedure for hearings on the record in subpart C of part 1209 apply to any civil money penalty proceedings related to the housing goals, except where such rules are inconsistent with section 1345 of the Safety and Soundness Act (12 U.S.C. 4585), in which case the statutory provisions related to the housing goals apply.[147]

Section 1209.80 states explicitly the maximum penalty amounts that apply for civil money penalty proceedings under section 1376 of the Safety and Soundness Act (12 U.S.C. 4636). However, the section does not state explicitly the corresponding maximum penalty amounts for civil money penalty proceedings under section 1345 (12 U.S.C. 4585). Similarly, FHFA's annual final rules for adjusting civil money penalties for inflation in 12 CFR part 1209 do not explicitly reference the civil money penalties described in section 1345 of the Safety and Soundness Act. In a recent review of its regulations, FHFA determined that 12 CFR part 1209 should be revised to explicitly state the maximum civil money penalty amounts for violations related to housing goals that reflect the catch-up adjustment and annual adjustments required by the Adjustment Improvements Act. It is also prudent to amend the Bank Housing Goals regulation in 12 CFR part 1281 and the Enterprise Housing Goals regulation in 12 CFR part 1282 to cross reference the procedural requirements for housing goals enforcement in 12 CFR part 1209.

The proposed rule describes increases in maximum penalty amounts that would not dictate the amount of any penalty that FHFA may seek under section 1345. FHFA would calculate penalty amounts on a case-by-case basis based on its consideration of the

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[146] "Rules of Practice and Procedure: Enterprise and Federal Home Loan Bank Housing Goals Related Enforcement Amendment," (Final Rule), 78 FR 37101 (June 20, 2013), *available at* https://www.federalregister.gov/documents/2013/06/20/2013-14676/rules-of-practice-and-procedure-enterprise-and-federal-home-loan-bank-housing-goals-related.
[147] 12 CFR 1209.1(c)(4).

statutory factors described in section 1345(c)(2). FHFA's final rules implementing Adjustment Improvements Act revisions of the maximum civil money penalty amounts that FHFA may assess in accordance with section 1376 have applied those required adjustments prospectively from the date of the final rule.[148] FHFA similarly proposes to apply the inflation adjusted maximum penalties prospectively to penalties sought after the effective date of a final rule implementing this proposed change. Prospective application is consistent with policy goals of fairness and transparency, since this is the first time that 12 CFR part 1209 would explicitly state the maximum civil money penalty amounts for section 1345.

The Adjustment Improvements Act provides that the mandatory initial catch-up adjustment must be implemented by an interim final rule. The changes described in this proposed rule are consistent with the statutory directive set forth in the Adjustment Improvements Act. As a result, FHFA could implement these changes by interim final rule as there are no issues of policy discretion about which to seek public comment. However, FHFA is proposing the amendments in a notice and comment rulemaking in this case because it is administratively expedient to include the changes in this proposed rule on related topics.

D. Calculation of inflation adjustments

To calculate inflation adjustments, FHFA follows the requirements of the Adjustment Improvements Act[149] and guidance provided by the Office of Management and Budget (OMB). OMB issued guidance on the catch-up adjustment in Memorandum M-16-06, *Implementation of the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015*, published February 24, 2016. OMB subsequently issued

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[148] *See*, *e.g.*, "Rules of Practice and Procedure; Civil Money Penalty Inflation Adjustment," (Final Rule), 90 FR 4607 (Jan. 16, 2025), *available at* https://www.federalregister.gov/documents/2025/01/16/2025-00775/rules-of-practice-and-procedure-civil-money-penalty-inflation-adjustment.
[149] *See* 28 U.S.C. 2461 note, sec. 4(a), 5(b)(2).

guidance on the 2017–2025 annual inflation adjustments in Memorandums M-17-11, M-18-03, M-19-04, M-20-05, M-21-10, M-22-07, M-23-05, M-24-07, and M-25-02. OMB's guidance establishes multipliers used to calculate required adjustments.

The Adjustment Improvements Act provides that the initial catch-up adjustment will be based on the percent change between the Consumer Price Index for all Urban Consumers (CPI–U) for October 2015 and the CPI–U for the month of October in the year that the civil money penalty was established or adjusted under a provision of law other than the Inflation Adjustment Act. Previous inflation adjustments made under the Inflation Adjustment Act prior to the Adjustment Improvements Act are not considered in making the catch-up adjustment.

HERA amended section 1345 of the Safety and Soundness Act in calendar year 2008. Because FHFA has not published explicitly adjusted maximum civil money penalty amounts for section 1345 since it was amended, this proposed rule treats 2008 as the year that the maximum civil money penalty amounts were last set.

OMB established a multiplier of 1.09819 for catch-up adjustments to civil money penalties last set in 2008. For each maximum civil money penalty calculation, FHFA determined the catch-up adjusted maximum penalty amount by calculating the product of the inflation multiplier and the previous maximum penalty amount, and then rounded the product to the nearest whole dollar as required by the Adjustment Improvements Act.

The table below sets out the initial catch-up adjustments through 2016 accordingly.

Initial Catch-Up Adjustments Required by the Adjustment Improvements Act				
U.S. Code citation	Description	Previous maximum penalty amount	Rounded catch-up inflation increase	Catch-up adjusted maximum penalty amount
12 U.S.C. 4585(b)(1)	Maximum penalty for failure described	$100,000	$9,819	$109,819

	in 1345(a)(1), for each day that the failure occurs			
12 U.S.C. 4585(b)(2)	Maximum penalty for failure described in 1345(a)(2), (3), or (4), for each day that the failure occurs	$50,000	$4,910	$54,910

The Adjustment Improvements Act directs federal agencies to calculate each annual civil money penalty adjustment as the percent change between the CPI–U for the previous October and the CPI–U for October of the calendar year before.[150] Each year, OMB establishes a multiplier that agencies can use to calculate the annual inflation adjustment. The table below shows the maximum civil money penalty amounts annually adjusted for each year from 2017 to 2025. The annual adjustments were calculated using inflation multipliers identified in OMB guidance based on the percent change between the CPI–U for the previous October and the CPI–U for October of the calendar year before. For each maximum civil money penalty calculation, FHFA determined the annual adjusted maximum penalty amount by calculating the product of the inflation multiplier and the previous maximum penalty amount, and then rounded the product to the nearest whole dollar as required by the Adjustment Improvements Act.

Although the table below shows the maximum penalty amount in each year that the Adjustment Improvements Act required an adjustment, FHFA proposes to apply adjusted civil money penalty amounts prospectively from the effective date of a final rule. In the final rule, FHFA may include annual adjustments for 2026 when OMB issues guidance on the inflation multiplier to calculate the applicable adjustment required by January 15, 2026.

U.S. Code citation	Description	Year and OMB	Previous maximum	Rounded catch-up	Adjusted maximum

[150] 28 U.S.C. 2461 note.

		inflation multiplier	penalty amount	inflation increase	penalty amount
12 U.S.C. 4585(b)(1)	Maximum penalty for failure described in 1345(a)(1), for each day that the failure occurs	2017; 1.01636	$109,819	$1,797	$111,616
		2018; 1.02041	111,616	2,278	113,894
		2019; 1.02522	113,894	2,872	116,766
		2020; 1.01764	116,766	2,060	118,826
		2021; 1.01182	118,826	1,405	120,231
		2022; 1.06222	120,231	7,481	127,712
		2023; 1.07745	127,712	10,431	137,603
		2024; 1.03241	137,603	4,460	142,063
		2025; 1.02598	142,063	3,691	145,754
12 U.S.C. 4585(b)(2)	Maximum penalty for failure described in 1345(a)(2), (3), or (4), for each day that the failure occurs	2017; 1.01636	$54,910	898	55,808
		2018; 1.02041	55,808	1,139	56,947
		2019; 1.02522	56,947	1,436	58,383
		2020; 1.01764	58,383	1,030	59,413
		2021; 1.01182	59,413	702	60,115
		2022; 1.06222	60,115	3,740	63,855
		2023; 1.07745	63,855	4,946	68,801
		2024; 1.03241	68,801	2,230	71,031
		2025; 1.02598	71,031	1,845	72,876

IX. Technical Changes

A. Consistent housing goal and subgoal terminology

The current regulation refers to the single-family housing goals in 12 CFR 1282.12 as the "low-income families housing goal," "very low-income families housing goal," "low-income areas housing goal," "low-income census tracts housing subgoal," "minority census tracts housing subgoal," and "refinancing housing goal."

To distinguish the goals related to home purchase mortgages from the goal related to refinance mortgages, FHFA often uses the terms "low-income home purchase goal" and "very low-income home purchase goal" to refer to the low-income families housing goal and the very low-income families housing goal, respectively, described in 12 CFR 1282.12(c) and (d). Similarly, FHFA uses the term "low-income areas home purchase goal" to refer to the low-income areas housing goal described in 12 CFR 1282.12(e). FHFA typically refers to the refinancing housing goal in 12 CFR 1282.12(h) as the "low-income refinance goal."

This rule proposes to revise the current regulation to incorporate the terminology that it commonly uses for the single-family housing goals. This change will promote the consistent use of terms and eliminate potential confusion by allowing the public and regulated entities to trace housing goals references to regulatory requirements.

B. Public notice of low-income areas home purchase goal

Section 1282.12(e) of the Enterprise Housing Goals regulation currently provides that FHFA will set a low-income areas home purchase goal annually "by FHFA notice," but does not specify the form of notice. Consistent with other notices provided for within the Enterprise Housing Goals regulation, FHFA's practice has been to provide this notice to the public on FHFA's website and to the Enterprises. FHFA is clarifying that this notice will be made available on its website.

X. Considerations of Differences Between the Banks and the Enterprises

When promulgating regulations relating to the Banks, section 1313(f) of the Safety and Soundness Act requires the Director of FHFA to consider the differences between the Banks and the Enterprises with respect to the Banks' cooperative ownership structure; mission of providing liquidity to members; affordable housing and community development mission; capital structure; and joint and several liability. FHFA, in preparing this proposed rule, considered the differences between the Banks and the

Enterprises as they relate to the above factors. FHFA also considered these differences in light of section 10C of the Bank Act, which requires that the Bank housing goals be consistent with the Enterprise housing goals, with consideration of the unique mission and ownership structure of the Banks. The public may comment on whether these differences should result in any revisions to the proposed amendments to 12 CFR parts 1209 and 1281 that relate to the civil money penalties that the Director may impose against a Bank that fails to submit or follow an acceptable housing plan.

XI. Regulatory Impact

A. Paperwork Reduction Act

The proposed rule would not contain any information collection requirement that would require the approval of the OMB under the Paperwork Reduction Act (44 U.S.C. 3501 *et seq*.). Therefore, FHFA has not submitted the proposed rule to OMB for review for purposes of the Paperwork Reduction Act.

B. Regulatory Flexibility Act

The Regulatory Flexibility Act (5 U.S.C. 601 *et seq*.) requires that a regulation that has a significant economic impact on a substantial number of small entities, small businesses, or small organizations must include an initial regulatory flexibility analysis describing the regulation's impact on small entities. Such an analysis need not be undertaken if the agency has certified that the regulation will not have a significant economic impact on a substantial number of small entities. 5 U.S.C. 605(b). FHFA has considered the impact of the proposed rule under the Regulatory Flexibility Act. FHFA certifies that the proposed rule, if adopted as a final rule, will not have a significant economic impact on a substantial number of small entities because the rule applies to Fannie Mae, Freddie Mac, and the Federal Home Loan Banks, which are not small entities for purposes of the Regulatory Flexibility Act.

C. Executive Order 12866, Regulatory Planning and Review

Executive Order 12866 requires agencies to submit "significant regulatory actions" to the Office of Management and Budget, Office of Information and Regulatory Affairs (OIRA) for review. OIRA has determined the proposed rule to be a significant regulatory action under section 3(f) of Executive Order 12866, and economically significant under section 3(f)(1) of Executive Order 12866. FHFA submitted a regulatory impact analysis to OIRA, which reviews the potential costs and benefits of this proposed rule. The analysis is available on FHFA's rulemaking website https://www.fhfa.gov/regulation/rulemaking and is part of the docket file for this proposed rule.

D. Executive Order 13563: Improving Regulation and Regulatory Review

Executive Order 13563 directs agencies to analyze regulations that are "outmoded, ineffective, insufficient, or excessively burdensome, and to modify, streamline, expand, or repeal them in accordance with what has been learned." Executive Order 13563 also directs that, where relevant, feasible, and consistent with regulatory objectives, and to the extent permitted by law, agencies are to identify and consider regulatory approaches that reduce burdens and maintain flexibility and freedom of choice for the public. FHFA has developed this proposed rule in a manner consistent with these requirements.

E. Executive Order 14192: Unleashing Prosperity Through Deregulation

Executive Order 14192 requires that for each new regulation issued, at least 10 existing regulations be identified for elimination. Executive Order 14192 also directs that any new incremental costs associated with new regulations shall, to the extent permitted by law, be offset by the elimination of existing costs associated with at least 10 prior regulations. FHFA's implementation of these requirements will be informed by M-25-20, Guidance Implementing Section 3 of Executive Order 14192, Titled "Unleashing Prosperity Through Deregulation" (March 26, 2025). This proposed rule is expected to be an Executive Order 14192 deregulatory action given the associated cost savings.

XII. Providing Accountability Through Transparency Act of 2023

The Providing Accountability Through Transparency Act of 2023 (5 U.S.C. 553(b)(4)) requires that a notice of proposed rulemaking include the internet address of a summary of not more than 100 words in length of a proposed rule, in plain language, that shall be posted on the internet website under section 206(d) of the E-Government Act of 2002 (44 U.S.C. 3501 note) (commonly known as Regulations.gov). FHFA's proposed rule and the required summary can be found at https://www.regulations.gov.

XIII. Severability

The proposed rule would make explicit FHFA's intent that all provisions of the Enterprise housing goals regulation be severable by adding a severability clause, as new 12 CFR 1282.11(c). The regulation contains many thematically related but ultimately independent regulatory requirements, each of which can function independently. For example, FHFA establishes each goal and subgoal independently from one another, utilizing separate formulas and consideration of differing statutory factors. If one goal or subgoal is found to be invalid or unenforceable for any reason, it is FHFA's intention that the remaining goals continue in effect. Adding a severability clause to the regulation would ensure that each of the distinct policy objectives in the regulation would be realized to the greatest extent possible.

List of Subjects

12 CFR Part 1209

Administrative practice and procedure, Penalties.

12 CFR Part 1281

Credit, Federal home loan banks, Housing, Mortgages, Reporting and recordkeeping requirements.

12 CFR Part 1282

Mortgages, Reporting and recordkeeping requirements.

Accordingly, for the reasons stated in the preamble, under the authority of 12 U.S.C. 4526, FHFA proposes to amend parts 1209, 1281, and 1282 of title 12 of the Code of Federal Regulations, as follows:

SUBCHAPTER A—ORGANIZATION AND OPERATIONS

PART 1209—RULES OF PRACTICE AND PROCEDURE

1. The authority citation for part 1209 continues to read as follows:

Authority: 5 U.S.C. 554, 556, 557, and 701 *et seq*.; 12 U.S.C. 1430c(d); 12 U.S.C. 4501, 4502, 4503, 4511, 4513, 4513b, 4517, 4526, 4566(c)(1) and (c)(7), 4581–4588, 4631–4641; and 28 U.S.C. 2461 note.

2. Revise § 1209.1(c)(4) to read as follows:

§ 1209.1 Scope.

*   *   *   *   *

(c) * * *

(4) Enforcement proceedings under sections 1341 through 1348 of the Safety and Soundness Act, as amended (12 U.S.C. 4581 through 4588), and section 10C of the Federal Home Loan Bank Act, as amended (12 U.S.C. 1430c), except where the Rules of Practice and Procedure in subpart C are inconsistent with such statutory provisions or with part 1281 or 1282 of this title, in which case the statutory or regulatory provisions shall apply.

3. Revise § 1209.80 to read as follows:

§ 1209.80 Inflation adjustments.

The maximum amount of each civil money penalty within FHFA's jurisdiction, as set by the Safety and Soundness Act and thereafter adjusted in accordance with the Inflation Adjustment Act, is as follows:

TABLE 1 TO § 1209.80

U.S. Code citation	Description	Catch-up adjusted

		maximum penalty amount
12 U.S.C. 4636(b)(1)	First Tier	$14,575
12 U.S.C. 4636(b)(2)	Second Tier	72,876
12 U.S.C. 4636(b)(4)	Third Tier (Regulated Entity or Entity-Affiliated party)	2,915,057
12 U.S.C. 4585(b)(1)	Maximum penalty for failure described in section 1345(a)(1), for each day that the failure occurs	145,754
12 U.S.C. 4585(b)(2)	Maximum penalty for failure described in section 1345(a)(2), (3), or (4), for each day that the failure occurs	72,876

4. Revise § 1209.81 to read as follows:

§ 1209.81 Applicability.

(a) *Applicability to penalties under 12 U.S.C. 4636*. The inflation adjustments set out in § 1209.80 for 12 U.S.C. 4636 shall apply to civil money penalties assessed in accordance with the provisions of the Safety and Soundness Act, 12 U.S.C. 4636, and subparts B and C of this part, for violations occurring on or after January 15, 2025.

(b) *Applicability to penalties under 12 U.S.C. 4585*. The inflation adjustments set out in § 1209.80 for 12 U.S.C. 4585 shall apply to civil money penalties assessed under the provisions of the Safety and Soundness Act, 12 U.S.C. 4585 and subpart C of this part. The inflation adjusted maximum civil money penalty amounts shall apply to violations occurring on or after the effective date of this section.

SUBCHAPTER E—HOUSING GOALS AND MISSION

PART 1281—FEDERAL HOME LOAN BANK HOUSING GOALS

5. The authority citation for part 1281 continues to read as follows:

Authority: 12 U.S.C. 1430, 1430b, 1430c, 1431.

§ 1281.15 [Amended]

6. In § 1281.15(f), add the phrase “and applicable provisions in part 1209 of this title” after “in 12 U.S.C. 4581 through 4588” in the last sentence.

PART 1282—ENTERPRISE HOUSING GOALS AND MISSION

7. The authority citation for part 1282 continues to read as follows:

Authority: 12 U.S.C. 4501, 4502, 4511, 4513, 4526, 4561─4566.

8. Amend § 1282.11 by:

a. Revising paragraph (a)(1); and

b. Adding paragraph (c).

The revision and addition read as follows:

§ 1282.11 General.

(a) * * *

(1) Three single-family owner-occupied purchase money mortgage housing goals, a single-family owner-occupied purchase money mortgage housing subgoal, a single-family refinancing mortgage housing goal, two multifamily housing goals, and a multifamily housing subgoal;

* * * * *

(c) *Severability*. FHFA intends the various provisions of this part to be separate and severable from one another. If any provision of this part, or any application of a provision, is stayed or determined to be invalid or unenforceable, the remaining provisions or applications will continue in effect.

9. Amend § 1282.12 by:

a. Revising the heading to paragraphs (c), (d), and (e);

b. Revising paragraphs (c)(2), (d)(2), and (e)(2);

c. Removing paragraph (g);

e. Redesignating paragraph (h) as paragraph (g);

f. Revising paragraph (f); and

g. In newly redesignated paragraph (g), revising the heading and paragraph (g)(2).

The revisions read as follows:

§ 1282.12 Single-family housing goals.

*   *   *   *   *

(c) *Low-income home purchase goal.* * * *

(2) The benchmark level, which for 2026, 2027, and 2028 shall be 21 percent of the total number of purchase money mortgages purchased by that Enterprise in each year that finance owner-occupied single-family properties.

(d) *Very low-income home purchase goal.* * * *

(2) The benchmark level, which for 2026, 2027, and 2028 shall be 3.5 percent of the total number of purchase money mortgages purchased by that Enterprise in each year that finance owner-occupied single-family properties.

(e) *Low-income areas home purchase goal*. * * *

(2) A benchmark level which shall be set annually by FHFA by notice based on the benchmark level for the low-income areas home purchase subgoal, plus an adjustment factor reflecting the additional incremental share of mortgages for moderate-income families in designated disaster areas in the most recent year for which such data is available. FHFA will make the notice available on FHFA's Web site, www.fhfa.gov.

(f) *Low-income areas home purchase subgoal.* The percentage share of each Enterprise's total purchases of purchase money mortgages on owner-occupied single-family housing that consists of mortgages for families in low-income census tracts or for moderate-income families in minority census tracts shall meet or exceed either:

(1) The share of such mortgages in the market as defined in paragraph (b) of this section in each year; or

(2) The benchmark level, which for 2026, 2027, and 2028 shall be 16 percent of the total number of purchase money mortgages purchased by that Enterprise in each year that finance owner-occupied single-family properties.

(g) *Low-income refinance goal*. * * *

(2) The benchmark level, which for 2026, 2027, and 2028 shall be 26 percent of

the total number of refinancing mortgages purchased by that Enterprise in each year that finance owner-occupied single-family properties.

*   *   *   *   *

§ 1282.13 [Amended]

10. In § 1282.13(b), (c), and (d), remove the phrase "for 2025, 2026, and 2027" and add in its place the phrase "for 2026, 2027, and 2028".

§ 1282.15 [Amended]

11. In § 1282.15(b)(2), remove the word "subgoals" and add in its place the word "subgoal".

12. Revise § 1282.20 to read as follows:

§ 1282.20 Preliminary determination of compliance with housing goals; notice of preliminary determination.

(a) *Preliminary determination*. On an annual basis, the Director will evaluate each Enterprise's performance under each single-family housing goal and subgoal and each multifamily housing goal and subgoal.

(b) *Notice of preliminary determination.* If the Director preliminarily determines that an Enterprise has failed, or that there is a substantial probability that an Enterprise will fail, to meet any housing goal or subgoal, the Director will provide written notice to the Enterprise of the preliminary determination of its performance under each housing goal and subgoal established by this subpart, before public disclosure of the preliminary determination. The written notice will include the reasons for such determination, and the information on which the Director based the determination.

(c) *Response by Enterprise.* Any notification to an Enterprise of a preliminary determination under this section will provide the Enterprise with an opportunity to respond in writing in accordance with the procedures at 12 U.S.C. 4566(b)(1) and (2). Relevant information in a timely written response from an Enterprise will be included in the information the Director considers when making a determination of housing goals compliance under § 1282.21.

13. Revise § 1282.21 to read as follows:

§ 1282.21 Determination of compliance with housing goals, notice of determination.

(a) *Determination.* On an annual basis, the Director will make a final determination of each Enterprise's performance under each single-family housing goal and subgoal and each multifamily housing goal and subgoal. The determination will address whether an Enterprise has failed, or there is a substantial probability that an Enterprise will fail, to meet any housing goal or subgoal and whether the achievement of that housing goal or subgoal was or is feasible.

(b) *Notice of determination.* The Director will provide each Enterprise with written notification of the determination in accordance with the procedures at 12 U.S.C. 4562(f) and 12 U.S.C. 4566(b)(3). If the Enterprise has met each of the housing goals and subgoals, the notification will provide the Enterprise with an opportunity to comment on the determination during the 30-day period beginning upon receipt of the notification by the Enterprise. If the Enterprise has failed, or there is a substantial probability that an Enterprise will fail, to meet any housing goal or subgoal that FHFA determines was or is feasible, the notification will specify whether the Enterprise is required to submit a housing plan for approval under § 1282.22.

§ 1282.22 [Amended]

14. Amend § 1282.22 by:

a. Removing paragraph (b);

b. Redesignating paragraphs (c), (d), (e), (f), (g) as paragraphs (b), (c), (d), (e), (f); and

c. Revising newly redesignated paragraph (f) to add the phrase "and applicable provisions in part 1209 of this title," after "12 U.S.C. 4585,".

*   *   *   *   *

Clinton Jones,
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