

NAR Issue Summary

Conventional Residential Lending / GSE Affordable Housing Goals

NAR Committee:

Conventional Financing and Policy Committee

What is the fundamental issue?

Federal statute requires the Federal Housing Finance Agency (FHFA) to establish, monitor, and enforce the affordable housing goals for Fannie Mae and Freddie Mac (the government sponsored enterprises, or GSEs). The GSEs are required to carry out their public policy missions through authorized activities, and goals are set to assure the GSEs address the need for mortgage lending by a full range of borrowers.

I am a real estate professional. What does this mean for my business?

GSEs must seek to achieve their affordable housing goals to serve the full range of eligible, creditworthy borrowers.

NAR Policy:

When HUD established goals in 2004 for 2005-2008, NAR, like a number of housing advocates and industry groups, was concerned that the new goals are set far beyond the level of affordable loans that the primary market is likely to produce over the next four years, threatening the viability of the FHA and making it harder for middle-income homebuyers -- the bread and butter of REALTOR markets -- to get mortgages. As the market deteriorated over the last several years, these concerns proved prescient.

NAR comments on FHFA's proposed rule to establish goals for 2010 and 2011 supported ambitious, but reasonable, affordable housing goals, consistent with sustainable homeownership. Overall, the proposed rule was consistent with NAR policy that the GSEs should be required to support making fair and affordable mortgages to a full range of qualified families in the housing market. Particularly welcome was the provision allowing the goals to be adjusted if market and economic conditions require

Opposition Arguments:

N/A.

Legislative/Regulatory Status/Outlook

FHFA published its final rule establishing housing goals for the GSEs for 2010 and



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2011 on September 14, 2010:

<http://www.gpo.gov/fdsys/pkg/FR-2010-09-14/pdf/2010-22361.pdf>.

FHFA established both single family and multifamily goals, prohibited the GSEs from meeting the goals by purchasing private label mortgage backed securities, and emphasized that the GSEs should not "undertake economically adverse or high-risk activities" to achieve the goals.

Current Legislation/Regulation (bill number or regulation)

Rulemaking for 2012-2013 goals is expected to be initiated later in 2011.

Legislative Contact(s):

Vijay Yadlapati, vyadlapati@nar.realtor, 202-383-1090

Colin Allen, callen@nar.realtor, 202-383-1131

