

[Banking and Finance Law Daily Wrap Up, GOVERNMENT SPONSORED ENTERPRISES—FHFA proposal would subject Fannie Mae, Freddie Mac to strategic business plan, \(Apr. 5, 2018\)](#)

Banking and Finance Law Daily Wrap Up

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By Jacob Bielanski

A rule change proposed by the Federal Housing Finance Agency would require Fannie Mae and Freddie Mac to adhere to the same strategic business plan requirements currently imposed on other Federal Home Loan Banks. The proposal, expected to be published in the *Federal Register* on April 6, 2018, would require the board of the government-sponsored enterprises, Fannie Mae and Freddie Mac, to approve and annually review a strategic business plan. The Enterprises would also be required to re-approve strategic plans every three years. Written comments must be received on or before June 5, 2018.

In its [proposed rule](#), the FHFA describes the requirement as "an organization's process of defining its direction and making decisions on allocating its resources to pursue this direction," particularly with regards to requirements under the 1932 Federal Home Loan Bank Act.

Collateral. New for both organizations is a proposal that strategic plans include an analysis of current and emerging risks.

Seventeen-year-old requirements that banks include quantitative goals for multi-family housing and to community financial institutions (CFI) collateral in their plans would be stricken under the proposed rule change, with the FHFA arguing that, since its inception, it has observed "significant variation" in how CFI collateral is pledged.

"Moreover, CFI collateral is no longer new, and decisions about what type of collateral to pledge are ultimately made by the individual members, based on their particular business needs," the proposed rule notes. "FHFA does not require Banks to set quantitative goals for the other types of collateral that members may pledge."

Because the FHFA's structure separates rules for member banks from rules for the Enterprises, the proposal would completely strike the existing rule for banks, and re-create it in a manner that applies to both entities' structure, according to the proposal.

The FHFA's analysis of the difference between banks and the Enterprises with regards to the proposed rule modifications found that the changes were "unlikely to adversely affect the banks in these areas of differences." The proposal nonetheless calls for public commentary on the potential impact on banks.

Companies: Fannie Mae; Freddie Mac

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