



# FANNIE MAE AND FREDDIE MAC: ENHANCED PUBLIC DATA AND RECENT HOUSING GOAL PERFORMANCE

In 1996, the U.S. Department of Housing and Urban Development (HUD) released data to the public regarding the mortgage purchases of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), the two major government-sponsored enterprises (GSEs) in the secondary mortgage market. This data was released by HUD as the mission regulator of Fannie Mae and Freddie Mac, and it was described in detail in an article published in the May 1997 issue of *U.S. Housing Market Conditions*.<sup>1</sup>

In Section 1323 of the Federal Housing Enterprises Financial Safety and Soundness Act (FHEFSSA) of 1992, Congress required HUD to create a database containing loan-level data on the mortgages purchased by the GSEs and to make the database available to the public. Congress thought that an *information vacuum* existed on the types of mortgages the GSEs were purchasing, the neighborhoods from which they were buying the mortgages, and the borrowers they were serving.<sup>2</sup> The GSE public use database (PUDB) was intended to help alleviate this vacuum by providing more information on the secondary mortgage market.

The PUDB was also intended to supplement data submitted to federal financial regulators and released by the Federal Financial Institutions Examination Council (FFIEC) regarding home mortgage lending activities in the primary mortgage market, in accordance with the Home Mortgage Disclosure Act (HMDA). Fannie Mae and Freddie Mac receive significant benefits from their government-sponsored status, but a 1991 HUD

study found that the GSEs' mortgage underwriting guidelines at that time were oriented toward financing of "plain vanilla mortgages," which encouraged lending in suburban, growing, homogeneous, and higher income areas.<sup>3</sup> The 1992 legislation was meant to ensure that information was available to document the extent to which the GSEs' activities were benefiting all types of borrowers and communities.

Congress laid out the general framework for the PUDB while also stating in Section 1326 of FHEFSSA that HUD should not publicly disclose proprietary data and information that the GSEs submit to the Department. This section gave final authority to the Secretary of HUD to determine whether any particular data is proprietary.

## Structure of the Enhanced GSE Public Use Database

Since 1993, the GSEs have annually submitted to HUD files containing loan-level data on each single-family and multifamily mortgage they acquire. After taking proprietary considerations into account, HUD then releases this data in the PUDB in three single-family files and two multifamily files.

### Single-Family Database

The single-family component of the database consists of three files—a Census Tract File and two National Files, denoted as National File A and National File B. The current structure of this database is shown in Exhibit 1 and described in the following sections.

**Single-Family Database: Census Tract File.** The Census Tract File has loan-level information on the census tract location of each property securing a mortgage purchased by the GSEs. This file allows for analysis of the GSEs' mortgage purchases by groups interested in local communities, counties, and cities. Because the Census Tract File contains information on the race, gender, and income of the borrower(s), community groups can analyze borrower and neighborhood characteristics of the GSEs' purchases. Additional variables on this file are the unpaid principal balance of the mortgage and whether the property was purchased by a first-time

**Exhibit 1. GSE PUDB, Single-Family Mortgage Information Available**

Census Tract File <sup>a</sup>	National File A <sup>b</sup>	National File B <sup>c</sup>
Fannie Mae/Freddie Mac	Fannie Mae/Freddie Mac	Fannie Mae/Freddie Mac
State	<i>Metro/Nonmetro Indicator</i>	<i>Metro/Nonmetro Indicator</i>
Metropolitan Area	Tract Percent Minority (in 2000, in ranges)	Tract Percent Minority (in 2000, in ranges)
County	Tract Income Ratio (in 2000, in ranges)	Tract Income Ratio (in 2000, in ranges)
Tract Location Code (in 2000)	Borrower Income Ratio (ranges)	Borrower Income Ratio (ranges)
Tract Percent Minority (in 2000)	Loan-to-Value (LTV) Ratio at Origination (in ranges)	Date of Mortgage Note (acquisition year/prior year)
Tract Median Income (in 2000)	<i>Purpose: Purchase/Other</i>	Purpose: Purchase/Refinancing/Second/Rehab
Local Area Median Family Income (in 2000)	Government Insurance on Mortgage	Government Insurance on Mortgage
Tract Income Ratio (in 2000)	<i>Borrower/Coborrower Race</i>	Type of Seller Institution
Borrower(s) Annual Income	<i>Borrower/Coborrower Gender</i>	<i>Borrower/Coborrower Race</i>
Area Median Family Income (in acquisition year)	Number of Units in Property	<i>Borrower/Coborrower Gender</i>
Borrower Income Ratio	Affordability Category*	Occupancy Code (Owner Occ., Rental Unit in Owner Occ. or in Investment Rental Property)
Loan Unpaid Principal Balance at Acquisition	Geographically Targeted Indicator**	Number of Units in Property
<i>Purpose: Home Purchase/Other (mainly refinance)</i>		Owner-Occupied Indicator
<i>Government Insurance on Mortgage (FHA, VA, etc.)</i>		Affordability Category*
Number of Borrowers		Geographically Targeted Indicator**
First Time/Repeat Homebuyer		
Borrower/Coborrower Race		
Borrower/Coborrower Gender		
Borrower/Coborrower Age		
<i>Occupancy Code (Owner/Investor)</i>		
Geographically Targeted Indicator**		

Note: *Italics* indicate new item added to the database.

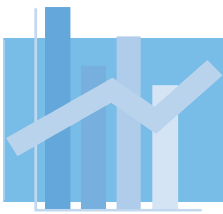
\*Indicates if borrower is a low-income family in a low-income area, a very-low-income family in a low-income area, or a very-low-income borrower not in a low-income area.

\*\*Indicates if property is located in an underserved area.

<sup>a</sup> Census Tract File has information about all single-family mortgages acquired by a government-sponsored enterprise (GSE), but it does not contain information on the number of units in the mortgaged properties.

<sup>b</sup> National File A has information about all GSE acquisitions of mortgages on owner-occupied one-unit properties, but it excludes all mortgages on rental properties, including multi-unit owner-occupied properties.

<sup>c</sup> National File B has unit-level information about all single-family mortgages acquired by a GSE, and it also includes the number of units (one, two, three, or four) in each mortgaged property.



homebuyer or a repeat buyer. In October 2004 HUD added the following information to the single-family Census Tract File:

- Loan purpose, indicating whether a loan was taken out to purchase a home or for some other purpose, such as refinancing or rehabilitation, thereby making the PUDB more comparable with HMDA data.
- Whether a mortgage is insured or guaranteed by the federal government, which facilitates comparisons of the conventional and federally insured mortgage markets at the local level.
- Whether the property securing the mortgage is owner occupied or owned by an investor (including rental properties).<sup>4</sup>

In addition, the demographic information regarding neighborhood characteristics in the Census Tract File has been updated with data from the 2000 Census.

As in the past, because the GSEs operate in a competitive market, HUD has omitted certain variables that were deemed proprietary at the census tract level by the Secretary, in accordance with FHEFSSA.<sup>5</sup> In addition, some of the variables have been aggregated into ranges so they are no longer proprietary.

**Single-Family Database: National File A.** Although the single-family Census Tract File distinguishes between owner-occupied properties and investor-owned properties, it does not contain information on an important factor in any mortgage—the downpayment percentage, expressed in terms of its complement, the loan-to-value ratio. This ratio is provided in five ranges in National File A, which is restricted to mortgages on owner-occupied one-unit properties. National File A does not indicate the specific state, metropolitan statistical area (MSA), or census tract in which the property is located; however, information is provided in National File A about borrower income and certain census tract characteristics. Specifically, borrowers and census tracts are each grouped into three income classes, and census tracts are divided into three minority population percentage ranges.<sup>6</sup> In October 2004, HUD added the following information to National File A:

- Whether the property is located in a metropolitan or nonmetropolitan area, which facilitates comparisons with HMDA data.

- Loan purpose, indicating whether a loan was taken out to purchase a home or for some other purpose, such as refinancing or rehabilitation.
- Enhanced information about borrower and coborrower race and gender.

**Single-Family Database: National File B.** To further alleviate the information vacuum yet continue to protect the proprietary interests of the GSEs, HUD created a third single-family file, National File B, which contains information not available in the Census Tract File or National File A. National File B contains information on the number of units in a property (one, two, three, or four) and whether each unit is owner occupied or occupied by a renter. National File B also indicates whether the mortgage originator is a bank, thrift, mortgage company, or credit union, and it provides more detailed information than the other files regarding the purpose of a mortgage. Because it is a unit file, National File B contains multiple records for two- to four-unit properties. In October 2004 HUD added the following information to National File B:

- Whether the property is located in a metropolitan or nonmetropolitan area, which facilitates comparisons with HMDA data.
- Enhanced information about borrower and coborrower race and gender.

## Multifamily Database

The multifamily component of the database consists of two files—a Census Tract File and a National File. The structure of this database is shown in Exhibit 2 and described in the following sections.

**Multifamily Database: Census Tract File.** The Census Tract File in the multifamily database provides information on the census tract in which a property financed by a GSE is located. It also contains the unpaid principal balance (UPB) for the loan at the time it is acquired by a GSE, broken down into five ranges, and the type of seller of the loan—a bank, thrift, mortgage company, credit union, or other seller.

**Multifamily Database: National File.** The National File in the multifamily database contains much more information about the multifamily loans acquired by the GSEs. The information includes the

**Exhibit 2. GSE PUDB, Multifamily Mortgage Information Available**

Census Tract File	National File
<p><b>For Mortgaged Property</b></p> <p>Fannie Mae/Freddie Mac</p> <p>State</p> <p>Metropolitan Area</p> <p>County</p> <p>Tract Location Code (in 2000)</p> <p>Tract Percent Minority (in 2000)</p> <p>Tract Median Income (in 2000)</p> <p>Local Area Median Family Income (in 2000)</p> <p>Tract Income Ratio (in 2000)</p> <p>Area Median Family Income (in year of mortgage acquisition)</p> <p>Acquisition Loan Unpaid Principal Balance (in ranges)</p> <p>Type of Seller Institution</p> <p>Geographically Targeted Indicator</p>	<p><b>For Mortgaged Property</b></p> <p>Fannie Mae/Freddie Mac</p> <p>Tract Percent Minority (in 2000, in ranges)</p> <p>Tract Income Ratio (in 2000, in ranges)</p> <p>Affordability Category of Property</p> <p><i>Date of Mortgage Note (acquisition year/prior year)</i></p> <p>Purpose: Purchase/Refinancing/New Construction/Rehab</p> <p><i>Type of Seller Institution</i></p> <p>Government Insurance on Mortgage</p> <p>Total Number of Units in Property</p> <p>Geographically Targeted Indicator</p> <p><b>For Unit Classes in Property*</b></p> <p>No. Bedrooms in Unit Class (0–1 or 2 or more)</p> <p>Affordability Level of Unit Class (5 categories)</p> <p>Number of Units in Unit Class</p> <p>Tenant Income Indicator</p>

Note: *Italics* indicate new item added to the database.

The Census Tract File has information about all multifamily mortgages acquired by a government-sponsored enterprise (GSE), but does not contain information on the number of units in the mortgaged properties. The National File, like the Census Tract File, has information about all multifamily mortgages acquired by a GSE, but it also includes the number of units in each mortgaged property.

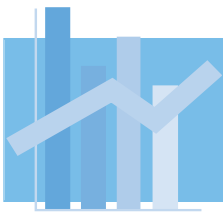
\* The units in a multifamily property are grouped into "unit classes" based on the "rent roll" for the property, as received by the GSEs. The rent roll contains categories corresponding to the number of bedrooms in the unit and various rent ranges for units of each size, and it indicates how many units are in each category. Average rent is then calculated for each category and a utility allowance, determined by the U.S. Department of Housing and Urban Development, is generally added to obtain estimated gross rent for the category. Estimated gross rent is then compared with area median family income to determine the affordability of the units in the category, which determines whether the units qualify for the two income-based GSE housing goals. The public use database presents this unit class information for each property on an aggregated basis, for 0–1 and 2 or more bedroom units, and for up to five affordability categories, with the number of units in each category.

number of units in the property, categorization of the affordability of the units, and whether the mortgage is insured by the federal government. The National File also indicates the purpose of the mortgage—purchase, refinancing, new construction, or rehabilitation.

Although the multifamily National File does not give the location of the mortgaged property, it does contain information on whether the property is located in an underserved area and (in ranges) the tract income ratio and tract minority percentage. In October 2004 HUD added the following information to the National File:

- Whether a loan was taken out in the year it was acquired by a GSE or a previous year, which enables researchers to distinguish between purchases of current loans and seasoned loans.
- The type of seller of the loan—a bank, thrift, mortgage company, credit union, or other seller.

The National File also contains information on the "unit classes" in each property, which facilitates analysis of the characteristics of the multifamily units financed by the GSEs. This is explained in the footnote in Exhibit 2.



As a result of the October 2004 changes in the PUDB, more information about Fannie Mae and Freddie Mac is now available to help mortgage lenders, planners, researchers, and housing advocates study the flow of mortgage credit and capital in America's communities. This enhanced data will also improve public understanding of the enterprises' affordable homeownership efforts, and it will facilitate comparisons of their affordable lending performance with those of primary mortgage market lenders in specific areas.

## Recent GSE Performance on HUD's Housing Goals

The main focus of HUD's regulation of Fannie Mae and Freddie Mac in recent years has been the establishment, revision, monitoring, and enforcement of the affordable housing goals called for by the 1992 FHEFSSA. Goals and performance on the goals for 1993 through 1995 were discussed in the May 1997 article. This section contains a brief update for subsequent years.<sup>7</sup>

**Exhibit 3. Overview of the GSEs' Housing Goals and Performance for 1996–2004<sup>1</sup>**

Goal <sup>2</sup>	1996	1997	1998	1999	2000	2001	2002	2003	2004	1996 Goals	1997–2000 Goals	2001–04 Goals
Low and Moderate Income												
Fannie Mae	45.6%	45.7%	44.1%	45.9%	49.5%	51.5%	51.8%	52.3%	53.4%	40%	42%	50%
Freddie Mac	41.1%	42.6%	42.9%	46.1%	49.9%	53.2%	50.5%	51.2%	51.6%			
Ratio <sup>3</sup>	0.90	0.93	0.97	1.00+	1.01	1.03	0.97	0.98	0.97			
Geographically Targeted												
Fannie Mae	28.1%	28.8%	27.0%	26.8%	31.0%	32.6%	32.8%	32.1%	33.5%	21%	24%	31%
Freddie Mac	25.0%	26.3%	26.1%	27.5%	29.2%	31.7%	31.0%	32.7%	32.3%			
Ratio <sup>3</sup>	0.89	0.91	0.97	1.03	0.94	0.97	0.95	1.02	0.96			
Special Affordable												
Fannie Mae	15.4%	17.0%	14.3%	17.6%	19.2%	21.6%	21.4%	21.2%	23.6%	12%	14%	20%
Freddie Mac	14.0%	15.2%	15.9%	17.2%	20.7%	22.6%	20.4%	21.4%	22.7%			
Ratio <sup>3</sup>	0.91	0.89	1.11	0.98	1.08	1.05	0.95	1.01	0.96			
Special Affordable Multifamily <sup>4</sup>												
Fannie Mae	\$2.37	\$3.19	\$3.53	\$4.06	\$3.79	\$7.36	\$7.57	\$12.23	\$7.32	\$1.29	\$1.29	\$2.85
Freddie Mac	\$1.06	\$1.21	\$2.69	\$2.26	\$2.40	\$4.65	\$5.22	\$8.79	\$7.77	\$0.99	\$0.99	\$2.11

Source: U.S. Department of Housing and Urban Development (HUD) analysis of data submitted by the government-sponsored enterprises (GSEs); some results differ from performance reported by the GSEs in their Annual Housing Activities Reports

<sup>1</sup> Percentages of dwelling units in properties whose mortgages were purchased by the GSEs that qualified for each goal in 1996–2004, based on the counting conventions in HUD's December 1995 rule (1996–2000 performance) and October 2000 rule (2001–2004 performance), and goals for 1996–2004. HUD adjusted Freddie Mac's goal performance in 2002 due to double-counted loans in 2001 and 2002 and coding errors. These adjustments reduced Freddie Mac's performance on the underserved areas goal in 2002 to a level somewhat short of the 31 percent goal (i.e., 30.97 percent). For 2004, HUD adjusted Freddie Mac's performance downward as a result of errors in data previously reported by Freddie Mac and Freddie Mac's failure to obtain HUD's approval to count dwelling units derived from securities not previously authorized by HUD. In 2004, HUD also discontinued the award of bonus points for purchases of goal-qualifying mortgages on certain types of properties. Therefore, goal performance in 2004 is not directly comparable with performance in 2001–03.

<sup>2</sup> Abbreviated definitions of goals:

Low- and Moderate-Income: Households with income less than or equal to area median income (AMI).

Geographically Targeted: Dwelling units in metropolitan census tracts with (1) tract median family income less than or equal to 90 percent of AMI or (2) minority concentration of at least 30 percent and tract median family income less than or equal to 120 percent of AMI; dwelling units in nonmetropolitan counties with (1) median family income less than or equal to 95 percent of the greater of state or national nonmetropolitan median income or (2) minority concentration of at least 30 percent and county median family income less than or equal to 120 percent of the greater of state or national nonmetropolitan median income.

Special Affordable: Households with income (1) less than or equal to 60 percent of AMI or (2) less than or equal to 80 percent of AMI and located in low-income areas.

For the low- and moderate-income and special affordable goals, AMI is median income for the metropolitan statistical area for borrowers in metropolitan areas, and the greater of county or state nonmetropolitan median income for borrowers outside metropolitan areas.

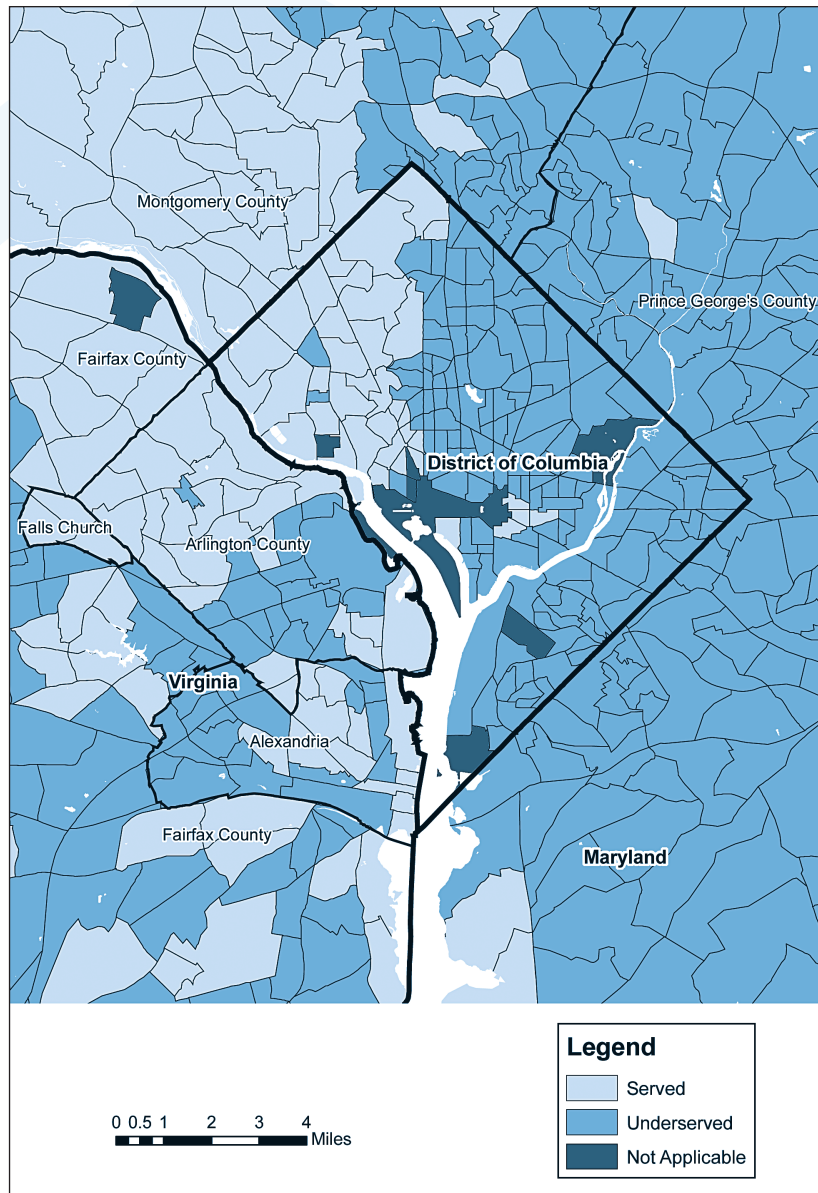
<sup>3</sup> Ratio of Freddie Mac goal performance to Fannie Mae goal performance.

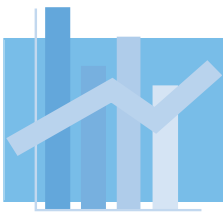
<sup>4</sup> Performance and goals in billions of dollars. Goals for the 1996–2000 period were 0.8 percent of each GSE's total mortgage purchases in 1994; goals for the 2001–04 period were 1.0 percent of each GSE's average mortgage purchases during the 1997–99 period.

In accordance with FHEFSSA, HUD has established two income-based housing goals for the GSEs and one place-based goal. The low- and moderate-income goal is targeted to families with incomes below area median family income, and the special affordable goal is targeted to very-low-income families and low-income families living in low-income areas. The place-based goal is targeted toward underserved areas, which HUD research has

shown to be low-income and high-minority census tracts. The specific definitions underlying the goals, the goal levels, and performance on the goals for 1996 through 2004 are contained in Exhibit 3. Underserved areas in the central portion of the Washington, D.C. metropolitan area are shown in the map in Exhibit 4. As shown in Exhibit 3, HUD has also established minimum dollar-based special affordable multifamily subgoals for the GSEs.

**Exhibit 4. Washington, D.C. Metropolitan Area Underserved Area Based on 2000 Census Data**





## Housing Goals for 1996 Through 2004

The GSE housing goals for 1996 through 1999 were established in December 1995 and subsequently extended to 2000. In October 2000, HUD significantly increased the GSEs' housing goals for 2001 through 2003, with the low- and moderate-income goal rising from 42 percent to 50 percent of units financed, the geographically targeted (underserved areas) goal increasing from 24 percent to 31 percent, and the special affordable goal rising from 14 percent to 20 percent.

In setting the goals for 2001 through 2003, HUD also established incentives to encourage the enterprises to increase their involvement in certain mortgage markets where they traditionally had not played a significant role. Specifically, each goal-qualifying unit financed in a small (5- to 50-unit) multifamily property received "bonus points"—that is, it counted as two units in the numerator and one unit in the denominator in calculating goal performance. Above a threshold, these bonus points also applied to GSE financing of qualifying units in owner-occupied, single-family properties containing at least one rental unit.<sup>8</sup>

The goals established by HUD for 2001 through 2003 were subsequently extended to 2004. The bonus point incentives were not extended, however, which meant that, although the nominal goals were unchanged in 2004, the effective goals were increased by the value of these incentives to the GSEs.

## Housing Goals for 2005 Through 2008

The most recent changes in the GSEs' housing goals were made in November 2004, as shown in Exhibit 5.<sup>9</sup> In previous periods, HUD generally set each goal at a certain level for each year covered by the goals, but the goals for 2005 through 2008 will increase during this period, to bring their performance up to levels corresponding to the goal-qualifying shares of units financed in the corresponding primary mortgage market. Specifically, the low- and moderate-income goal has been increased from 50 percent in 2004 to 52 percent in 2005, 53 percent in 2006, 55 percent in 2007, and 56 percent in 2008. Similarly, the geographically targeted (underserved areas) goal has been increased from 31 percent in

2004 to 37 percent in 2005, 38 percent in 2006 through 2007, and 39 percent in 2008.<sup>10</sup> The special affordable goal has been increased from 20 percent in 2004 to 22 percent in 2005, 23 percent in 2006, 25 percent in 2007, and 27 percent in 2008.

## Market Estimates

In formulating the housing goals for Fannie Mae and Freddie Mac, HUD conducts detailed analyses of the single-family and multifamily mortgage markets to ensure that these secondary market goals are consistent with the patterns of mortgage originations of conventional, conforming mortgages in the primary market. Goal-qualifying shares in the primary market constitute one of the most important factors specified by Congress when it established the current housing goals in 1992. Because the goals are established for future years, HUD must make certain projections about the mortgage market. Thus the Department expresses its market estimates as ranges rather than point estimates. The market estimates underlying the housing goals for 2005 through 2008 are shown in Exhibit 5.

## Home Purchase Subgoals

Before 2005, the housing goals were expressed in terms of minimum qualifying shares of all units financed by the GSEs, combining mortgages on both single-family and multifamily housing and including all mortgages, whether they were for home purchase, refinancing, or some other purpose. In light of the national emphasis on homeownership, effective in 2005 HUD has also established single-family home purchase subgoals for metropolitan areas. These subgoals specify minimum shares of mortgages on owner-occupied properties that must be financed for the same groups as the overall goals. Thus, as shown in Exhibit 5, HUD has established minimum home purchase goals for low- and moderate-income families, special affordable families, and families in underserved areas. To facilitate comparisons with HMDA data for the primary market, these home purchase subgoals have been established for metropolitan areas on an aggregated basis only.

**Exhibit 5. GSEs' Housing Goals, Home Purchase Subgoals, and Market Estimates for 2005–08<sup>1</sup>**

Goal <sup>2</sup>	Housing Goals and Home Purchase Subgoals					Market Estimate for 2005–08 <sup>3</sup>
	2001–04	2005	2006	2007	2008	
Low and Moderate Income						
Overall Goal	50%	52%	53%	55%	56%	51–56%
Home Purchase Subgoal	NA	45%	46%	47%	47%	45.6%
Geographically Targeted						
Overall Goal	31%	37%	38%	38%	39%	35–39%
Home Purchase Subgoal	NA	32%	33%	33%	34%	32.5%
Special Affordable						
Overall Goal	20%	22%	23%	25%	27%	23–27%
Home Purchase Subgoal	NA	17%	17%	18%	18%	16.8%
Special Affordable Multifamily <sup>4</sup>						
Fannie Mae	\$2.85	\$5.49	\$5.49	\$5.49	\$5.49	NA
Freddie Mac	\$2.11	\$3.92	\$3.92	\$3.92	\$3.92	NA

<sup>1</sup> Percentages of dwelling units in properties whose mortgages are purchased by the government-sponsored enterprises (GSEs) that must qualify for each goal. For home purchase subgoals, minimum percentages of home purchase mortgages on owner-occupied properties in metropolitan areas that must qualify. Numerical goals were the same in 2004 as during 2001–03, but effective goals increased in 2004 due to expiration of extra credit counting provisions. Goals for 2001–04 were based on 1990 Census data; goals for 2005–08 are based on 2000 Census data.

<sup>2</sup> For definitions of the goals, see footnote 2 in Exhibit 3.

<sup>3</sup> The 2005–08 market estimates for the overall goals are explained in the U.S. Department of Housing's November 2, 2004, final GSE rule. The home purchase percentages reported below are Home Mortgage Disclosure Act-based 2003 metropolitan area market percentages; see column 3 in tables 5, 7, and 9 of that rule.

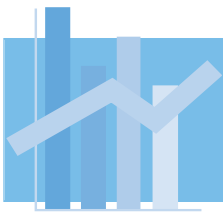
<sup>4</sup> Performance and goals in billions of dollars. Goals for 2001–04 were 1.0 percent of each GSE's average mortgage purchases during 1997–99; goals for 2005–08 are 1.0 percent of each GSE's average mortgage purchases during 2000–02.

## Public Release by HUD of Aggregations of GSE Data

In addition to making more data available in the PUDB, HUD has taken other steps in recent years to inform the public about the nature of the GSEs' activities. Extensive analyses of Fannie Mae's and Freddie Mac's roles in the mortgage market have been published in the *Federal Register* in the various proposed and final rules establishing the housing goals for 1996 through 2000, 2001 through 2004, and, most recently, 2005 through 2008. As discussed in the next section, HUD has published a series of studies, "Working Papers in Housing Finance," further analyzing the GSEs' activities, and has sponsored and financed a substantial number of studies by outside researchers in this field. In 2000, HUD established a process by which it releases aggregations of certain data that are not released publicly at the loan level.

In its October 1996 final order establishing the PUDB, HUD stated that proprietary restrictions would not necessarily apply to aggregations of information above the loan level that the Department might produce for various reasons, including fulfilling its responsibilities to inform the public about the GSEs' activities. Subsequently, HUD sought the views of the GSEs on a proposal to make certain aggregated data available to the public, and the Department established six guidelines it would follow in making proprietary determinations. After reviewing comments submitted by the GSEs, HUD made a final determination regarding public release of aggregations of data. Aggregated tables were included as part of the March 2000 proposed rule establishing housing goals for 2001 through 2004. Subsequently, tables containing profiles of mortgages purchased by the GSEs, based on aggregations of loan-level data, were published in April 2002 by HUD's Office of Policy Development and Research in "Profiles of GSE Mortgage Purchases." These tables augment the scope of information the Department makes available through the PUDB.<sup>11</sup>





## Working Papers in Housing Finance and Sponsored Research

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Another step HUD took to enhance public understanding of the mortgage purchase activities of Fannie Mae and Freddie Mac was the initiation in 1996 of the Housing Finance Working Paper Series, which has published 16 papers by HUD economists. This series covers a wide variety of topics relating to mortgage finance, with a special focus on the role of the GSEs in the mortgage market.

Specific topics discussed in these papers include a series of papers comparing the characteristics of mortgages originated in the primary market with mortgages purchased by Fannie Mae and Freddie Mac in the secondary market, studies of the role of the GSEs in the multifamily and single-family rental mortgage markets, discussions of detailed characteristics of mortgages purchased by the enterprises, an analysis of coverage of the mortgage market under the data submitted in accordance with the HMDA, a comparison of the Federal Housing Administration and conventional multifamily mortgage programs, an analysis of GSE purchases of mortgages for African-American borrowers and their neighborhoods, and a study of racial disparities in subprime mortgage lending. All papers in this series are available at the HUDUSER website at <http://www.huduser.org/publications/hsgfin/workpaper.html>. Other studies by HUD, not included in the working paper series, include a report on first-time homebuyers and an analysis of the GSEs' role in the subprime mortgage market.

In addition to conducting its own research and releasing data on the GSEs' mortgage purchase activities in the PUDB, HUD has sponsored a large number of studies by independent researchers to help alleviate the information vacuum surrounding Fannie Mae and Freddie Mac. Some of these studies have been published by the authors in academic journals, and others were contained in two volumes of *Cityscape*, a journal published by HUD's Office of Policy Development and Research.<sup>12</sup>

## Accessing the Public Use Database

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The GSE public use database may be accessed from the HUDUSER website at <http://www.huduser.org/datasets/gse.html>. The data is contained on the following four CD-ROMs:

- CD1 contains the single-family Census Tract File for both GSEs plus the census tract dictionary; data for each GSE is in a separate zip file.
- CD2 contains single-family National Files A and B and all multifamily data, all documentation, and other supporting files.
- CD3 contains single-family Census Tract Files broken down by MSA (excludes data for nonmetropolitan areas).
- CD4 contains single-family Census Tract Files broken down by state.

Data on the GSEs' mortgage purchases are available for all years through 2003 and will soon be available for 2004.

## Notes

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1. "New Public Data on Fannie Mae and Freddie Mac," *U.S. Housing Market Conditions* (May 1997): 3–12. <http://www.huduser.org/periodicals/ushmc/spring97/summary.html#newdata>.
2. Senate Report 102-282 (May 15, 1992): 39.
3. "Not In My Back Yard," Report to President Bush and Secretary Kemp by the Advisory Commission on Regulatory Barriers to Affordable Housing (1991): 3–13.
4. *Federal Register* (October 4, 2004): 59476–59488. This final order established the structure of the government-sponsored enterprise public use database (PUDB) for 2004 and subsequent years. The U.S. Department of Housing and Urban Development (HUD) has also established a procedure for restructuring the PUDB for years prior to 2004; see the proposed rule in the *Federal*

*Register* (January 10, 2005): 1774–1779 and the final rule in the *Federal Register* (November 10, 2005): 69022–69033.

5. The procedure HUD follows in deciding whether data is proprietary was discussed in the *Federal Register* (October 31, 2000): 65081–65082.

6. Borrowers are grouped into those with incomes below 60 percent of area median income (AMI), between 60 percent and 100 percent of AMI, and greater than 100 percent of AMI. Census tracts are grouped into those with tract median income below 80 percent of AMI, between 80 percent and 120 percent of AMI, and greater than 120 percent of AMI. Tracts are also grouped into those with minority populations of less than 10 percent, between 10 percent and 30 percent, and greater than 30 percent.

7. The most recent detailed discussion of the housing goals is contained in the final rule establishing the goals for 2005 through 2008, contained in the *Federal Register* (November 2, 2004): 63580–63887 and the Economic Analysis accompanying that rule. These documents are both available on HUD's Office of Housing website at <http://www.hud.gov/offices/hsg/gse/gse.cfm>.

8. Congress also enacted a “temporary adjustment factor” providing a bonus for goal-qualifying units in large (more than 50 units) multifamily properties financed by Freddie Mac during the 2001–03 period.

9. *Federal Register* (November 2, 2004): 63580–63887.

10. The geographically targeted goal for 2005 through 2008 is based on data from the 2000 Census, while the goal for previous years was based on 1990 Census data. Because of the increase in the minority share of the population, a greater share of census tracts now qualifies as underserved areas than in the past. Thus, approximately 5 percentage points of the 8-percentage point increase in this goal by 2008 reflect rebasing of the goal to the 2000 Census.

11. Similar tables for later years will be released in the first half of 2006.

12. “Fannie Mae and Freddie Mac in the Housing Finance System,” *Cityscape* 5(3) (2001), John L. Gardner, Paul B. Manchester, and Susan M. Wachter, eds., and *Cityscape* 6(1) (2002), John L. Gardner and Paul B. Manchester, eds.



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