

REDACTED

Federal Housing Finance Agency
Office of Inspector General



DER Designed and Implemented Effective Oversight of the Enterprises' Multifamily Credit Risk Transfer Programs

This report contains redactions of information that is privileged or otherwise protected from disclosure under applicable law.

Audit Report • AUD-2026-008 • September 29, 2026

..... EXECUTIVE SUMMARY

PURPOSE

Fannie Mae and Freddie Mac, together the Enterprises, have credit risk transfer (CRT) programs for their multifamily businesses (properties with 5 or more units) to reduce the risk of loan losses and risk to taxpayers. The Enterprises reduce these risks by transferring credit risk (risk of losses) to sources of private capital primarily through risk sharing arrangements, and other transactions. The Federal Housing Finance Agency's (FHFA or Agency) Division of Enterprise Regulation (DER) evaluates how the Enterprises manage risks to assess their safe and sound operation.

We conducted this audit to determine whether DER designed and implemented effective oversight of the Enterprises' multifamily CRT programs.

RESULTS

We found that DER designed and implemented effective oversight of the Enterprises' multifamily CRT programs. Specifically, DER designed its oversight to include an annual supervisory planning process and examination guidance with procedures and work steps for evaluating the Enterprises' management of multifamily CRT programs. The planning process resulted in supervisory activities addressing aspects of each Enterprise's management of multifamily CRTs during each year of our audit scope period. We also found that DER's examination guidance was consistent with the applicable FHFA guidance for multifamily CRTs.

DER implemented its oversight by completing annual risk assessments and conducting supervisory activities that addressed identified risks pertaining to the Enterprises' management of multifamily CRT programs. For the 10 supervisory activities we tested, examiners generally used procedures and work steps for targeted examinations and ongoing monitoring that complied with examination guidance for conducting the applicable supervisory activities. Furthermore, DER assessed the remediation of Matters Requiring Attention (MRAs) related to the Enterprises' management of multifamily CRT programs in accordance with DER adverse findings guidance.

We make no recommendations in this report.

This report was prepared by Andrea Smith, Audit Director; April Ellison-Brooks, Audit Manager; and Ennis Hobdy, Auditor; with assistance from Abdil Salah, Assistant Inspector General for Audits. We appreciate the cooperation of FHFA staff, as well as the assistance of all those who contributed to the preparation of this report. This report has been distributed to Congress, the Office of Management and Budget, and others and will be posted on our website, www.fhfaog.gov, and www.oversight.gov.

James Hodge
Deputy Inspector General for Audits /s/

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ABBREVIATIONS

AB	Advisory Bulletin
CRT	Credit Risk Transfer
DER	Division of Enterprise Regulation
DUS	Delegated Underwriting and Servicing
Enterprises	Fannie Mae and Freddie Mac
FHFA or Agency	Federal Housing Finance Agency
GAO	Government Accountability Office
MRA	Matter Requiring Attention
MCAS	Multifamily Connecticut Avenue Securities
MCIP	Multifamily Credit Insurance Pool
MCIRT	Multifamily Credit Insurance Risk Transfer
MSCR	Multifamily Structured Credit Risk
OIG	Office of Inspector General
OPB	Operating Procedures Bulletin
ORAS	Office of Risk Analysis and Surveillance
PMOS	FHFA’s Prudential Management and Operations Standards
TBA	To Be Announced

BACKGROUND.....

The Enterprises have long-established CRT programs for their multifamily businesses. Through the use of multifamily CRT programs, the private market shares in potential credit losses. FHFA reports that the Enterprises primarily use two different models of credit risk transfers: Fannie Mae uses loss-sharing transactions through a delegated underwriting system and Freddie Mac has a capital markets execution to transfer the bulk of its credit risk. Both approaches align interests between the Enterprises and lenders to manage complex credit decisions and limit losses. Risk sharing¹ with the private sector is an integral part of the multifamily business model. The Enterprises continue to experiment with different transaction structures and attempt to expand the scope of their CRT programs as part of their efforts to further reduce risk where economically sensible. In addition, both Enterprises have developed programs focusing on credit risk debt issuances and insurance/reinsurance.² The Enterprises transfer a portion of their credit risk to private investors, which reduces their overall credit risk exposure and the amount of capital they must hold.

The Enterprises' CRT programs have evolved over time in response to changing macroeconomic conditions, loan acquisition risk profiles, and views of expected and unexpected losses.³ However, the basic transaction is the same: an Enterprise pays private market participants to assume credit risk under various stress scenarios on the mortgages it guarantees. CRT transactions are classified as either front-end⁴ or back-end,⁵ referring to the timing of the transaction.

Fannie Mae's Multifamily CRT Strategy

Fannie Mae's multifamily CRT program uses front-end pro-rata (i.e., in proportion) risk sharing with lenders through its Delegated Underwriting and Servicing (DUS) program, and supplements this approach with two back-end CRT programs to further mitigate risk and improve capital efficiency. Under the DUS program, approved lenders underwrite and service loans based on Fannie Mae's criteria. Fannie Mae's loss sharing arrangements with lenders vary by transaction. The most common arrangement is *pari-passu*, in which the lender bears one-third of the losses

¹ With risk sharing, risk is divided among participants, including the entity selling the risk. Each participant is liable for a portion of any and all losses incurred. With risk transfer, risk is shifted from the selling entity to other participants.

² Reinsurance is often colloquially referred to as "insurance for insurance companies."

³ Macroeconomic conditions include changes in interest rates and home prices.

⁴ Front-end CRTs occur prior to, or simultaneous with, the acquisition of a residential mortgage transaction by an Enterprise.

⁵ Back-end CRTs occur after the acquisition of a residential mortgage loan by an Enterprise.

and Fannie Mae is responsible for the remaining two-thirds. Other arrangements could result in a DUS lender bearing a specified first-loss percentage for a transaction and then sharing in the remaining losses up to a set limit. Fannie Mae requires DUS lenders to be financially strong with extensive underwriting and servicing experience. DUS lenders must post collateral and maintain compliance with certain financial requirements when participating in risk sharing with Fannie Mae.

Fannie Mae supplements its front-end credit risk sharing through the DUS program with two back-end CRT programs including Multifamily Connecticut Avenue Securities (MCAS), which began in 2019, and Multifamily Credit Insurance Risk Transfer (MCIRT), which began in 2016. Fannie Mae's MCAS and MCIRT CRT programs transfer a portion of the credit risk associated with a reference pool of multifamily mortgage loans to insurers, reinsurers, or investors.

Freddie Mac's Multifamily CRT Strategy

Freddie Mac's multifamily CRT program historically used capital market transactions that employed senior-subordinate structures,⁶ known as K Deals.⁷ In 2016, Freddie Mac began issuing reference pool-style offerings through its Structured Credit Risk program, and in 2021, began issuing such offerings through its Multifamily Structured Credit Risk (MSCR) program. In 2018, Freddie Mac began issuing insurance-based offerings through its Multifamily Credit Insurance Pool (MCIP) program. Freddie Mac reduces its credit risk exposure to the underlying borrower through these various programs.

In its 2025 annual report, Freddie Mac reported a change in its business strategy from predominantly senior-subordinate securitizations to predominantly fully guaranteed securitizations, and that it shifted its approach to primarily using MSCR and MCIP transactions to transfer credit risk. While Freddie Mac's transition to fully-guaranteed securitizations was first highlighted in 2025, the broader strategy shift developed gradually over approximately three years. In fully guaranteed securitizations, Freddie Mac retains all the associated credit risk (including the first-loss position that had historically been transferred under the senior-subordinate structure) of the underlying mortgage pool by guaranteeing the principal and interest

⁶ With senior-subordinate securitizations, the Enterprise sells a pool of recently originated and acquired mortgages to a trust that securitizes cash flows from the pool into several tranches (e.g., layers or slices) of bonds. The subordinated bonds are structured to absorb the first credit losses, which are sold to investors, providing credit protection to the senior bond.

⁷ In senior-subordinate K Deal transactions, Freddie Mac sells a pool of mortgage loans into a third-party trust. The trust then issues senior and subordinate bonds that are tied to the performance of the pool of mortgage loans. Payments to bond investors come from the mortgage pool cash flows. Freddie Mac acquires the senior bonds and sells pass-through certificates known as structured pass-through certificates. Freddie Mac guarantees the structured pass-through certificates and the underlying trust sells the non-guaranteed subordinate bonds directly to investors in the first-loss position so investors with the unguaranteed certificates are the last to receive a payout and the first to take any loss.

payments of the issued securities. Although Freddie Mac initially retains the credit risk of the mortgage pool, its exposure to this credit risk is subsequently reduced through CRTs using MSCR and MCIP transactions.

FHFA's Oversight of the Enterprises' Multifamily CRTs

FHFA communicates its expectation for the Enterprises to engage in multifamily CRTs in multiple ways. According to FHFA's *Strategic Plan Fiscal Years 2022 – 2026*, one of the means and strategies to preserve and conserve Enterprise assets while managing the conservatorships was to require the Enterprises to transfer a significant amount of credit risk to private investors. Further, FHFA, through its Division of Housing, Mission, and Goals, also issues annual external Scorecards to the Enterprises that communicate an expectation for the Enterprises to engage in multifamily CRTs. The 2025 Scorecard communicates that FHFA expects the Enterprises to transfer a meaningful amount of credit risk to private investors in a commercially reasonable and safe and sound manner, reducing risk to taxpayers. Separately from these annual external Scorecards, FHFA also produces internal Enterprise Scorecards. The internal Scorecards for 2023 and 2024 historically set performance goals for the Enterprises' multifamily CRTs.⁸ In addition, though not specific to multifamily CRTs, FHFA's Prudential Management and Operations Standards (PMOS) set the minimum standards for the risk management practices of FHFA's regulated entities.⁹ FHFA officials told us that the PMOS set an expectation that if the Enterprises engage in multifamily CRTs, the Enterprises are to do so in a safe and sound manner.

FHFA's Credit Risk Transfer Principles

In prior CRT progress reports, FHFA explained that it assesses all Enterprise CRT activities using a consistent set of key principles. These principles include:

- Reduce taxpayer risk – Transactions should transfer a meaningful amount of credit risk to private investors.
- Economically sensible – The program should consist of transactions in which the cost to the Enterprise for transferring the credit risk does not meaningfully exceed the cost to the Enterprise of self-insuring the credit risk being transferred.

⁸ The 2025 internal Scorecard did not include percentage goals, as was done in prior years.

⁹ See PMOS, 12 C.F.R. Part 1236, Appendix to Part 1236.

- Continuity of core business – Transactions should not interfere with the continued operation of the Enterprises' core businesses, including the efficient operation of the to be announced¹⁰ (TBA) market or the ability of borrowers to access credit.
- Repeatable – Whenever possible, transactions should be part of a regular program of similar transactions.
- Scalable – Transaction structures should be capable of being scaled without significantly affecting the economics or management of the transaction.
- Counterparty strength – In transactions in which the credit risk being transferred is not fully collateralized, CRT counterparties to the Enterprises should be financially strong companies that are able to fulfill their financial commitments even in adverse markets.
- Broad investor base – The program should include different transaction structures to attract a diversified and broad investor base with the objective of improving pricing, increasing secondary market liquidity, and promoting market stability.
- Stability through economic and housing cycles – Transaction structures should be designed to ensure that at least some investors will remain in the market through all phases of the housing price cycle, including economic downturns.
- Transparency – Parties to a transaction should provide public disclosure of transaction information, whenever practical.
- Level playing field – CRT transactions should only reflect the cost of transferring credit risk and should not favor large mortgage originators over small ones.

DER's Supervision of the Enterprises' Management of Multifamily CRT

DER has multiple responsibilities related to overseeing the Enterprises' management of their multifamily CRT programs. DER prepares annual risk assessments identifying potential areas of supervisory focus for DER's risk-based supervision plans for DER's annual examinations of each Enterprise. The annual examinations of each Enterprise, consisting of targeted examinations and ongoing monitoring activities, are governed by DER's Operating Procedures Bulletins (OPBs) for

¹⁰ Mortgage-backed securities in the U.S. are generally traded on a "to be announced" (TBA) basis. The key feature of a TBA trade is that the identity of the securities to be delivered to the buyer is not specified exactly at the time of the trade, facilitating a liquid forward market. The liquidity of the TBA market improves market functioning and helps mortgage lenders manage risk, since it allows them to "lock-in" sales prices for new loans as, or even before, those mortgages are originated.

each examination type.¹¹ As a result of examinations, DER may issue adverse findings, with the most severe findings categorized as MRAs.¹² This process is governed by DER’s *Adverse Examination Findings* OPB. DER examiners typically reference the Enterprise Scorecard guidance in performing their examination work.

DER is comprised of, among other things, examination teams focused on each one of the Enterprises as well as an Office of Risk Analysis and Surveillance (ORAS), which was under FHFA’s Division of Housing, Mission, and Goals during most of our audit scope and transitioned to DER in calendar year 2025. ORAS, among its other responsibilities, reviews multifamily CRT transactions to ensure alignment with prior transactions approved by the FHFA Director, under the Enterprises’ conservatorships.¹³

OBJECTIVE AND SCOPE

We conducted this audit to determine whether FHFA’s DER designed and implemented effective oversight of the Enterprises’ multifamily CRT programs. The scope of our audit covered DER’s supervision and oversight activities of the multifamily CRT programs from January 1, 2023, through December 31, 2025.

For details on our methodology, see Appendix I.

¹¹ DER’s ongoing monitoring activities assess risk areas and activities that warrant continuous oversight, and targeted examinations evaluate risk areas that warrant a more in-depth review.

¹² Adverse findings are classified as MRAs, recommendations, or violations of laws that affect the condition of the Enterprises. MRAs, if not corrected, could escalate and potentially negatively affect the condition of the Enterprise.

¹³ The Enterprises were placed into conservatorship in 2008. The Housing and Economic Recovery Act grants the FHFA Director sweeping powers when acting as conservator, such as the authority to take such action as may be necessary to put the regulated entity in a sound and solvent condition, as well as such action as may be appropriate to carry on the business of the regulated entity and to preserve and conserve the assets and property of the regulated entity.

RESULTS

We found that DER designed and implemented effective oversight of the Enterprises' multifamily CRT programs. Specifically, we determined that:

- DER designed its oversight of the Enterprises' management of multifamily CRT programs to include an annual supervisory planning process, along with the procedures and work steps in its Multifamily Credit Risk Management Module¹⁴ and Work Program.¹⁵ This planning process resulted in supervisory activities addressing aspects of each Enterprise's management of multifamily CRTs during each year of our audit scope, such as the [REDACTED]. We also found that the applicable procedures and work steps aligned with FHFA's CRT Principles, based on our comparison of those procedures and work steps to the CRT Principles and our follow-up with officials to corroborate information where we initially identified gaps.
- DER's implementation of multifamily CRT program oversight included completing an annual risk assessment for each Enterprise and planning and completing 10 supervisory activities during our audit scope. Activities were comprised of two targeted examinations and eight ongoing monitoring activities that addressed identified risks pertaining to multifamily CRTs. For the two targeted examinations, examiners applied procedures and work steps aligned with those from DER's Multifamily Credit Risk Management Module and Work Program. For the eight ongoing monitoring activities, examiners generally applied the standard procedures and work steps included in the Ongoing Monitoring OPB.¹⁶

¹⁴ A DER module is designed as a resource and reference guide for FHFA examiners. It contains a brief overview of the topic, background information, and description of FHFA expectations for risk management.

¹⁵ DER examiners are expected to consider relevant procedures in a work program, and follow them as appropriate, when planning and conducting supervisory activities of the Enterprises. DER states that the appropriate use of work programs support a consistent examination approach while allowing flexibility in designing examination objectives, scope, and procedures.

¹⁶ Standard ongoing monitoring procedures and work steps include but are not limited to the following: an assessment of the quantity and direction of risk; an assessment of the quality and direction of risk management; identification of new and emerging risks; a review of any new or significant changes to policies, standards, and procedures; a review of relevant board and committee reports and minutes; a review of applicable risk management reports; and a review of adherence to Scorecard items.

- DER examiners supported their supervisory conclusions and assessments pertaining to multifamily CRT programs for two targeted examinations and two ongoing monitoring activities in our sample. In one targeted examination, examiners concluded that the Enterprise's [REDACTED]. In the other targeted examination, examiners noted deficiencies related to the Enterprise's [REDACTED]. These deficiencies, which stemmed from the [REDACTED] remained unresolved during our audit scope. For one of the ongoing monitoring activities in our sample, examiners [REDACTED]. For the other ongoing monitoring activity, examiners [REDACTED] (i.e., the risk that a counterparty will fail to meet its contractual obligations) [REDACTED]. We determined that DER examination results were documented and supported in accordance with DER OPBs.
- DER assessed the Enterprise's remediation of the [REDACTED] closed during the audit scope and monitored Enterprise remediation of the [REDACTED] that remained open as of the end of our audit scope (referred to in the previous bullet) in accordance with DER's adverse examination findings guidance. Specifically, we found that DER examiners: assessed the remediation plan; monitored progress of corrective actions against the Enterprise's remediation plan; reviewed the Enterprise Internal Audit's validation of corrective actions; documented supervisory concurrence, where needed; and assessed sufficiency of corrective actions, as applicable.

Based on our results, we made no recommendations in this report.

FHFA COMMENTS AND OIG EVALUATION.....

We provided FHFA an opportunity to review and provide technical comments to a draft of this audit report. We considered those comments in finalizing this report. In a written management response, included in its entirety in Appendix II of this report, FHFA acknowledged our audit conclusions.

APPENDIX I: METHODOLOGY.....

To accomplish our objective, we performed the following procedures:

- Reviewed Government Accountability Office’s (GAO) *Standards for Internal Control in the Federal Government* (GAO-25-107721; May 2025) and determined that the risk assessment and control activities components of internal controls were significant to this objective. We focused on the underlying principles that management should: (1) identify, analyze, and respond to risks related to achieving the defined objectives; (2) design control activities to mitigate risks to achieving the entity’s objectives to acceptable levels; and (3) implement control activities through policies and procedures.
- Reviewed the following laws and regulations to identify the requirements applicable to FHFA DER’s oversight of the Enterprises’ multifamily CRT programs:
 - The Housing and Economic Recovery Act of 2008, 12 U.S.C. § 4517
 - The Safety and Soundness Act of 1992, 12 U.S.C. § 4501 et seq.
 - 12 C.F.R. Part 1236 and Appendix to 12 C.F.R. Part 1236 – Prudential Management and Operations Standards
 - Capital Adequacy of the Enterprises, 12 C.F.R. Part 1240
- Reviewed the following FHFA planning documents to identify the Agency’s priorities and expectations pertaining to the Enterprises’ multifamily CRT programs:
 - FHFA Strategic Plan for 2022-2026
 - FHFA Enterprise Scorecard Guidance (2023-2025)
- Reviewed the following supervisory planning documents to determine DER’s key concerns and supervisory activities for Enterprises’ risk management pertaining to its multifamily CRT programs for each year in our audit scope period:
 - FHFA, Fannie Mae Risk Assessment (2022-2025)
 - FHFA, Freddie Mac Risk Assessment (2022-2025)
 - FHFA, Supervision Plan for the Enterprises (2023-2025)
- Reviewed the following DER examination guidance documents to identify general requirements for conducting DER supervisory activities and

relevant examination guidance pertaining to the Enterprises' management of their multifamily CRT programs:

- DER OPB, *Risk Assessments* (April 2022; updated April 2025)
- DER OPB, *Supervisory Planning* (November 2022; updated October 2025)
- DER OPB, *Targeted Examinations* (August 2022)
- DER OPB, *Ongoing Monitoring* (April 2022)
- DER OPB, *Independent Quality Control Process* (February 2020) and *Quality Control Program* (March 2023; updated October 2024)
- DER OPB, *Adverse Examination Findings* (November 2022; updated April 2025)
- FHFA, Multifamily Credit Risk Management Module and Work Program (March 2020)
- Reviewed prior OIG reports or other engagements to identify findings and recommendations related to the FHFA's oversight of the Enterprises' multifamily CRT programs and determined there was no impact on our audit.
 - OIG, [*DER Effectively Oversaw Fannie Mae's Multifamily Lenders and Loan Monitoring Activities, But Should Improve Documentation of its Sampling Approach*](#) (March 30, 2026) (AUD-2026-002)
 - OIG, [*FHFA Continues to Monitor and Assess the Adequacy of Fannie Mae's Allowance for Loan Losses in Its Multifamily Line of Business*](#) (January 6, 2026) (EVL-2026-001)
 - OIG, [*FHFA Has Taken Supervisory Actions to Address Deficient Multifamily Risk Management Practices at Freddie Mac, but Current Market Conditions Present Challenges*](#) (March 6, 2025) (EVL-2025-002)
 - OIG, [*Fannie Mae and Freddie Mac in the Multifamily Market*](#) (September 7, 2017) (WPR-2017-002)
 - GAO, [*FEDERAL HOUSING FINANCE AGENCY: Objectives Needed for the Future of Fannie Mae and Freddie Mac After Conservatorships*](#) (November 17, 2016) (GAO-17-92)
- Interviewed DER personnel to gain an understanding of DER's oversight of the Enterprises' multifamily CRT programs. DER personnel included the Deputy Director,

Principal Associate Director, Associate Director, and Supervisory Examiners responsible for conducting examinations of the Enterprises, Supervisory Risk Analysts, and the Principal Advisor. Obtained written responses, as needed, from DER personnel to address questions and observations related to our audit testing procedures.

- Gained an understanding of DER's approach for overseeing the Enterprises' management of multifamily CRT programs through interviews and our review of applicable FHFA and DER guidance documents listed above. Assessed DER's designed approach by determining whether it would result in supervisory activities that appropriately review aspects of each Enterprise's management of multifamily CRT programs. As part of this assessment, compared DER's applicable examination procedures and work steps in the Multifamily Credit Risk Management Module and Work Program to FHFA CRT Principles to determine whether DER's examination guidance provided examiners with necessary procedures or work steps or to review and evaluate the Enterprises' multifamily CRT programs.
- Reviewed DER's supervisory planning activities for the Enterprises pertaining to multifamily CRTs, including risk assessments and supervision plans for calendar years 2023 through 2025 and identified 10 supervisory activities that DER planned and completed. We also reviewed the procedures and work steps examiners utilized in performing those supervisory activities and compared them to those included in the (1) DER Multifamily Credit Risk Management Module and Work Program, for the targeted examinations, and (2) Ongoing Monitoring OPB, for the ongoing monitoring supervisory activities. We performed this review to determine whether DER controls for oversight of the Enterprises' management of the multifamily CRT programs were operating as designed.
- Selected a judgmental sample of four supervisory activities, including two targeted examinations (for [REDACTED]) and two ongoing monitoring activities (for [REDACTED]), from a population of ten supervisory activities (which was comprised of two targeted examinations and eight ongoing monitoring activities). Selections were made to ensure coverage of examination work for both Enterprises. We reviewed the sample to determine whether conclusions and assessments were properly supported and documented consistent with DER's OPBs for Targeted Examinations, Ongoing Monitoring, and Quality Control, as applicable: (1) examination work steps were consistent with the objective; (2) examiners performed independent analyses, when required; (3) examiners performed testing, when required; (4) examination conclusions, findings, and assessments were properly supported; (5) examination documentation was properly reviewed and approved by the responsible officials; and (6) the examination documentation was subject to a quality control review, when required, and if so, significant concerns raised were resolved timely.

- Identified the population of [REDACTED] MRAs, including [REDACTED] closed and [REDACTED] open as of the end of our audit scope period, related to the Enterprises' multifamily CRT programs and reviewed related remediation documentation. We reviewed these MRAs to determine whether DER ensured that the Enterprises developed remediation plans, implemented corrective actions to resolve the deficiencies identified, monitored, assessed remediation, and closed the MRAs, as applicable, in accordance with DER OPB, *Adverse Examination Findings*.

We conducted this performance audit from April 2026 to September 2026, at our headquarters in Washington, D.C., in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX II: FHFA MANAGEMENT RESPONSE.....

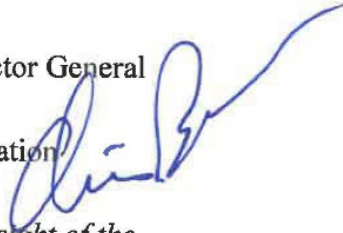
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Federal Housing Finance Agency

MEMORANDUM

TO: James Hodge, Deputy Inspector General for Audits, Office of Inspector General

FROM: Christopher Bosland, Deputy Director, Division of Enterprise Regulation 

SUBJECT: Draft Audit Report: *DER Designed and Implemented Effective Oversight of the Enterprises' Multifamily Credit Risk Transfer Programs*

DATE: September 21, 2026

Thank you for the opportunity to respond to the above-referenced Office of Inspector General (OIG) draft report (Report). OIG conducted the audit to determine whether the Federal Housing Finance Agency's (FHFA) Division of Enterprise Regulation (DER) designed and implemented effective oversight of the Enterprises' multifamily credit risk transfer (CRT) programs. The audit covered DER's supervision and oversight activities from January 1, 2023, through December 31, 2025.

We are pleased that the Report concluded that DER designed and implemented effective oversight of the Enterprises' multifamily CRT programs. We appreciate OIG's recognition of the effectiveness of DER's oversight, which reflects the progress DER has made — and continues to make — in strengthening its supervision of the Enterprises. Specifically, the Report found that DER incorporated multifamily CRT oversight into its annual supervisory planning; established examination guidance, procedures, and work steps; conducted supervisory activities addressing key aspects of each Enterprise's program; and maintained examination guidance consistent with applicable FHFA guidance. DER remains committed to building on this progress.

We appreciate the professionalism and courtesy of the OIG staff who conducted this audit and thank them for their work in support of the continued improvement of DER's supervision program.

If you have any questions concerning this response, please contact Eric Wilson.

cc: Ivan Bengtson
Eric Wilson

Federal Housing Finance Agency Office of Inspector General

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