



# Freddie Mac first out of the gate with plans for targeted lending programs

Programs will be announced in the third quarter, according to GSE executive

**Freddie Mac** will debut targeted lending programs this year, following guidance from regulators giving lenders the go-ahead.

The special purpose credit programs will pertain to Black, Latino and Native American borrowers, according to [Pamela Perry](#), head of Freddie Mac's single-family equitable housing team. The programs will be announced in the third quarter of this year, Perry said during a fair housing webinar hosted by the **National Housing Conference**, a mortgage trade association.

Perry said that despite statements from banking regulatory agencies, the **Federal Housing Finance Agency**, the **Department of Housing and Urban Development** and the **Consumer Financial Protection Bureau** to reassure lenders that targeted lending programs do not violate fair lending laws, mortgage lenders remain hesitant.

"Notwithstanding all of the guidance, we still hear concerns of legality from lenders," Perry said. "So I say keep the guidance coming, because we are building it and we hope the lending community will come."

Freddie Mac did not respond to a request for comment seeking more detail on the forthcoming programs.

It is also not clear when **Fannie Mae**, Freddie Mac's larger GSE counterpart, plans to roll out special purpose credit programs. In Fannie Mae's latest annual [financial filing](#), the GSE said it anticipated "establishing and supporting special purpose credit programs," as part of its equitable housing finance plan.

Fannie Mae did not respond to a request to comment.

Both of the GSEs submitted their equitable housing finance plans to the FHFA before year-end, but they have yet to be approved and implemented. An FHFA spokesperson said this week that the agency could not provide an update on when the plans would be put into place.

In December 2021, HUD Sec. Marcia Fudge [wrote](#) that the tailored lending programs "are lawful under ECOA generally are not barred by the Fair Housing Act."

Demetria McCain, principal deputy assistant secretary for fair housing and equal opportunity, also penned a legal memo to encourage lenders to develop lending programs tailored “to assist ... economically disadvantaged classes of persons and first time homebuyers.”

In February, all of the banking regulatory agencies, the CFPB, the **Department of Justice**, HUD and the FHFA issued a rare interagency statement encouraging lenders to “explore opportunities to develop” special purpose credit programs.

McCain, during the panel discussion, said that lenders “just need to do it,” and that the barriers to creating the tailored lending programs are more “perceived than real.”

Lenders have raised concerns about the legality of special purpose credit programs, and have expressed reluctance to provide the documentation necessary to develop the programs, which some see as an admission of wrongdoing. Lenders have pointed out that special purpose credit programs have been used as punishment for wrongdoings.

In 2018, to settle charges of redlining, the DOJ ordered Minnesota-based **KleinBank** to invest at least \$300,000 in a special purpose credit program over three years to offer residents of majority-minority census tracts mortgage and home improvement loans on a “more affordable basis than otherwise available from KleinBank.”