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Moody's Requests Comments on Proposed Changes to Rating US Housing Finance Agencies.

New York, April 02, 2014 — Moody's Investors Service is seeking comments from market participants on proposed changes to its approach to assigning issuer ratings to US housing finance agencies (HFAs). The rating agency does not expect these changes, if adopted, to result in any issuer rating changes.

"Request for Comment: US Housing Finance Agency Issuer Rating Methodology" describes the two proposed key changes to its current methodology: (1) introducing a scorecard and (2) incorporating a new rating factor entitled, "Risk Profile."

The scorecard would assess an HFA's creditworthiness based on four key credit factors to which Moody's assigns weights: (1) financial position, 40%; (2) loan portfolio, 20%; (3) risk profile, 20%; and (4) management and operating environment, 20%.

"These scores round out our quantitative and qualitative analysis by including specific sector attributes," says Omar Ouzidane, Moody's Assistant Vice President and Analyst. "They allow us to further break out strengths and weaknesses that can have a significant effect on credit quality."

Moody's also proposes assigning a Risk Profile for HFAs at each given rating level, assessing the HFA according to degree of risk, ranging from Low to Highest.

"The Risk Profile will allow us to classify the risks that HFAs take on and assess their risk management capacity in a way that incorporates the underlying credit fundamentals in the sector," adds Ouzidane.

Moody's invites market participants to provide feedback on the request for comment by 2 May 2014, by submitting their comments on the Request for Comment Page on www.moodys.com.

"Request for Comment: US Housing Finance Agency Issuer Rating Methodology" is available at https://www.moodys.com/research/US-Housing-Finance-Agency-Issuer-Rating-Methodology–PBM_PBM163618.

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