FANNIE MAE

2012 ANNUAL HOUSING ACTIVITIES REPORT

and

ANNUAL MORTGAGE REPORT

SUBMITTED TO:

THE FEDERAL HOUSING FINANCE AGENCY (FHFA)

THE COMMITTEE ON FINANCIAL SERVICES
OF THE
UNITED STATES HOUSE OF REPRESENTATIVES

THE COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS
OF THE
UNITED STATES SENATE

PURSUANT TO

The Federal National Mortgage Association
Charter Act

MARCH 15, 2013

INTRODUCTION

Under Section 309(n) of the Federal National Mortgage Association Charter Act ("Charter Act"),[1] Fannie Mae is required to submit a report on its annual housing activities to the Director of the Federal Housing Finance Agency ("FHFA") and to its oversight committees in the United States House of Representatives and the United States Senate. This report responds to this requirement and is made available to the public.

Since 1993, Fannie Mae has been subject by statute and regulation to the achievement of certain housing goals. The structure of our housing goals changed in 2010 as a result of the passage of the Housing and Economic Recovery Act of 2008[2] and goals for 2010 and 2011 were set at that time.[3] In 2012, FHFA issued a rule revising our housing goals.[4] The new rule established single family and multifamily goals for 2012-2014.

The following single family home purchase and refinance housing goal benchmarks were established for 2012–2014. A home purchase mortgage may be counted towards more than one home purchase benchmark.

- *Low-Income Families Home Purchase Benchmark:* At least 23% of our acquisitions of single family owner occupied mortgage loans financing home purchases must be affordable to low-income families (defined as families with income no higher than 80% of area median income).
- *Very Low-Income Families Home Purchase Benchmark:* At least 7% of our acquisitions of single family owner occupied mortgage loans financing home purchases must be affordable to very low-income families (defined as families with income no higher than 50% of area median income).
- *Low-Income Areas Home Purchase Benchmarks:* At least 20% of our acquisitions of single family owner occupied mortgage loans financing home purchases must be for families in low-income census tracts, for moderate-income families (defined as families with income no higher than 100% of area median income) in designated disaster areas, or for moderate-income families in minority census tracts. In addition, at least 11% of our acquisitions of single family owner occupied purchase money mortgage loans must be for families in low-income census tracts or for moderate-income families in minority census tracts.
- *Low-Income Families Refinancing Benchmark:* At least 20% of our acquisitions of single family owner occupied refinance mortgage loans must be affordable to low-income families, which may include qualifying permanent modifications of mortgages under the Home Affordable Modification Program completed during the year.

If we do not meet these benchmarks, we may still meet our goals. Our single family housing goals performance will be measured against these benchmarks and against goals-qualifying originations in the primary mortgage market. We will be in compliance with the housing goals if we meet either the benchmarks or market share measures. If our performance against any of our 2012 single-family housing goals was below benchmark levels, Fannie Mae and FHFA will have to compare our performance with that of goals-qualifying originations in the primary mortgage market after the release of data reported

[1] 12 U.S.C. §1716 et seq.

[2] 12 U.S.C. §4501 et seq.

[3] 12 CFR Part 1282

[4] 2012-2014 Enterprise Housing Goals. 77 Fed. Reg. 67535 (Nov. 13, 2012)..

under the Home Mortgage Disclosure Act ("HMDA").[5] This release will be made in the fall of 2013. At that time it will be determined whether Fannie Mae met any additional goals based on the HMDA market data.

FHFA also established multifamily goals and subgoals for 2012-2014 as follows. For 2012, we must finance at least 285,000 units affordable to low-income families and 80,000 units affordable to very low-income families. For 2013, we must finance at least 265,000 units affordable to low-income families and 70,000 units affordable to very-low income families. Finally, for 2014 we must finance at least 250,000 units affordable to low-income families and 60,000 units affordable to very low-income families. There is no market-based alternative measurement for the multifamily goals.

In adopting the rule establishing our housing goals in 2010, FHFA stated, "FHFA does not intend for [Fannie Mae] to undertake uneconomic or high-risk activities in support of the [housing] goals. However, the fact that [Fannie Mae is] in conservatorship should not be a justification for withdrawing support from these market segments."[6] If our efforts to meet our goals prove to be insufficient, FHFA determines whether the goals were feasible. If FHFA finds that our goals were feasible, we may become subject to a housing plan that could require us to take additional steps including describing the actions we would take to meet the goal in the next calendar year and the additional steps would have to be approved by FHFA. The potential penalties for failure to comply with housing plan requirements include a cease-and-desist order and civil money penalties.

For 2011, FHFA determined that we met our single family low-income areas home purchase goal and subgoal, our single family refinance goal, and our multifamily goal and subgoal. FHFA determined that we did not meet our single family low-income home purchase goal or our single family very low-income home purchase goal. Although FHFA determined that we did not meet these two goals and that their achievement was feasible, FHFA is not requiring us to submit a housing plan. FHFA stated that a housing plan is not required because the two goals were missed by a very small amount and because Fannie Mae continues to operate under conservatorship.

[5] 12 U.S.C. §2801 et seq.

[6] 2010-2011 Enterprise Housing Goals; Enterprise Book-entry Procedures, 75 Fed. Reg. 55892, 55896-55897 (Sept. 14, 2010).

The following table sets forth Fannie Mae's housing goals performance against our 2012 single family housing benchmarks and multifamily housing goals, as calculated by Fannie Mae.[7] We believe we met all of our single family benchmarks for 2012, as well as our 2012 multifamily goals. Final performance results will be calculated and published by FHFA.[8]

Goal Summary	2012 Benchmark	2012 Result
Single Family Purchase Money		
Low-Income	23%	25.62%
Very Low-Income	7%	7.33%
Low-Income Areas (with disaster areas)	20%	22.29%
Low-Income Areas (without disaster areas)	11%	13.13%
Single Family Refinance		
Low-Income	20%	21.82%
Goal Summary	**2012 Goal**	**2012 Result**
Multifamily		
Low-Income	285,000 Units	375,924 Units
Very Low-Income Subgoal	80,000 Units	108,878 Units

[7] Our single family results and benchmarks are expressed as a percentage of the total number of eligible mortgages acquired during the period.

[8] Our 2012 results have not been validated by FHFA. After validation they may differ from the results reported above. Loans financed through the Housing Finance Agency Initiative are not included. We estimate the inclusion of such loans increases our results to 25.64%, 7.34%, and 22.30% for the Low-Income Home Purchase Goal, Very Low-Income Home Purchase Goal, and the Low-Income Areas Home Purchase Goal, respectively.

CHARTER ACT REQUIREMENTS

Fannie Mae's Charter Act[9] specifies the information that must be included in the Annual Housing Activities Report. Each statutory requirement is set forth below, followed by Fannie Mae's response for 2012.[10]

1. Include, in aggregate form and by appropriate category, statements of the dollar volume and number of mortgages on owner occupied and rental properties purchased which relate to each of the annual housing goals [established under subpart B of part 2 of subtitle A of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992].

The dollar volume and number of mortgages on owner occupied properties, which relate to each of the housing goals, are set forth on Table 1A of the Annual Mortgage Report ("AMR") attached hereto.

The dollar volume and number of mortgages on rental properties, which relate to each of the housing goals are set forth on AMR Table 1A (Single Family Owner Occupied 2-4 Unit Properties/Mortgages) and AMR Table 1B (Multifamily) attached hereto. In 2012, Fannie Mae mortgage purchases financed 22,055 units affordable to families earning 80% or less of the area median income living in owner occupied 2-4 unit properties.[11]

2. Include, in aggregate form and by appropriate category, statements of the number of families served by the corporation, the income class, race, and gender of homebuyers served, the income class of tenants of rental housing (to the extent such information is available), the characteristics of the census tracts, and the geographic distribution of the housing financed.

In 2012, Fannie Mae's purchases of mortgages served 4,524,901 families, as measured by the number of units financed. The income class, race, and gender of homebuyers served, the characteristics of the census tracts, and the geographic distribution of the housing financed are set forth on AMR Tables 2, 3, 4, 5A, 6, 7, 8, 9, 10A, and 10B attached hereto.

3. Include a statement of the extent to which the mortgages purchased by the corporation have been used in conjunction with public subsidy programs under Federal law.

Fannie Mae purchased 7,857 single family mortgages and 408 multifamily mortgages with an aggregate unpaid principal balance ("UPB") of approximately $1.02 billion and $3.8 billion, respectively, that were originated in conjunction with public subsidy programs in 2012.[12]

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[9] Charter Act, § 309(n)(2)(A-L).

[10] Section 309(n)(2)(L) of the Charter Act also requires Fannie Mae to include in its report "any other information that the Director of the Federal Housing Finance Agency considers appropriate." At this time, Fannie Mae has not been asked by the Director to provide any such additional information in this report.

[11] In addition, Fannie Mae purchased 1884 units where affordability data was not provided by the seller. Because that data was not provided, we have not included these units in our calculation. However, we estimate that 58.7% of those units would be affordable to those earning 80% or less of the area median income.

[12] For purposes of this AHAR, Fannie Mae defined programs originated in conjunction with public subsidy programs to include: certain single family and multifamily HUD-related and Rural Housing Service-related programs and other government insured and/or related programs; Fannie Mae's Multifamily Affordable Housing execution; mortgage purchases from housing finance agencies that benefit from Federal tax exemption; bond credit enhancements; and mortgages that benefit from low-income housing tax credits. Because some loans may have been made in conjunction with more than one public subsidy program, there may be a small amount of overlap.

4. Include statements of the proportion of mortgages on housing consisting of 1 to 4 dwelling units purchased by the corporation that have been made to first-time homebuyers, as soon as providing such data is practicable, and identifying any special programs (or revisions to conventional practices) facilitating homeownership opportunities for first-time homebuyers.

In 2012, 40.56%[13] of single family owner occupied home purchase mortgages acquired by Fannie Mae financed mortgage loans to first-time homebuyers.[14] Set forth in the following table are certain Fannie Mae products that assist first-time homebuyers and the proportion of first-time homebuyers that utilized the program in 2012 as compared to all homebuyers that utilized the program.

Products and Initiatives	Percentage of Mortgages Made to First-Time Homebuyers
MyCommunityMortgage®	90.37%
HFA Preferred Risk Sharing™	85.92%
HomePath®	59.23%

5. Include, in aggregate form and by appropriate category, the data provided to the [Director] under subsection (m)(1)(B); [the loan-to-value ratios of purchased mortgages at the time of origination].

AMR Table 11 provides the loan-to-value (“LTV”) ratio of single family owner occupied mortgages purchased by Fannie Mae.

6. Compare the level of securitization versus portfolio activity.

In 2012, Fannie Mae securitized $865.5 billion in mortgages and its portfolio decreased $75.4 billion. Included in our portfolio purchases is approximately $45.8 billion of delinquent loans purchased from our single family MBS trusts.

7. Assess underwriting standards, business practices, repurchase requirements, pricing, fees, and procedures, that affect the purchase of mortgages for low- and moderate-income families, or that may yield disparate results based on the race of the borrower, including revisions thereto to promote affordable housing or fair lending.

Fannie Mae has an ongoing comprehensive fair lending risk assessment program that is designed to ensure that its underwriting standards, business practices, repurchase requirements, pricing policies, fee structures, and procedures comply with the fair lending laws and promote fair and responsible lending.

Fannie Mae considers service to low- and moderate-income families to be an important part of its mission. Fannie Mae designs its underwriting standards, business practices, repurchase requirements, and

[13] Exclusions from this calculation include: loans exempt from housing goals reporting (for example including loan restructures, convertible adjustable rate mortgages, real estate owned properties, etc.), long-term standby commitments, refinance mortgages, home equity conversion mortgages, government loans and Making Home Affordable modifications.

[14] Fannie Mae relied on information provided by its customers to identify units occupied by first-time homebuyers. Fannie Mae’s Single Family Selling Guide defines a first-time homebuyer as “an individual who: (1) is purchasing the security property; (2) will reside in the security property as a principal residence; and (3) had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the security property. In addition, an individual who is a displaced homemaker or single parent also will be considered a first-time homebuyer if he or she had no ownership interest in a principal residence (other than a joint ownership interest with a spouse) during the preceding three-year time period.”

procedures to balance the company's multiple objectives of serving low- and moderate-income families, meeting its liquidity mission, and appropriately addressing credit risk.

2012 Changes

Fannie Mae implemented certain changes to its single family mortgage underwriting and business practices in 2012, including the following:

- Fannie Mae implemented Desktop Underwriter® ("DU") Version 9.0 to support updates to the credit risk assessment, align DU requirements with policies that apply to manually underwritten loans, and incorporate other changes to DU eligibility guidelines.

Fannie Mae continues to provide refinance opportunities for existing Fannie Mae borrowers through the DU Refi Plus™ and Refi Plus™ initiatives, including the Home Affordable Refinance Program ("HARP") which were originally implemented in 2009. In November 2011, changes to HARP were announced in order to help more borrowers reduce their mortgage payments or obtain a more stable mortgage loan product or both. Key changes included:

- Eliminating LTV ratio maximums of 125 percent.
- Increasing the access and use of appraisal waivers.
- Reducing the maximum amount of loan-level adjustments that apply to HARP loans.

Since November 2011, Fannie Mae has worked to implement the announced changes. A milestone was reached in June of 2012 with the implementation of an MBS execution for loans with LTV ratios greater than 125 percent – the last enhancement that needed to be made under the changes announced.

At the direction of FHFA, Fannie Mae implemented additional enhancements to DU Refi Plus and Refi Plus in 2012. Key enhancements included:

- Updating DU with the following:
    - modifying the credit risk assessment in order to give more borrowers the ability to refinance using DU Refi Plus;
    - updating the property risk assessment that determines eligibility for the DU Refi Plus property fieldwork waiver to further increase the number of loans that are considered for the DU Refi Plus property fieldwork waiver; and
    - providing lenders with the estimated property values on DU Refi Plus loans in order to provide transparency into Fannie Mae's view of the value of the property that was used to determine eligibility for the DU Refi Plus property fieldwork waiver offer.
- Allowing the simultaneous refinance of an existing subordinate lien.
- Allowing grant-like unsecured financing through a Housing Finance Agency ("HFA") Hardest Hit Funds program for the purpose of paying down the outstanding mortgage balance of the existing mortgage at the time of closing or for paying closing costs (see related section below);
- Allowing additional flexibility for removing borrowers from the loan;
- Implementing a new representation and warranty framework to help clarify lenders' repurchase exposure and liability on loan deliveries. Under this framework, HARP loans sold to Fannie Mae

beginning January 1, 2013, will be eligible for rep and warranty relief after an acceptable payment history of only 12 months following the acquisition date.

- Eliminating representation and warranties for value, condition, and marketability when an appraisal is required.
- Streamlining minimum required levels for income and asset documentation when required.
- Continuing to work with external and internal stakeholders to reach as many borrowers as possible to refinance under the HARP program which expires at the end of 2013.

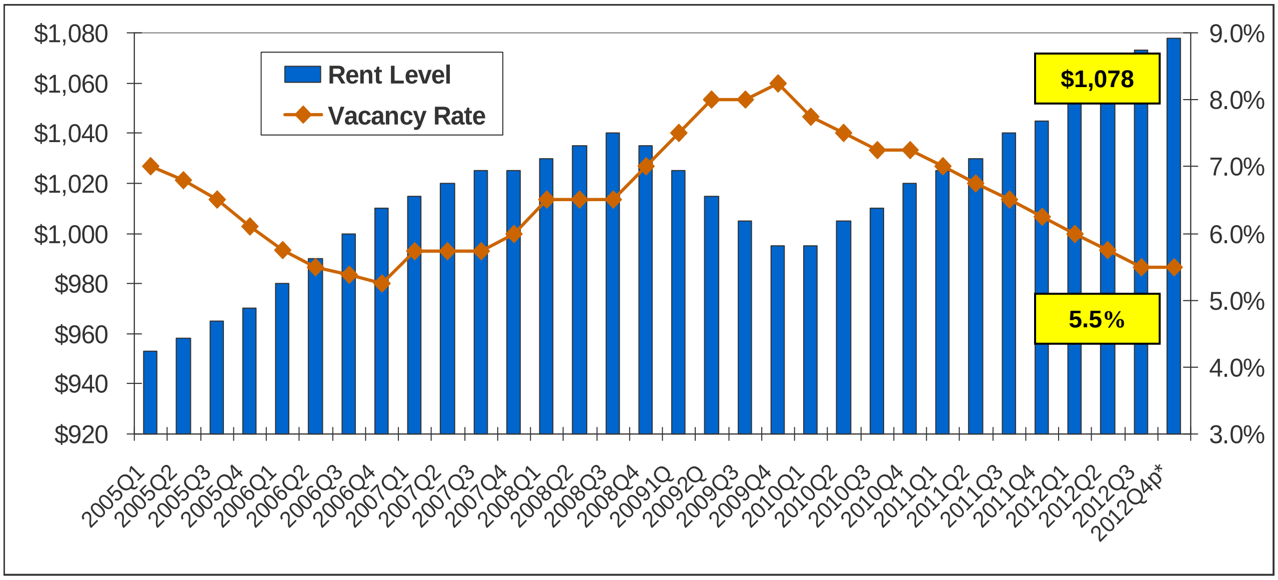
Fannie Mae continues to implement various policy, process and technology enhancements aimed at improving a lender's ability to deliver mortgage loans that meet Fannie Mae's underwriting and eligibility guidelines, thereby mitigating repurchase risk of ineligible loans. At the direction of FHFA, Fannie Mae and Freddie Mac jointly developed the Uniform Appraisal Dataset ("UAD") and the Uniform Loan Delivery Dataset ("ULDD") to improve the quality and consistency of data on loans delivered to the Government Sponsored Enterprises ("GSEs"). The UAD defines all data points required for an appraisal report and standardizes key data points. The ULDD provides a common dataset acceptable for loan delivery to both GSEs. As of July 23, 2012, lenders are required to deliver loans in conformity with the ULDD requirements.

8. Describe trends in both the primary and secondary multifamily housing mortgage markets, including a description of the progress made, and any factors impeding progress toward standardization and securitization of mortgage products for multifamily housing.

<u>Primary and Secondary Market Trends</u>

The primary multifamily housing market is influenced by a variety of economic and demographic conditions. These conditions impact the demand for, and absorption of, additional units. National multifamily fundamentals (e.g., vacancy levels, rent growth, and apartment housing demand) remained positive during 2012, but began to show signs of slowing down to a more normalized pace during the fourth quarter of 2012. Although the multifamily sector saw its improvement slow, rents continued to increase and vacancy levels remained low. This normalizing trend is expected to remain in place throughout 2013. Set forth below are charts illustrating trends that impact the market for multifamily mortgage originations.

Estimated National Rent Level and Vacancy Rate

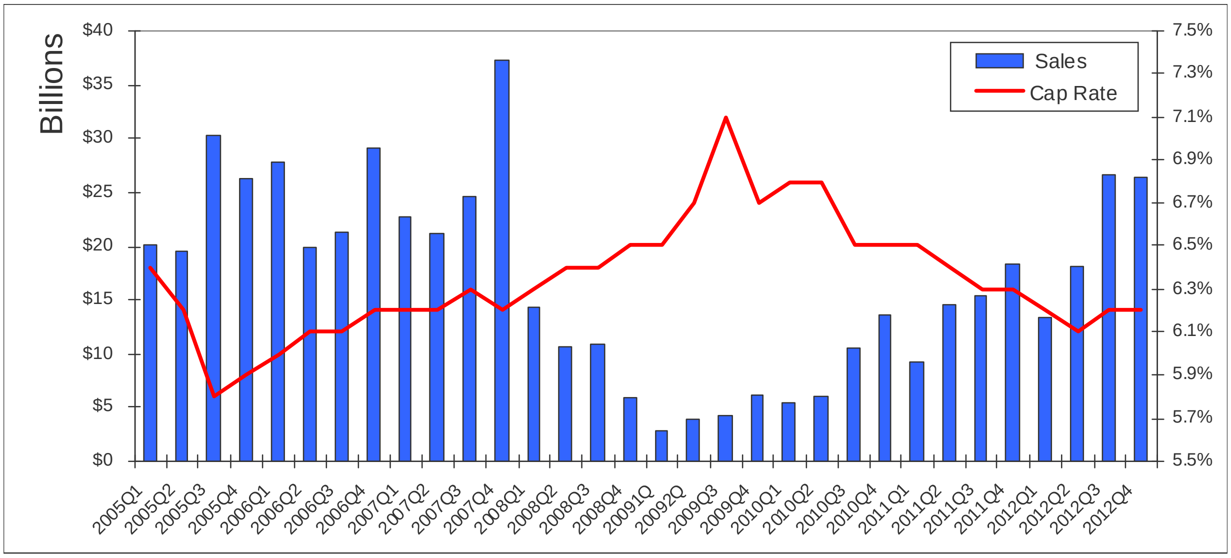


Source: Fannie Mae Economics and Multifamily Market Research
**4Q2012*

Based on third-party data for the fourth quarter of 2012, the vacancy rate for institutional investment-type apartment properties was likely to remain at the same estimated level as it was during the third quarter of 2012. However, asking rents rose again, as they have for nearly three years. Vacancy rates and rents are important to loan performance because multifamily loans are generally repaid from the cash flows generated by the underlying property.

In the fourth quarter of 2012 the estimated vacancy rate of 5.5% was at the low end of historical norms as seen in the chart above. Estimated asking rents rose by 0.5% quarter-over-quarter in the fourth quarter of 2012. It appears that the national average for the full year rent growth slightly exceeded our initial expectation of about +3.0%, with a result of +3.25%, with effective rents having seen similar annualized growth.

National Apartment Sales Volume and Cap Rates



Source: Real Capital Analytics (www.rcanalytics.com) (Used by permission); 2005-present based on properties and portfolios $2.5 million and greater.

Sales of apartment properties valued at $2.5 million or greater were $84.6 billion in 2012, increasing 47% from 2011, according to data from Real Capital Analytics. More than 5,200 apartment properties changed ownership in 2012, which is an increase of 38% from 2011's activity level.

Apartment sales in the fourth quarter of 2012 totaled $26.3 billion, which is more than a 40% increase over the $18.3 billion that occurred in the fourth quarter of 2011. About half of the fourth quarter's property sales occurred in December, making it the most active month for sales since October of 2007, according to Real Capital Analytics. Apartment sales last year consisted primarily of individual property sales and just a few portfolio sales. In 2012, Multifamily portfolio sales totaled $13.2 billion, compared to $61.0 billion in individual sales and $10.3 billion in entity sales.

In addition, the average reported capitalization rate[15] remained fairly steady all year at approximately 6.2%. However, in some of the nation's largest metropolitan areas capitalization rates remained at below-average levels, according to Real Capital Analytics.

Standardization and Securitization

Securitization of mortgages relies on standardization. Over the past two decades, standardization of multifamily mortgages has been advanced by a number of factors: (1) the market for commercial mortgage-backed securities ("CMBS"), including those backed by multifamily mortgage loans; (2) the introduction of Fannie Mae's risk-sharing Delegated Underwriting and Servicing program in 1988 and subsequent enhancements; (3) efforts to standardize commercial securitization and offering documents, spearheaded by the Commercial Real Estate Finance Council; (4) the issuance by the Securities and Exchange Commission ("SEC") of Regulation AB in 2005, which established uniform disclosure

[15] The capitalization rate is an indication of a property's value and its expected income. Capitalization rates are used by investors to determine a return on investment.

requirements for all publicly registered CMBS transactions; and (5) the most recent changes to Regulation AB proposed by the SEC that are anticipated to be finalized in 2013.

In 2012, Fannie Mae continued to rely on its securitization activities for new production, using MBS as the primary execution to further its mission to provide liquidity and stability to the multifamily market. This occurred through three primary activities:

- Fannie Mae issued $33.1 billion in multifamily MBS securities in 2012, which accounted for 98% of its multifamily production.
- In an effort to improve the market acceptance of multifamily MBS, in 2012 Fannie Mae issued $10 billion of MBS structured securities backed by multifamily MBS previously purchased by Fannie Mae. In 2013, Fannie Mae will continue to market its MBS structured product offerings.
- The company continued to securitize approximately $4 billion of whole loans held in portfolio into multifamily MBS securities in 2012 in order to increase liquidity and meet regulatory limits established for Fannie Mae's portfolio. Approximately $2.2 billion of these securitized seasoned loans were sold through four REMIC transactions as part of Fannie Mae's GeMS™ program.

In 2010, proposals for new and enhanced securities disclosure were circulated by the SEC and industry groups. In 2011, several rules were proposed by regulatory agencies. In some cases rules were finalized and issued; in other cases final rules have not yet been issued. All are intended to require issuers of asset and mortgage-backed securities to provide greater transparency about the securities they are issuing. The SEC has also stated that it is considering whether to require issuers of privately placed asset and mortgage-backed securities to provide the same disclosures that are required of issuers of publicly registered securities, although no such requirement has yet been formally proposed. This change could bring greater uniformity of disclosure practices to all asset and mortgage-backed securities. In addition, the concept of risk retention in securitization structures was introduced by the Dodd-Frank legislation and rules were proposed and circulated for comment in 2011, however they have not been finalized.[16] Fannie Mae believes that all of these activities could lead to further standardization of disclosure practices for securitizations.

9. Describe trends in the delinquency and default rates of mortgages secured by housing for low- and moderate-income families that have been purchased by the corporation, including a comparison of such trends with delinquency and default information for mortgage products serving households with incomes above the median level that have been purchased by the corporation, and evaluate the impact of such trends on the standards and levels of risk of mortgage products serving low- and moderate-income families.

Delinquency and Default Trends Based on 2011 Performance Data[17]

An analysis of the performance of single family mortgage loans serving low- and moderate-income borrowers[18] shows that these loans consistently perform below the performance of loans serving

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[16] Fannie Mae has always retained credit risk on virtually all its mortgage-backed securities, pursuant to its guaranty of such securities.

[17] Serious delinquency performance information is based on acquisitions through November 2011. Default performance is based on acquisitions through December 2011. Performance is observed through November 2012.

[18] Since 2010, Fannie Mae no longer tracks unit-level affordability data. To ensure consistency comparing loans from 2000 to 2011, this analysis is based upon the borrowers' income relative to the area median income. Additionally, this analysis only pertains to owner occupied principal residences.

borrowers with incomes above the median level. The chart below compares 90-day delinquencies[19] and defaults[20] by acquisition year on loans made to low- and moderate-income borrowers as compared to loans made to borrowers with incomes above the median level by acquisition year. For example, in 2011, loans made to low- and moderate-income families were 137% more likely to become 90-days delinquent and 80% more likely to default than loans made to families with incomes above the median level. This analysis is based on income relative to area median income and does not control for other risk dimensions, such as LTV or credit history.

Relative 90-Day Delinquency and Default Rates between Single Family Loans Serving Low- and Moderate-Income Families and Loans Serving Households with Incomes above the Median Level by Year[21]

Acquisition Year	Increased Likelihood of 90-Day Delinquency	Increased Likelihood of Default
2001	**99%**	**156%**
2002	**129%**	**195%**
2003	**157%**	**175%**
2004	**160%**	**113%**
2005	**122%**	**38%**
2006	**119%**	**18%**
2007	**50%**	**24%**
2008	**46%**	**45%**
2009	**108%**	**95%**
2010	**121%**	**91%**
2011	**137%**	**80%**

Sample Used: Unseasoned, conforming, conventional, owner occupied, first liens, non-reverse mortgages, excluding Growing-Equity Mortgages, Graduated Payment Mortgages and loans missing affordability data

10. Describe in the aggregate the seller and servicer network of the corporation, including the volume of mortgages purchased from minority-owned, women-owned, and community-oriented lenders, and any efforts to facilitate relationships with such lenders.

Fannie Mae has selling and servicing relationships with 2,482 single family and 115 multifamily primary market lenders through which the company both purchases loans for its portfolio and issues MBS. The following table sets forth the volume of mortgages purchased in 2012 from single family and multifamily lenders identified as minority- or women-owned lenders, women-owned lenders and community-oriented lenders.

[19] This means 90-day delinquencies occurring within the first 12 months of acquisition.

[20] Default for these purposes is defined as a foreclosure sale, deed-in-lieu of foreclosure, pre-foreclosure sale, or third party sale, at any time during the life of the loan.

[21] During the period 2006 through and including 2008, acquisitions of mortgage loans to borrowers of all income categories had a higher risk of delinquency and default.

Seller/Servicer Type	Volume of Mortgages
Minority- or women-owned	$4.9 billion
Women-owned[22]	$2.1 billion
Community-oriented lenders[23]	$165.5 billion

Efforts to facilitate relationships with single family lenders include formal business alliances or affinity agreements in which lenders receive benefits designed to reduce the cost of doing business with Fannie Mae.[24]

11. Describe the activities undertaken by the corporation with nonprofit and for-profit organizations [and] with State and local governments and housing finance agencies, including how the corporation's activities support the objectives of comprehensive housing affordability strategies under section 105 of the Cranston-Gonzalez National Affordable Housing Act.[25]

Activities undertaken by the corporation in 2012 with nonprofit and for-profit organizations, State and local governments, and HFAs include:

- The Department of the Treasury ("Treasury"), the Department of Housing and Urban Development, and FHFA announced an initiative on October 19, 2009 to provide $23.4 billion of liquidity for HFAs. This initiative was designed in collaboration with the GSEs, and consisted of two primary programs: a temporary credit and liquidity facilities ("TCLF") program and the new issue bond program ("NIBP").
    - Fannie Mae worked with Treasury to extend NIBP for an additional year through December 31, 2012.
    - As of December 31, 2012, $10.4 billion of the original $12.4 billion of single family NIBP bonds were converted and utilized to finance single family mortgage loans. The remaining $2 billion was redeemed (as required at program expiration) and the funds returned to Treasury.
    - Treasury purchased $2.82 billion in multifamily bonds from State and local HFAs in December 2009 to finance multifamily housing. These funds were held in escrow until the agencies were able to draw upon the funds to finance multifamily loans. As of December 31, 2012, $2.69 billion of these bonds converted and were utilized to finance long term multifamily mortgage loans. In addition, Treasury allowed for unused single family funds to be utilized for multifamily loans through the expiration of the program on December 31, 2012. State and local agencies utilized $75 million of unused single family

[22] Some of these women-owned lenders also identified as another minority group such as African-American, Hispanic, Asian-Pacific or Indian-Alaskan.

[23] For these purposes, a "community-oriented lender" is defined as a financial institution with total assets of less than $1.186 billion. This definition is consistent with the definition of "small bank" under the Community Reinvestment Act implementing regulations at 12 C.F.R. § 228.12, as in effect during 2012.

[24] These agreements do not preclude members from doing business through other secondary market channels.

[25] Under Section 105, comprehensive housing affordability strategies include, among other things: (1) efforts to address homelessness and meet the needs of homeless persons; (2) the provision of housing for different categories of residents, such as very low-income, low-income, and moderate-income families, the elderly, single persons, large families, residents of non-metropolitan areas, families who are participating in an organized program to achieve economic independence and self-sufficiency, and other categories of persons; (3) combined efforts with private industry, nonprofit organizations and public institutions to deliver safe and adequate housing; (4) encouraging public housing residents to become homeowners; and (5) efforts to provide affordable housing through the production of new units, rehabilitation, or acquisition of existing units.

funds to finance multifamily projects as part of this initiative. The total funds utilized for multifamily loans as of the expiration of the program in December 31, 2012, was approximately $2.8 billion.

    - Due to continued weak economic conditions and limited financing options for some housing finance agencies, Fannie Mae worked with Treasury to establish criteria for HFAs to remain in the TCLP for an additional three years through December 31, 2015. HFAs interested in extension submitted plans to reduce their TCLP exposure by 12/31/15. These plans were reviewed by the GSEs and approved by Treasury prior to granting any extensions. Six of the original thirteen TCLP participants were granted extensions. As of November 30, 2012 the total outstanding principal balance under the TCLF program was $3.6 billion.

- Fannie Mae purchased 9,199 loans from HFAs in 2012, with a UPB of $1,622,380,000.
- Fannie Mae invested $14.8 million nationwide in support of housing recovery efforts. Our funds are being leveraged by nonprofit partners focused on foreclosure prevention, sustainable homeownership, neighborhood stabilization, affordable housing and the prevention of homelessness.
- Fannie Mae facilitated the sale of approximately 38 multifamily real estate owned properties comprised of approximately 2,500 units to nonprofits, public entities, and affordable housing developers. It is our understanding that over 160 of the units will be used for permanent supportive housing for people who have been homeless.
- One hundred foreclosed Multifamily properties were marketed to 70 nonprofit, public entity, and affordable housing developer organizations for potential purchase to convert into affordable housing.
- Fannie Mae helped provide financing for over 18,000 Low-Income Housing Tax Credit (“LIHTC”) units of affordable housing by providing almost $715 million for debt financing on LIHTC projects via our lending partners.
- Fannie Mae supported its ongoing investment in 4,700 affordable housing LIHTC projects (328,001 LIHTC Units), through approximately 300 investment funds. Almost 2,000 of those projects were developed, and are managed, by local non-for-profit developers. In 2012, Fannie Mae funded over $28 million in deferred capital contributions to its LIHTC partners for the benefit of the projects.

One of the purposes of the Cranston-Gonzalez National Affordable Housing Act is to extend and strengthen partnerships among all levels of government and the private sector in the production and operation of housing that is affordable to low- and moderate-income families. Fannie Mae believes that the activities listed above support the objectives of the Cranston-Gonzalez National Affordable Housing Act.