



FEDERAL HOUSING FINANCE AGENCY
Office of the Director

June 3, 2010

Mr. Michael J. Williams
President and Chief Executive Officer
Federal National Mortgage Association
3900 Wisconsin Avenue, N.W.
Washington, DC 20016-2892

RE: Final Feasibility Determination on 2009 Housing Goals Compliance

Dear Mr. Williams:

Pursuant to section 1336 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Safety and Soundness Act), as amended by the Housing and Economic Recovery Act of 2008, the Federal Housing Finance Agency (FHFA) has determined that Fannie Mae failed to meet its underserved areas housing goal and special affordable multifamily subgoal for 2009. FHFA has also determined, however, that Fannie Mae will not be required to submit a housing plan to FHFA pursuant to the Safety and Soundness Act with regard to this goal and subgoal. FHFA's determination is based on information contained in Fannie Mae's Annual Housing Activities Report, submitted to FHFA on March 15, 2010. Based on analysis of loan-level data also submitted to FHFA on that date, FHFA will publish Fannie Mae's official 2009 housing goal and subgoal performance later this year.

On December 15, 2009, FHFA notified Fannie Mae of its determination that there was a substantial probability that Fannie Mae would fail to meet its underserved areas housing goal and special affordable multifamily subgoal for 2009. By letter dated January 19, 2010, Fannie Mae submitted its own analysis of the feasibility of this goal and subgoal and requested that FHFA find this goal and subgoal infeasible for 2009.

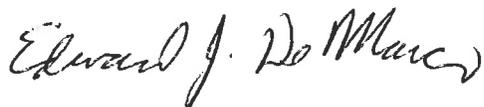
Based on the most recent information available, FHFA has made a final determination that Fannie Mae has failed to meet the aforementioned goal and subgoal for 2009. In determining whether this goal and subgoal were feasible, FHFA considered the tightened single-family underwriting standards adopted by Fannie Mae and others in the mortgage industry, the decreased availability of private mortgage insurance in the primary market, the sharp increase in the share of single-family mortgages insured by the Federal Housing Administration, and the sharp fall in the issuance of private-label securities. With regard to Fannie Mae's purchases of multifamily mortgages, FHFA considered the decrease in the multifamily share of units financed by Fannie Mae in 2009 and the collapse of the Commercial Mortgage-Backed Securities market.

FHFA also considered the financial condition of Fannie Mae in 2009 and recognized that the special affordable multifamily subgoal was increased by 19 percent over the 2008 level—an increase announced in late July 2009.

FHFA has determined that actual economic conditions in 2009 limited the relative number of mortgages qualifying for the underserved areas housing goal and the special affordable multifamily subgoal. Based on the housing market and economic conditions in 2009, FHFA has concluded that achievement by Fannie Mae of this goal and subgoal was not feasible in 2009. Accordingly, Fannie Mae is not required to submit a housing plan to FHFA for this goal and subgoal pursuant to the Safety and Soundness Act.

FHFA expects Fannie Mae to focus on serving low-income households and areas in both single-family and multifamily housing in a safe and sound manner in meeting the revised housing goals for 2010. FHFA will monitor Fannie Mae's performance on the achievement of the 2010 housing goals through monthly meetings, quarterly updates, and ongoing supervision.

Sincerely,



Edward J. DeMarco
Acting Director

xc: The Honorable Christopher J. Dodd, Chairman, Committee on Banking Housing &
Urban Affairs
The Honorable Barney Frank, Chairman, Committee on Financial Services
The Honorable Richard C. Shelby, Ranking Member, Committee on Banking
Housing & Urban Affairs
The Honorable Spencer Bachus, Ranking Member, Committee on Financial Services