



U.S. FEDERAL HOUSING

2025 REPORT TO CONGRESS





U.S. FEDERAL HOUSING

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U.S. FEDERAL HOUSING OFFICE OF THE DIRECTOR

June 15, 2026

The Honorable Tim Scott
Chairman
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, D.C. 20510

The Honorable Elizabeth Warren
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, D.C. 20510

The Honorable French Hill
Chairman
Committee on Financial Services
United States House of Representatives
Washington, D.C. 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
United States House of Representatives
Washington, D.C. 20515

Dear Chairs and Ranking Members:

Thanks to President Trump's leadership, we are restoring the American Dream of affordable homeownership by focusing Fannie Mae, Freddie Mac, and the Federal Home Loan Banks on efficiently supporting families and the mortgage market.

This report fulfills our statutory obligations per the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by the Housing and Economic Recovery Act of 2008 (12 USC § 4521(a)).

We will continue driving waste and fraud out of housing so that Fannie, Freddie, and the Banks can operate safely and soundly as the engines of America's housing revival.

Sincerely,

William J. Pulte
Director, U.S. Federal Housing



COMMON ABBREVIATIONS AND ACRONYMS

AHP – Affordable Housing Program

AMA – Acquired Member Assets

AMI – Area Median Income

BANK ACT – Federal Home Loan Bank Act of 1932

CAMELSO – Capital; Asset quality; Management; Earnings; Liquidity; Sensitivity to market risk; and Operational risk

CRT – Credit Risk Transfer

DTS – Duty to Serve

ENTERPRISES – Fannie Mae and Freddie Mac

ERCF – Enterprise Regulatory Capital Framework

FANNIE MAE – Federal National Mortgage Association

FHFOB – Federal Housing Finance Oversight Board

FHLBANK(S) – Federal Home Loan Bank(s)

FREDDIE MAC – Federal Home Loan Mortgage Corporation

GAAP – Generally Accepted Accounting Principles

GINNIE MAE – Government National Mortgage Association

HERA – Housing and Economic Recovery Act of 2008

HUD – Department of Housing and Urban Development

MBS – Mortgage-Backed Securities

MF – Multifamily

NMC – Nonbank Mortgage Company

NMDB – National Mortgage Database Program

OF – Office of Finance (of the FHLBanks)

PSPA – Senior Preferred Stock Purchase Agreement

RCV – Replacement Cost Value

REGULATED ENTITIES – Fannie Mae, Freddie Mac, and the FHLBanks

ROE – Report of Examination

SAFETY AND SOUNDNESS ACT – Federal Housing Enterprises Financial Safety and Soundness Act of 1992

SF – Single-family

UAD – Uniform Appraisal Dataset

UMBS – Uniform Mortgage-Backed Security

UPB – Unpaid Principal Balance

U.S. FINTECH – U.S. Financial Technology, LLC

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SUPERVISION AND OVERSIGHT

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U.S. Federal Housing (Federal Housing Finance Agency, FHFA, or Agency) was established by the Housing and Economic Recovery Act of 2008 (HERA) and is responsible for the effective supervision, regulation, and housing mission oversight of the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Federal Home Loan Bank System, which includes the 11 Federal Home Loan Banks (FHLBanks) and the Office of Finance (OF).

In addition, the Agency supervises U.S. Financial Technology, LLC (U.S. FinTech, formerly Common Securitization Solutions, LLC), a joint venture owned equally by Fannie Mae and Freddie Mac (the Enterprises). The Agency works to ensure that the Enterprises and the FHLBanks (together, “the regulated entities”) fulfill their mission by operating in a safe and sound manner to serve as a reliable source of liquidity and funding for housing finance and community investment.¹ Since 2008, the Agency has also served as conservator of Fannie Mae and of Freddie Mac.

EXAMINATION AUTHORITY FOR THE REGULATED ENTITIES

Section 1317(a) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Safety and Soundness Act), as amended, 12 U.S.C. § 4517(a), requires the Agency to conduct annual on-site examinations of the Enterprises and the FHLBanks. The Agency also examines the FHLBanks pursuant to section 20 of the Federal Home Loan Bank Act (Bank Act), as amended, 12 U.S.C. § 1440.

For each regulated entity, the Agency prepares an annual report of examination (ROE), which identifies weaknesses and assigns examination ratings. The Agency communicates deficiencies and violations to regulated entities as adverse findings. The Agency delivered the 2025 ROEs to the boards of directors and management of the Enterprises in April 2026 and to the FHLBanks periodically throughout the year based on the Agency's examination schedule.

1 The Office of Finance (OF) and U.S. Financial Technology, LLC (U.S. FinTech) are not “regulated entities” as the term is defined by statute (see 12 U.S.C. § 4502(20)). Rather, OF is part of the FHLBank System, and U.S. FinTech is an affiliate of the Enterprises. However, for convenience, references to the “regulated entities” in this Report should be read to also apply to the OF and U.S. FinTech, unless otherwise noted.

Scope of Examination

The Agency conducts supervision using a risk-based approach to identify existing and emerging risks to the regulated entities, evaluate the overall effectiveness of each regulated entity’s risk management systems and controls, and assess each regulated entity’s compliance with applicable laws and regulations. In 2025, the Agency conducted risk-based examinations and ongoing monitoring, including assessing any remediation by a regulated entity of Matters Requiring Attention (MRAs) issued during a previous exam.² The Agency also assessed the responsiveness of boards of directors and management to internal or external auditors identifying deficiencies or weaknesses.

Rating System

Pursuant to the Agency’s Advisory Bulletin AB 2012-03, FHFA Examination Rating System, (AB 2012-03), the Agency uses the “CAMELSO” rating system as the foundation for reporting its supervisory views. The CAMELSO framework includes ratings for:

1. The overall condition of the regulated entity (the composite rating), and
2. Seven individual component ratings for financial condition and risk management: Capital; Asset quality;

Management; Earnings; Liquidity; Sensitivity to market risk; and Operational risk.

The Agency issues an annual ROE for each regulated entity documenting and communicating the Agency’s supervisory findings and conclusions for the supervisory cycle.

The ROE reflects the Agency’s view of the regulated entity’s financial condition and performance, its risk profile, and the adequacy of its risk management practices. The ROE also conveys the regulated entity’s composite and CAMELSO ratings. (OF and U.S. FinTech are only rated on the “Management” and “Operational Risk” components due to their simpler scope and operations. The annual ROE is signed by the respective Examiner-in-Charge (EIC) and issued to the regulated entity’s board of directors or board of managers.

Supervision of Fannie Mae, Freddie Mac, and U.S. FinTech

The Agency’s Division of Enterprise Regulation (DER) is responsible for carrying out examinations and ongoing supervision of the Enterprises and U.S. FinTech. DER examinations — led by an EIC and conducted by examination teams supported by subject-matter experts —

² Unless otherwise specified, all dates in this Report refer to 2025.

comprise targeted examinations conducted throughout the year focusing on specific areas as well as ongoing monitoring to assess safety and soundness throughout the supervisory cycle. In 2025, targeted examinations addressed several risk areas, including credit, counterparty, model, information technology, operational, market, governance, and compliance.

DER communicates adverse findings in writing to the regulated entity. For MRAs, the regulated entity commits to addressing the adverse finding by submitting a remediation plan to DER. Following execution of the remediation plan, the regulated entity's internal audit function or an independent third party validates the remediation, and DER reviews the corrective actions through the supervisory process.

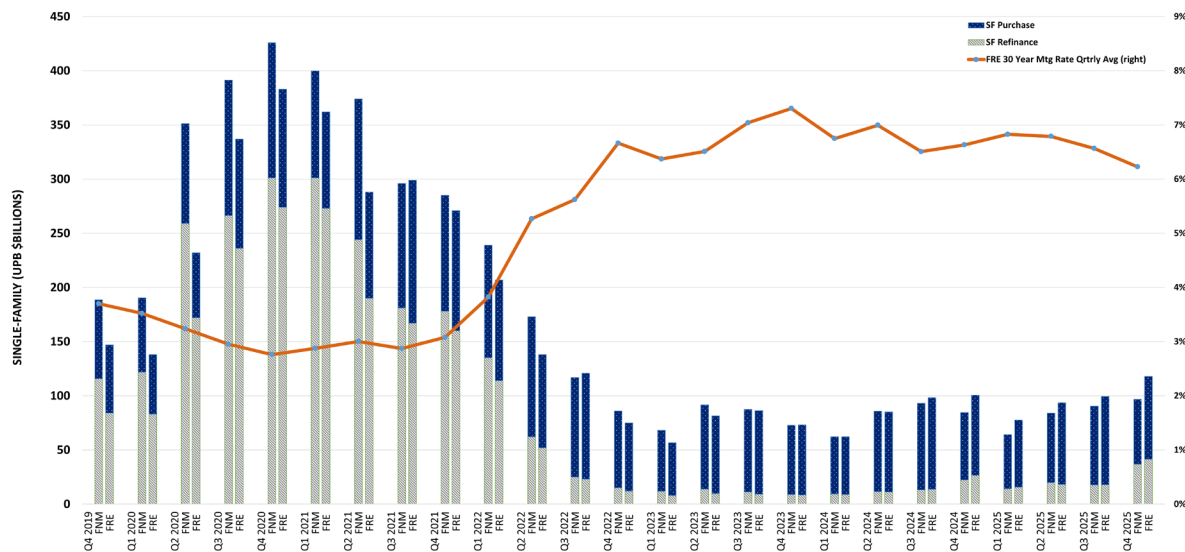
REPORTS OF ANNUAL EXAMINATIONS OF FANNIE MAE, FREDDIE MAC, AND U.S. FINTECH

Financial Overview

The Enterprises' 2025 earnings declined slightly from 2024. Contributing to the decline were an increase in the provision for credit losses and a decrease in non-interest income. While mortgage rates declined throughout the year, they remained high relative to the recent past, resulting in mortgage purchase and refinance activity that was low relative to previous years and slowing house price appreciation. Both Enterprises continued to benefit from equity growth as investments were partially funded with zero-cost cash positions



Figure 1: Enterprises' Single-Family Acquisitions vs. Interest Rate Environment



Source: FHFA's Call Report System

associated with the Enterprises' growing net worths.

Figure 1 shows that acquisition volume remained depressed at both Enterprises in 2025 in an elevated interest rate environment.

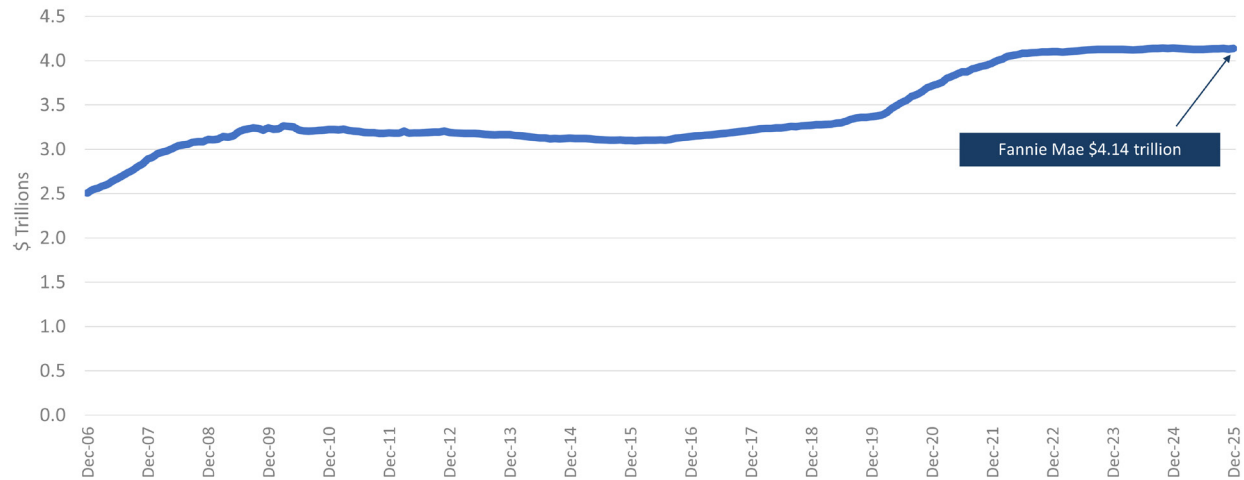
Fannie Mae

Fannie Mae reported annual net income of \$14.4 billion in 2025, compared to \$17.0 billion in 2024. Pre-tax earnings were \$3.3 billion lower year-over-year with \$1.8 billion attributable to an increase in the provision for credit losses and \$1.5 billion resulting from a decrease in non-interest income. Driving the decrease in non-interest income was a \$1.7 billion decrease in market value gains, which was partially offset by increases in investment gains, debt

extinguishment gains, and fee income. Total equity increased from \$94.7 billion in 2024 to \$109.0 billion in 2025. However, Fannie Mae's capital position is still significantly less than required under the Enterprise Regulatory Capital Framework (ERCF).

Fannie Mae's total assets decreased 0.7 percent, primarily due to a reduction in mortgage securities investments. Due to the relatively low level of originations and prepayments, the balance sheet has exhibited little volatility in recent years.

Mortgage loans decreased \$18.7 billion year-over-year as principal paydowns outpaced new loan acquisition. Single-family (SF) mortgages made up 87.5 percent of the total guarantee book. Conventional SF acquisition volume was \$335.6 billion in 2025, up marginally from \$326.0 billion

Figure 2: Fannie Mae Mortgage Portfolio

Source: FHFA's Call Report System

Note: The Total Mortgage Portfolio will not tie to the disclosures in Forms 10-K and 10-Q as it presents security balances (UPB of MBS, credit enhancements and mortgage retained portfolio), while Forms 10-K and 10-Q present the loan balances underlying those securities.

in 2024. Fannie Mae's multifamily (MF) guarantee portfolio made up 12.5 percent of the total guarantee book. The year-end MF guarantee portfolio was \$538.3 billion, as new acquisition volume increased to \$73.7 billion in 2025 from \$55.1 billion in 2024.

Figure 2 shows the growth since 2007 in Fannie Mae's mortgage portfolio as represented by unpaid principal balances (UPB), including mortgages, mortgage-related securities held as investments, and mortgages pooled into mortgage-backed securities (MBS).

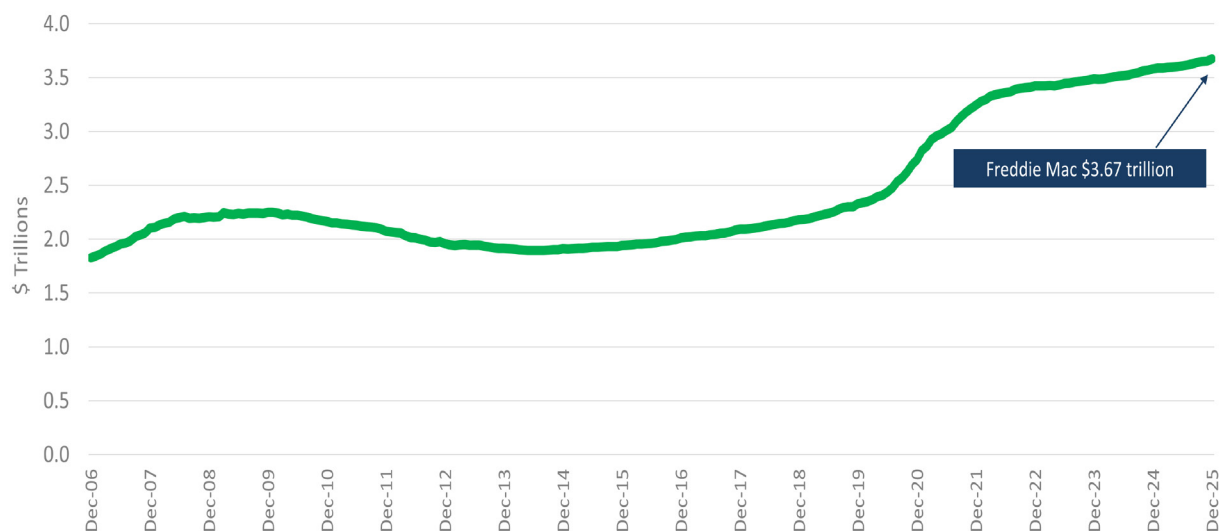
Freddie Mac

Freddie Mac reported annual net income of \$10.7 billion in 2025, compared to \$11.9 billion in 2024. Pre-tax earnings were \$1.4 billion lower year-over-year on a \$2.3 billion

reduction in investment gains and a \$0.8 billion increase in the provision for credit losses. These headwinds were partially offset by a \$1.7 billion increase in net interest income. Total equity increased from \$59.6 billion in 2024 to \$70.4 billion in 2025. However, Freddie Mac's capital position is still significantly less than required under the ERCF, and despite the increase in total equity Freddie Mac's regulatory capital deficit grew wider year-over-year as increasing requirements outpaced equity growth.

Freddie Mac's total assets increased 3.3 percent in 2025, similar to the 3.2 percent increase in 2024. The mortgage portfolio increased \$103.2 billion, or 3.2 percent, in 2025 and accounted for most of the growth in total assets. SF mortgages made up 88.3 percent of the total mortgage guarantee portfolio at year-end 2025. In 2025, Freddie

Figure 3: Freddie Mac Mortgage Portfolio



Source: FHFA's Call Report System

Note: The Total Mortgage Portfolio will not tie to the disclosures in Forms 10-K and 10-Q as it presents security balances (UPB of MBS, credit enhancements and mortgage retained portfolio), while Forms 10-K and 10-Q present the loan balances underlying those securities.

Mac’s SF acquisition volume was \$388.7 billion, a 12.2 percent increase from 2024. New MF business volume was \$76.4 billion in 2025 compared to \$65.1 billion in 2024. The MF mortgage portfolio grew to \$495.8 billion from \$466.6 billion in the previous year.

Figure 3 shows the growth since 2007 in total UPB in Freddie Mac’s mortgage portfolio, including mortgages, mortgage-related securities held as investments, and mortgages pooled into MBS.

U.S. Financial Technology, LLC (U.S. FinTech)

U.S. FinTech uses the Common Securitization Platform (CSP) to administer

the Enterprises’ portfolios of MBS and for the issuance of the Uniform Mortgage-Backed Security (UMBS). Operating the CSP involves storing, processing, and transmitting large volumes of data, as U.S. FinTech acts as an agent for the Enterprises to facilitate the issuance of SF MBS and related disclosures, as well as to administer the securities post-issuance.

Specifically, U.S. FinTech performs newly issued security registration and settlement with the Federal Reserve Bank of New York, processes monthly loan level updates to calculate security payment instructions, and discloses newly issued securities as well as ongoing security performance to the market.

U.S. FinTech is the largest issuing agent and administrator of MBS in the United States, currently administering a \$6.5 trillion SF MBS portfolio comprised of 1.2 million securitization structures.

The Agency's examination process for U.S. FinTech is similar to that of the Enterprises. The Agency issues U.S. FinTech an ROE that assigns examination ratings and communicates the principal examination conclusions and findings for the supervisory cycle. Due to the nature, scope, and complexity of its operations, the composite rating of U.S. FinTech is based primarily on an evaluation of two components of the CAMELSO rating framework (Management and Operational Risk).

Overview of Annual Examination Results

Capital

When reviewing capital, Agency examiners evaluate the level and composition of capital relative to the regulated entity's risk profile and regulatory requirements. At the end of 2025, both Enterprises lacked adequate capital to support the risks associated with their business models and did not meet minimum regulatory capital requirements established by the ERCF. Through the Senior Preferred Stock Purchase Agreements (PSPAs) with the U.S. Department of the Treasury, as

amended, Treasury continues to provide capital support to the Enterprises. The amended PSPAs allow each Enterprise to retain all its earnings until it is fully capitalized. While the Enterprises have built significant net worth that can absorb potential losses arising from credit risk and earnings volatility, both Enterprises still have accumulated deficits (negative retained earnings). The Enterprises' capital positions continue to improve but could be insufficient to prevent a Treasury draw in the event of extraordinary losses.

Asset Quality

To assess asset quality, Agency examiners evaluate the existing and potential credit risk associated with loan and investment portfolios, as well as management's ability to identify, measure, monitor, and control credit risk. In 2025, delinquencies on the SF portfolio remained near historical lows. With 30-year, fixed-rate mortgage interest rates remaining above 6 percent in 2025, the Enterprises' new loan acquisitions were predominately for home purchases rather than for refinance activity. The Enterprises' combined volume of new SF loan acquisitions — related to both home purchases and refinance activity — was up modestly in 2025.

Since 2014, the Agency has set caps on the volume of each Enterprise's MF business to ensure that the Enterprises

provide appropriate support to the MF sector, especially mission-driven affordable housing, without impeding private capital. The Agency set a 2025 cap of \$73 billion for each Enterprise, and at least half of each Enterprise's MF purchases had to be mission-driven. In 2024, the Agency began excluding workforce housing loans from the MF volume caps.

During 2025, each Enterprise operated within the \$73 billion cap, excluding workforce housing loans. Overall, Fannie Mae purchased a total of \$73.7 billion in MF loans and Freddie Mac purchased a total of \$76.4 billion. At least half of each Enterprise's MF acquisitions qualified as mission-driven.

Delinquencies in the MF portfolios of both Enterprises rose, with small-balance, adjustable rate, and senior living loans continuing to exhibit elevated levels of delinquencies. The Enterprises must each improve the management of risks in their respective MF portfolios.

Nonbank mortgage seller/servicers continue to gain market share. They accounted for most of the mortgages sold to the Enterprises in 2025 and provided servicing for millions of homeowners. As a result of this continued concentration and the increasing risk profile of nonbank mortgage seller/servicers, the Enterprises'

counterparty exposures require continued monitoring.

Management

Agency examiners assess the effectiveness of management's efforts to identify, measure, monitor, communicate, and control the risks of Enterprise activities. In addition, examiners evaluate management's compliance with applicable laws and regulations. Generally, in 2025, Enterprise management teams executed strategic objectives and addressed previous issues identified by the Agency.

Fannie Mae's management practices related to market risk, liquidity risk, internal audit, and senior management oversight were generally satisfactory. However, the Agency identified several areas that require further improvement, including in the areas of MF risk management, counterparty risk management, and operations risk management. Management continued to make progress in the areas of model risk management and enterprise risk management (ERM).

Freddie Mac generally demonstrated sound management oversight of its liquidity, market, and compliance risks. The company's internal audit function also performed satisfactorily. However, the Agency identified several areas needing further improvement: MF risk management,

model risk oversight, and the effectiveness of ERM. Freddie Mac continued strengthening its ability to identify, monitor, and control risks associated with SF acquisitions and SF servicing.

U.S. FinTech's board of managers and senior management generally exhibited sound governance practices. However, in the light of new business initiatives, U.S. FinTech should continue to strengthen its risk management processes.

Earnings, Liquidity, and Sensitivity to Market Risk

When reviewing Enterprise earnings, Agency examiners consider the quantity, trend, sustainability, and quality of earnings (e.g., the adequacy of provisions for loan losses and other valuation allowance accounts). Liquidity examinations, meanwhile, include assessing the current level and prospective sources of liquidity compared to funding needs, as well as the adequacy of funds management practices relative to the Enterprise's size, complexity, and risk profile. Examination of sensitivity to market risk includes assessing the ability of management to identify, measure, monitor, and control exposure to market risk given the Enterprise's size, complexity, and risk profile. This work entails assessing the Enterprise's adherence to risk limits set by its board of directors for a variety of risk metrics related to liquidity, market, and

other risks.

In 2025, both Enterprises continued to exhibit relatively stable income that reduced their accumulated deficits of retained earnings and enabled them to continue building their net worths. However, at their respective earnings levels, neither Enterprise will resolve their insufficient capital positions in the near term. Each Enterprise maintained a substantial portfolio of high-quality liquid assets and reliable access to funding, with acceptable terms, to meet immediate and anticipated liquidity needs. While the Enterprises expanded term and mortgage-backed securities investments, market risk metrics were within board-approved limits.

Operational Risk

When assessing operational risk management, Agency examiners consider an Enterprise's exposure to loss from inadequate or failed internal processes or systems, such as information technology, and from failure to respond adequately to external threats, such as fraud or cyberattacks.

In 2025, Fannie Mae continued to address operational risk matters related to technology, third parties, and models. The Enterprise made progress in addressing needed improvements in model risk management, and these multi-year

remediation efforts are near completion. However, Fannie Mae’s exposure to information security risk persisted because of both elevated levels of cyber threats and opportunities for improvement in information security risk management.

Freddie Mac improved operational resiliency and data governance and continued to work on matters related to information technology, data management, and model risk.

U.S. FinTech continued improving operational efficiency by strengthening practices in the areas of information security, operational resiliency, data management, and third-party risk management.

REPORTS OF ANNUAL EXAMINATIONS FOR THE FEDERAL HOME LOAN BANKS

In 2025, the Agency continued its supervision and oversight to ensure the FHLBanks operate in a safe and sound

manner and focus on their statutory role of providing stable and reliable liquidity to their members and supporting housing and community development. The FHLBanks fulfill these objectives by making available products and services — including but not limited to secured loans known as advances — that enable their members and housing associates to finance both housing for consumers of all income levels and community lending.³

Historically, the FHLBanks have provided liquidity principally by issuing short- and long-term advances, which members and housing associates use to support their own lending operations. Advances are secured by eligible collateral, which includes residential mortgage loans, commercial real estate loans, and government and agency securities.⁴ In addition, Community Financial Institutions may pledge small business, small farm, small agri-business, and community development loans as collateral for advances.⁵ The FHLBanks also provide liquidity by purchasing from their members mortgage loans that qualify as Acquired Member Assets (AMA).⁶

3 Certain eligible non-members, referred to in FHFA regulations as “housing associates,” have limited access to FHLBank advances (excluding Community Investment Program (CIP) advances). See 12 U.S.C. §§ 1430(i), 1430b; 12 CFR part 1264. Most housing associates are state or local housing finance agencies.

4 See 12 U.S.C. §§ 1430(a)(3).

5 As defined in the Bank Act, the term Community Financial Institution (CFI) means a member, the deposits of which are insured under the Federal Deposit Insurance Act, that has average total assets over the last three years at or below an established threshold. For calendar year 2025, the CFI asset threshold was \$1.5 billion. See 90 FR 3865. The threshold for 2026 is \$1.541 billion. See 91 FR 144.

6 See 12 CFR part 1265.

The Agency requires each FHLBank’s board of directors to adopt, maintain, and periodically review a strategic business plan describing “how the significant business activities of the regulated entity will achieve its mission and public purposes.”⁷ The Agency has provided the FHLBanks with guidance on developing their strategic plans.

The Agency determines whether each FHLBank is meeting its objectives by calculating the ratio of its advances plus AMA to its outstanding consolidated obligations, less U.S. Treasury obligations that qualify as “high-quality liquid assets.”⁸

The Agency calculates that ratio for each FHLBank every year using annual average par values, as reported by the FHLBanks. The Agency prefers these ratios all exceed 70 percent. The Agency expects any FHLBank with a ratio markedly below 70 percent to include in its business plan a thorough strategy for making improvements.

In 2025, the ratio of advances plus AMA to consolidated obligations totaled 71.9 percent for the entire FHLBank System, down from 74.1 percent in 2024. Nine of the eleven FHLBanks had a ratio that exceeded the Agency’s 70 percent threshold. One FHLBank had a ratio

exceeding 75 percent, five FHLBanks had ratios exceeding 72 percent, and three FHLBanks had ratios between 70 percent and 72 percent. The remaining two FHLBanks had ratios below 70 percent, at 68.9 percent and 69.2 percent.

Overview of the FHLBank System’s Financial Condition

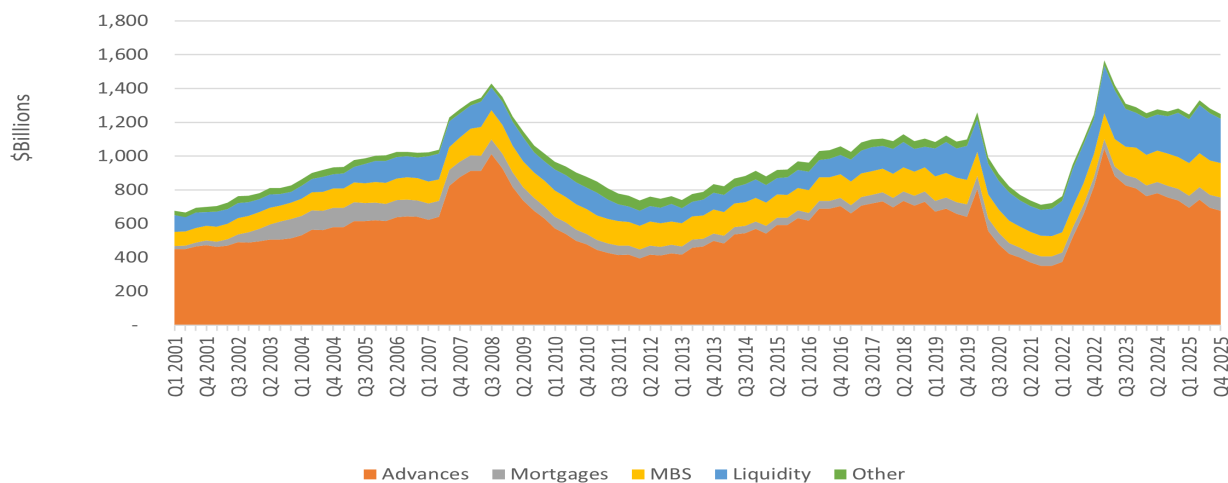
The FHLBank System’s total assets were \$1.25 trillion on December 31, 2025, down from \$1.28 trillion at year-end 2024. The FHLBanks reported aggregate net income of \$5.7 billion in 2025, down from \$6.4 billion in 2024. The FHLBanks remained adequately capitalized during all of 2025 and at year-end they held the highest retained earnings balance in their history.

Aggregate asset levels decreased in 2025, driven by several asset classes. Advance balances continued to trend downward through 2025, declining by \$60.0 billion or 8.1 percent, to \$676.7 billion at year end. Four FHLBanks reported growth in advances in 2025, up from three FHLBanks in 2024. The overall decline in advance balances was offset by growth in cash and investments of \$16.1 billion, or 3.4 percent, and growth in mortgage loan portfolios of \$9.6 billion, or 13.8 percent, as new purchases outpaced paydowns during the year.

7 See 12 CFR 1239.14.

8 Ibid.

Figure 4: Historical Portfolio of the FHLBank System



Source: FHFA's Call Report System

At year-end, 54.2 percent of the FHLBanks' total assets were advances, 38.8 percent were cash and investments, and 6.3 percent were mortgage loans. Figure 4 shows the size and composition of the entire asset portfolio of the FHLBank System over the past quarter century.

The FHLBanks operate both on-balance sheet and off-balance sheet programs through which members can sell mortgage loans. Under their AMA programs, participating FHLBanks acquire and hold (on their balance sheets) conforming loans and loans guaranteed or insured by a department or agency of the U.S. government.⁹ The AMA programs are

structured such that the FHLBank manages a loan's interest rate risk, while the participating member manages a substantial portion of the risks associated with originating the mortgage loan, including a significant portion of the credit risk. Through the three existing AMA programs — Mortgage Partnership Finance (MPF), Mortgage Purchase Program (MPP), and Mortgage Asset Program (MAP) — FHLBanks offer various products to members with differing credit risk-sharing structures.

The FHLBanks held \$79.2 billion of mortgage loans on their balance sheets as of December 31, 2025, up from \$69.6 billion at year-end 2024, after having made a total of

⁹ Conforming loans are single-family mortgages with origination balances below a specific amount, known as the "conforming loan limit" (CLL) value. These loans are eligible for purchase by Fannie Mae and Freddie Mac. The Agency sets the CLL annually and it varies geographically using guidelines specified in the Housing and Economic Recovery Act of 2008 and modified in subsequent legislation.

\$17.6 billion of mortgage purchases during the year.¹⁰

Through the off-balance sheet mortgage programs in operation through 2025, FHLBank members sold mortgages to the FHLBank of Chicago. The FHLBank then moves those mortgages off balance sheet in different ways. With MPF Xtra, the FHLBank of Chicago concurrently sells the loans to Fannie Mae. With MPF Government MBS, the FHLBank pools the loans into securities guaranteed by the Government National Mortgage Association (Ginnie Mae). In 2025, FHLBank members delivered \$603 million of mortgage loans through MPF Xtra. Members also delivered \$162 million of mortgage loans through MPF Government MBS.

The FHLBanks meet their liquidity mission by holding pre-positioned overnight money market instruments and certain Treasury securities that may be used to fund member advance and AMA purchase requests. The FHLBanks also have a well-developed debt issuance franchise that may be accessible to meet member liquidity demand. The Agency has implemented a robust regulatory and supervisory framework so the FHLBanks can meet their obligations and function as a liquidity provider to their members during stressed market conditions. On average in 2025, the FHLBanks maintained

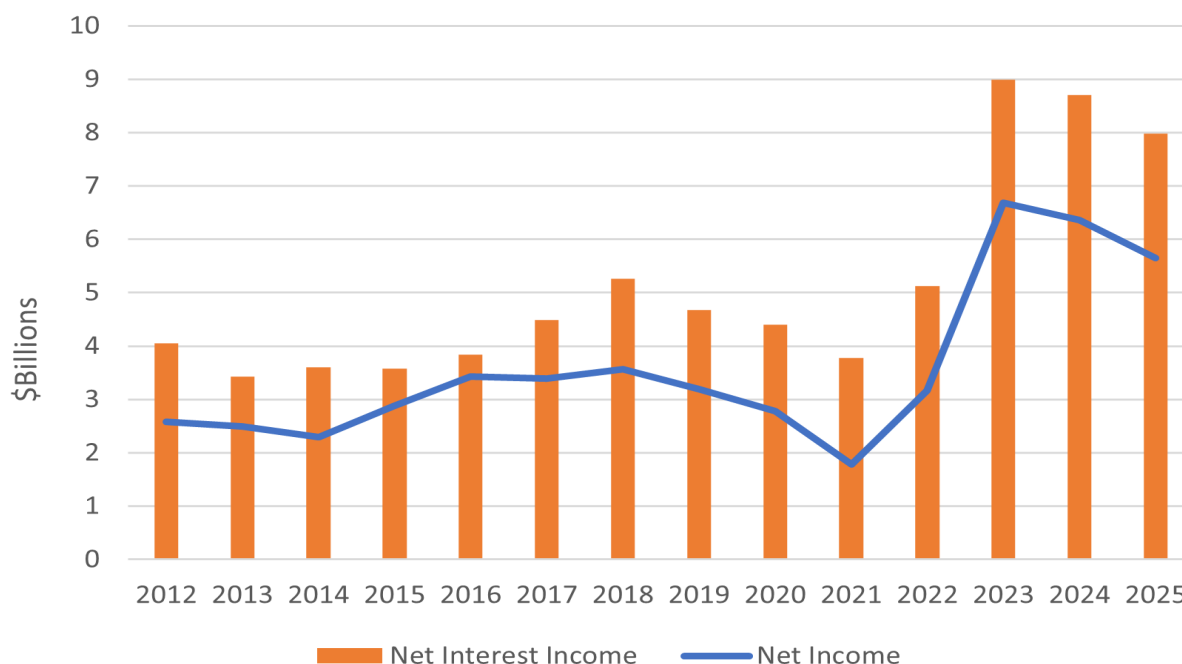
\$246.7 billion in liquidity holdings, which included \$190.5 billion in overnight money market instruments and \$56.2 billion in Treasury securities. These liquidity holdings could facilitate the origination of \$106.6 billion in new advances and the renewal of \$45.9 billion in maturing advances while maintaining the minimum number of positive cash flow days as prescribed by the Agency.

At year-end 2025, the aggregate investment portfolio of the FHLBanks totaled \$221.1 billion. Primary holdings were \$202.2 billion in MBS, which are mostly collateralized by Fannie Mae and Freddie Mac. Other holdings included \$2.7 billion in securities issued by state and local housing finance agencies and \$4.6 billion in Treasury securities not included within liquidity holdings.

The FHLBanks' standby letters of credit portfolio increased \$12.9 billion over 2025 to \$232.8 billion at year-end. Standby letters of credit are often used by members to secure public unit deposits, which are demand deposits controlled by municipalities or political subdivisions (e.g., school districts, sanitation districts, municipal subdivisions). A member may take out an advance to cover its obligation to repay the funds to the FHLBank if the beneficiary (e.g., the municipality) needs to

¹⁰ Mortgage purchases include premiums and discounts. As a result, this amount will not align with the unpaid principal balance of new mortgage acquisitions.

Figure 5: Annual FHLBank Net Interest Income and Net Income



Source: FHFA's Call Report System

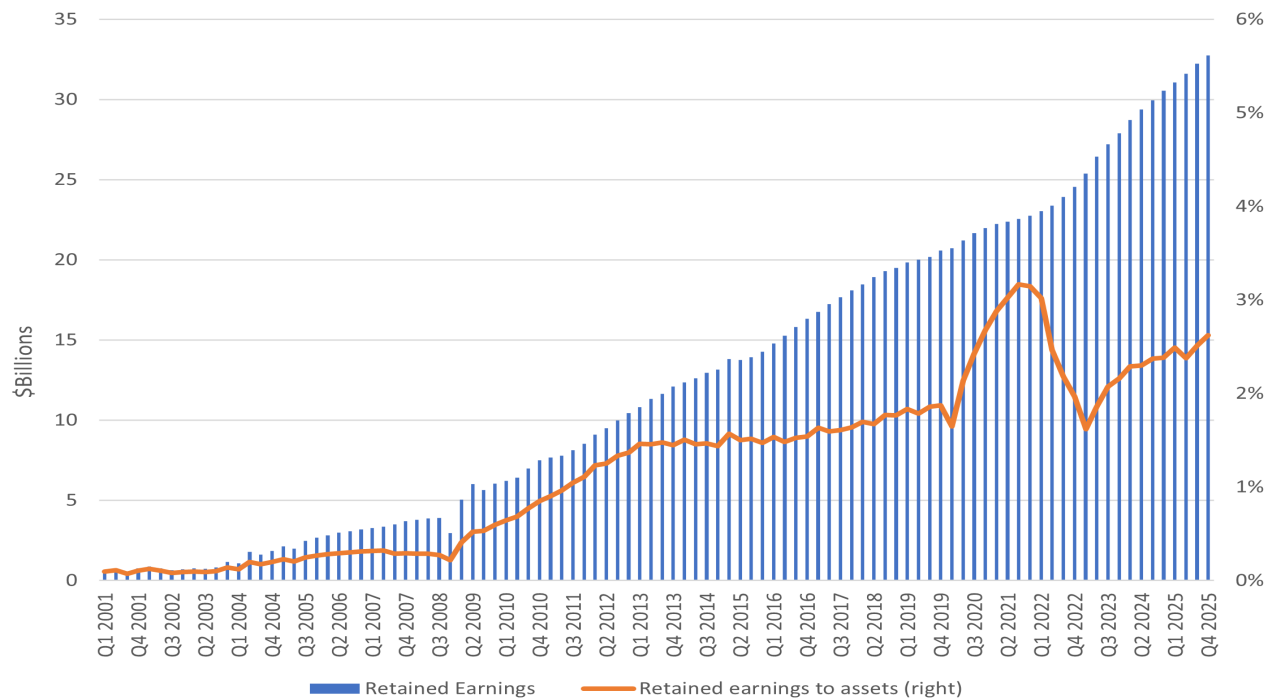
request payment under the standby letter of credit; however, beneficiaries rarely request payment through FHLBank standby letters of credit.

Consolidated obligations at the FHLBanks totaled \$1.15 trillion and consisted of \$714.1 billion of bonds (62.2 percent) and \$433.2 billion of discount notes (37.8 percent).

In 2025, all FHLBanks were profitable, earning combined net income of \$5.7 billion. However, net income decreased \$713 million year-over-year. In 2025, levels of earning assets and interest rates both continued to come down, compared to 2023 and 2024, driving a \$723 million decrease in net interest income (Figure

5). Non-interest income declined by \$18 million which was coupled with non-interest expense growth of \$56 million year-over-year.

The aggregate return on assets was 0.44 percent in 2025, down from 0.49 percent in 2024. The aggregate return on equity was 7.58 percent, down from 8.71 percent. Continued profitability enabled retained earnings growth, and aggregate retained earnings reached an all-time high of \$32.7 billion, or 2.6 percent of assets, at the end of 2025. By comparison, the \$30.6 billion of retained earnings the prior year was 2.4 percent of assets. Retained earnings growth outpaced asset growth, increasing the ratio of retained earnings to assets and reducing risk to taxpayers. By comparison, at year-

Figure 6: Retained Earnings of the FHLBanks

Source: FHFA's Call Report System

end 2008 during the financial crisis, the FHLBanks held only \$3.0 billion of aggregate retained earnings, representing just 0.2 percent of assets (Figure 6).

In addition to retained earnings, the FHLBanks' aggregate regulatory capital at year-end 2025 also consisted of \$41.5 billion of capital stock, of which \$0.5 billion was mandatorily redeemable capital stock (MRCS).

Comparisons

The size and composition of FHLBank assets varied across the System. Individual FHLBanks ranged from total assets of \$68.8 billion to \$186.5 billion as of December 31, 2025. The ratio of advances to assets ranged from 43.3 percent to 64.9 percent. The ratio

of mortgage loans to assets was 6.3 percent overall, ranging between 0.1 percent and 14.4 percent. The ratio of market value to par value of capital stock was above 100 percent at each FHLBank.

Financial performance across the System was sound overall, yet several indicators varied from FHLBank to FHLBank. Net income ranged from \$226.6 million to \$881.1 million, while return on assets ranged from 0.30 percent to 0.52 percent. At the aggregate level, FHLBank operating expenses made up 19.0 percent of net interest income.

Figures 7 and 8 show various balance-sheet and income performance indicators, respectively, for the System and for each of the 11 FHLBanks.

Figure 7: FHLBank Selected Balance Sheet Items and Ratios

Balance Sheet (\$Billions)	SYS ^a	BOS	NYK	PIT	ATL	CIN	IND	CHI	DSM	DAL	TOP	SFR
Total Assets - \$	1,247.623	68.813	156.545	73.317	146.236	129.405	86.260	141.202	186.499	108.512	77.505	73.329
Advances - % of Assets	54.2%	56.3%	59.0%	50.2%	64.9%	54.2%	45.9%	43.3%	59.1%	46.8%	56.3%	52.1%
% of Advances with remaining maturity < 1 year	57.6%	61.4%	70.3%	63.3%	71.4%	51.3%	38.1%	53.0%	48.9%	44.1%	61.9%	59.7%
Mortgages - % of Assets	6.3%	6.2%	1.7%	7.1%	0.1%	6.7%	14.4%	10.4%	7.8%	6.0%	12.1%	0.9%
Cash and Investments - % of Assets	38.8%	36.6%	38.8%	41.7%	34.2%	38.7%	38.8%	45.8%	32.7%	46.7%	30.7%	46.3%
MBS Investments - % of Assets	16.2%	15.6%	13.1%	18.3%	18.9%	15.5%	16.0%	16.9%	14.5%	17.4%	15.0%	20.1%
MBS to regulatory capital ratio	2.79	2.87	2.60	2.95	3.21	3.07	2.95	2.95	2.64	2.87	2.73	2.03
Liquidity - % of Assets	21.1%	20.0%	24.1%	21.8%	15.1%	21.3%	21.0%	25.1%	16.9%	27.8%	15.6%	25.5%
Consolidated Obligations - \$	1,147.297	63.626	144.486	67.492	133.641	120.775	79.677	129.474	173.869	98.071	71.857	64.328
Discount Notes - % of COs	37.8%	33.3%	52.6%	24.7%	33.2%	25.8%	34.4%	41.1%	48.7%	41.0%	29.7%	26.5%
% of COs with remaining maturity < 1 year	76.5%	72.1%	80.6%	82.3%	89.1%	76.4%	65.9%	71.7%	71.1%	80.1%	71.1%	77.5%
Regulatory Capital Ratio	5.95%	5.70%	5.13%	6.21%	5.88%	5.06%	5.54%	6.56%	5.54%	6.06%	5.52%	9.98%
Retained Earnings - \$	32.740	1.980	2.615	2.246	2.993	1.995	1.798	5.664	3.797	3.227	1.764	4.662
Market Value of Equity as a Percent of Capital Stock	180%	188%	150%	199%	152%	135%	161%	268%	163%	202%	166%	283%

a Excludes interbank adjustments and eliminations on a combined basis.

Source: FHFA's Call Report System

Figure 8: FHLBank Selected Income Statement Items and Ratios

\$ Millions	SYS ^a	BOS	NYK	PIT	ATL	CIN	IND	CHI	DSM	DAL	TOP	SFR
Net Income - \$	5,646	227	600	418	602	575	324	654	881	583	380	403
Return on Assets	0.44%	0.30%	0.37%	0.46%	0.38%	0.42%	0.39%	0.47%	0.47%	0.52%	0.47%	0.52%
Return on Equity	7.58%	5.89%	7.25%	8.47%	6.90%	8.45%	7.46%	7.18%	8.71%	8.35%	9.12%	5.59%
Net Interest Income (NII) - \$	7,981	377	852	622	857	768	517	951	1,149	762	540	585
Net Interest Spread	0.36%	0.24%	0.31%	0.44%	0.30%	0.33%	0.39%	0.40%	0.38%	0.39%	0.44%	0.37%
Yield on Advances	4.62%	4.50%	4.67%	4.75%	4.57%	4.66%	4.65%	4.57%	4.70%	4.62%	4.59%	4.45%
Yield on Investments	4.62%	4.48%	4.20%	4.65%	4.62%	4.50%	4.84%	4.79%	4.60%	4.71%	4.72%	4.92%
Yield of Mortgage Loans	4.21%	4.35%	3.98%	3.90%	5.30%	3.63%	4.30%	4.24%	4.57%	4.55%	4.04%	3.01%
Cost of Funds on COs	4.24%	4.25%	4.18%	4.22%	4.29%	4.22%	4.27%	4.22%	4.29%	4.26%	4.13%	4.26%
Operating Expenses to NII	19.0%	23.0%	25.8%	17.3%	16.9%	12.8%	21.2%	25.6%	12.8%	15.1%	15.3%	27.1%

a Excludes interbank adjustments and eliminations on a combined basis.

Source: FHFA's Call Report System

Figure 9: FHLBank Membership

	SYS	BOS	NYK	PIT	ATL	CIN	IND	CHI	DSM	DAL	TOP	SFR
Total Members	6,386	419	330	282	781	599	354	637	1,227	779	651	327
Commercial Banks	3,506	51	108	131	446	340	143	444	902	551	538	140
Credit Unions	1,642	158	108	71	250	149	146	101	273	136	91	159
Saving Associate	261	20	24	15	32	54	14	25	25	24	20	8
Savings Bank	272	111	32	31	14	15	6	28	9	25	0	1
Insurance Companies	622	85	57	48	62	58	43	72	75	68	30	24
Non-depository CDFIs	83	2	9	3	17	7	5	9	7	9	4	11
Ten Largest Borrowers - % of Advances		42.9%	69.3%	77.3%	72.3%	77.0%	61.1%	52.2%	60.5%	55.5%	68.5%	60.7%

Based on FHLBank data as of Q4 2025

Membership

The FHLBanks had a total of 6,386 members at year-end 2025 (Figure 9), down from 6,484 at year-end 2024. The reduction was primarily due to increased mergers and liquidations, particularly among commercial banks. Membership at the individual FHLBanks ranged from 282 to 1,227 members.

Aggregate membership across the FHLBank System consisted of 3,506 commercial banks, 1,642 credit unions, 622 insurance companies, 533 savings institutions, 83 non-depository community development

financial institutions (CDFIs), and 72 housing associates. At year end, 51.5 percent of active FHLBank members had a balance of outstanding advances. At each of the FHLBanks of Pittsburgh, Atlanta, and Cincinnati, more than 70 percent of total advances were attributable to the FHLBank’s 10 largest borrowers. Commercial banks accounted for 50.2 percent of member advances at the end of 2025, down from 52.2 percent of advances at the end of 2024. Conversely, the share of advances attributable to insurance companies increased to 26.5 percent, from 22.2 percent, of total advances over the same period.



Figure 10: Map of the Federal Home Loan Bank System

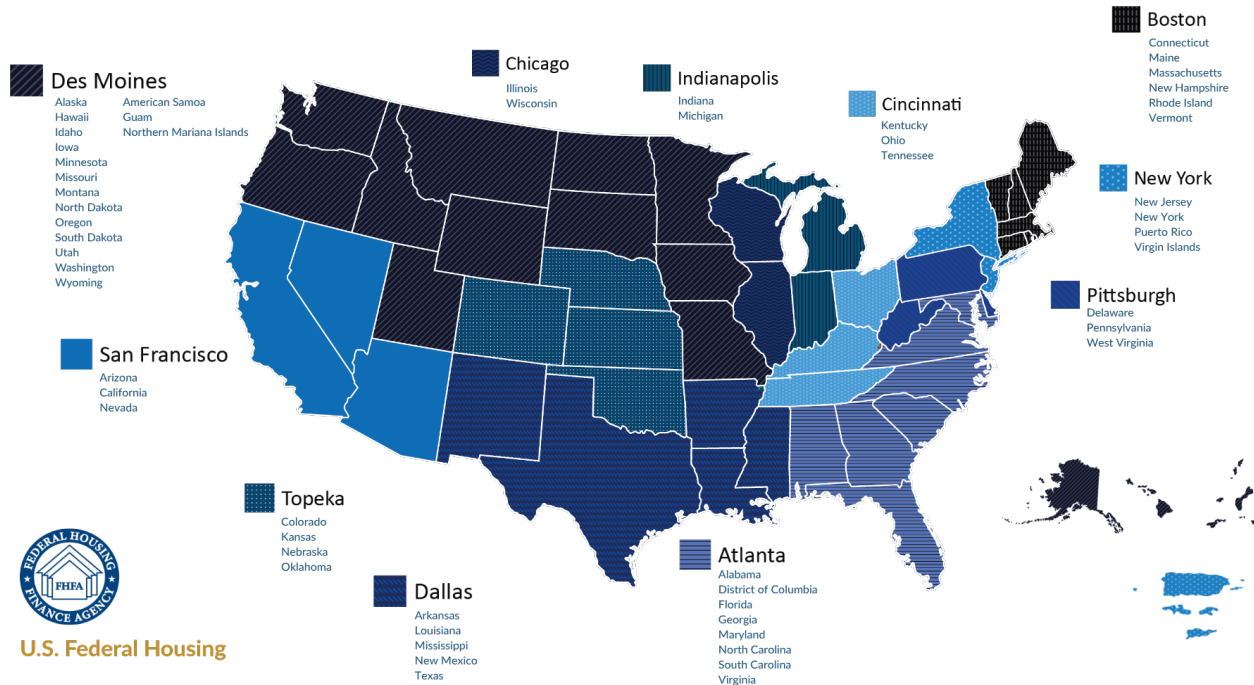


Figure 10 shows a map of the 11 geographic FHLBank districts.

Overview Of Annual Examination Results

District 1: The Federal Home Loan Bank of Boston

At the time of its July 2025 examination, the overall condition and operations of the FHLBank of Boston were satisfactory. The FHLBank had satisfactory earnings and capital, along with sufficient liquidity levels to support operations and meet member advance demand. Credit risk was low overall relative to the FHLBank’s capital position with satisfactory member creditworthiness. Management and board of director oversight was adequate. Operational risk

improved since the prior examination because of enhancements in payment system operations. Primary examination concerns included investigation processes, material adverse event processes, vulnerability management, and model risk management. The FHLBank continues to execute its AHP program as required by statute.

District 2: The Federal Home Loan Bank of New York

At the time of its April 2025 examination, the overall condition and operations of the FHLBank of New York were satisfactory. Management and board of director oversight of credit risk practices was satisfactory as the FHLBank adequately addressed weaknesses identified during

previous examinations. The FHLBank's financial performance was satisfactory with earnings and capital levels sufficient to support operations. Management of the FHLBank's market and operational risks was generally adequate with a strong liquidity position. Primary examination concerns were related to unsecured credit exposure practices and inadequate separation of information technology systems. The FHLBank continues to execute its AHP program as required by statute.

District 3: The Federal Home Loan Bank of Pittsburgh

At the time of its October 2025 examination, the overall condition and operations of the FHLBank of Pittsburgh were satisfactory. The FHLBank had satisfactory earnings and strong capital and liquidity to support operations and meet member advance demand. Oversight by the board of directors and senior management was satisfactory. The FHLBank's oversight of credit risk, operational risk, and sensitivity to market risk was also satisfactory. Primary examination concerns encompassed succession planning, ethics oversight, and privileged access management. The FHLBank continues to execute its AHP program as required by statute.

District 4: The Federal Home Loan Bank of Atlanta

At the time of its January 2025 examination, the overall condition and operations of the FHLBank of Atlanta were satisfactory. The FHLBank had satisfactory capital and earnings, along with sufficient liquidity levels to support operations and meet member advance demand. Management of market risk and operational risk was satisfactory. Board of director and senior management oversight was adequate overall, although credit risk management practices needed improvement. Primary examination concerns included member credit and collateral risk management practices. Other examination concerns related to deficiencies with membership practices and vendor management. The FHLBank continues to execute its AHP program as required by statute.

District 5: The Federal Home Loan Bank of Cincinnati

At the time of its January 2025 examination, the overall condition and operations of the FHLBank of Cincinnati were satisfactory. The FHLBank had satisfactory earnings and capital, along with sufficient liquidity levels to support operations and meet member advance demand. Board of director and senior management oversight was also satisfactory as the FHLBank adequately addressed AMA program deficiencies

identified during previous examinations. Primary examination concerns were related to vulnerability management, privileged access management, and strategic business plan goals and reporting. The FHLBank continues to execute its AHP program as required by statute.

District 6: The Federal Home Loan Bank of Indianapolis

At the time of its July 2025 examination, the overall condition and operations of the FHLBank of Indianapolis were satisfactory. The FHLBank had sufficient capital and earnings, satisfactory market risk and operational risk profiles, and a strong liquidity position. Board of director and senior management oversight was adequate overall, although credit and collateral risk management practices needed improvement. Primary examination concerns encompassed the FHLBank's member risk rating and escalation framework, collateral risk management practices, member adverse event processes, artificial intelligence governance, and model and end-user computing application risk management. The FHLBank continues to execute its AHP program as required by statute.

District 7: The Federal Home Loan Bank of Chicago

At the time of its April 2025 examination, the overall condition of the FHLBank of Chicago was satisfactory. The FHLBank had strong capital and earnings, with adequately controlled market risk and a sufficient liquidity position, though operational risk remained elevated. Asset quality was satisfactory. In its role as MPF Provider, the FHLBank adequately managed the MPF program on behalf of participating FHLBanks. Operational risk management was a primary examination concern, particularly the FHLBank's complex core banking system, which presented challenges to efficient and reliable operations. The FHLBank continues to execute its AHP program as required by statute.

District 8: The Federal Home Loan Bank of Des Moines

At the time of its September 2025 examination, the overall condition and operations of the FHLBank of Des Moines were satisfactory. Oversight by the board of directors and management remained adequate. The FHLBank's financial condition was satisfactory, with strong earnings performance, a sound liquidity position, and satisfactory capital management. The risk profile remained adequate, with satisfactory asset quality, sensitivity to market risk, and operational risk. Primary

examination concerns included collateral risk management and identity and access management controls. The FHLBank continues to execute its AHP program as required by statute.

District 9: The Federal Home Loan Bank of Dallas

At the time of its September 2025 examination, the overall condition of the FHLBank of Dallas was satisfactory. The FHLBank had strong earnings, capital, liquidity, and oversight of its sensitivity to market risk. Board and senior management oversight remained satisfactory, with adequate risk management practices. The FHLBank's asset quality was satisfactory with overall low credit risk. Operational risk improved from prior examinations due to successful implementation of the FHLBank's core banking system and decommissioned legacy systems. Primary examination concerns were related to member credit risk management, red flag advance monitoring, internal audit validation of examination findings, compliance program activities, and information security practices. The FHLBank continues to execute its AHP program as required by statute.

District 10: The Federal Home Loan Bank of Topeka

At the time of its January 2025 examination, the overall condition and operations of

the FHLBank of Topeka were satisfactory. Board of director and senior management oversight of the FHLBank remained satisfactory. The FHLBank had satisfactory earnings and capital to support operations. The FHLBank's liquidity position was strong, and sensitivity to market risk practices remained satisfactory. Asset quality was satisfactory with overall low credit risk. Primary examination concerns included collateral exception governance and market risk management. The FHLBank continues to execute its AHP program as required by statute.

District 11: The Federal Home Loan Bank of San Francisco

At the time of its July 2025 examination, the overall condition of the FHLBank of San Francisco was less than satisfactory. Oversight of the FHLBank's member credit risk management continued to need improvement, although the board of directors and senior management made progress in addressing credit risk management concerns identified during previous examinations. The FHLBank's capital and liquidity were strong, sensitivity to market risk was well-controlled, and earnings and operational risk were satisfactory. Primary examination concerns were related to external provider personnel security requirements and background checks. The FHLBank continues to execute its AHP program as required by statute.

Office of Finance

At the time of its April 2025 examination, the overall condition and operations of the OF were satisfactory. Oversight by the board of directors and senior management was satisfactory, and operational risk management was adequate. Primary examination concerns included external provider personnel security requirements.

FHLBank Directors' Compensation and Expenses

The FHLBanks are governed by boards of directors, which ranged in size from 13 to 22 directors in 2025. The Bank Act requires the majority of an FHLBank's directors to be member directors (meaning officers or directors of member institutions) and at least 40 percent to be independent directors.

Independent directors must reside in the district of the FHLBank they serve. However, they cannot be officers of the FHLBank, nor can they be directors, officers, or employees of a member of the FHLBank. OF's board comprises five independent directors and all 11 FHLBank presidents. The FHLBank presidents do not receive compensation for their service on the OF board. Each of the 11 FHLBanks and OF provides the Agency with a Director Compensation Policy (Policy), which establishes the maximum compensation

for each director, the criteria for each director to receive that compensation, and the timing of payments for the upcoming year. The Agency reviews each Policy to assess the reasonableness of the proposed maximum compensation, weighing factors such as director compensation at peer institutions, third-party market data, and whether the Policy includes a provision to reduce compensation when a director fails to attend a sufficient number of meetings or generally to be a contributing board member. For 2025, each FHLBank and OF submitted to the Agency reports of attendance and compensation paid to their directors. The FHLBanks and the OF reduced director compensation for nonattendance or failure to contribute in accordance with their 2025 Policies.

Figure 11 shows the approved maximum compensation amounts in 2025 for the listed board positions at each FHLBank and the OF. Included in director compensation are payments for certain expenses incurred by a director's spouse or guest. Spouse and guest payments include travel expenses reimbursed to the director and the cost per attendee of group events offered to directors and their guests in conjunction with a meeting. The Agency also reviews these expenses for reasonableness.

Figure 11: 2025 Annual Maximum Compensation for FHLBank Directors

Federal Home Loan Bank	Chair	Vice Chair	Audit Committee Chair	HR/Risk Committee Chair	Other Committee Chairs	Directors
Atlanta	\$160,000	\$142,000	\$137,000	\$135,000	\$130,000	\$123,000
Boston	\$155,000	\$130,000	\$130,000	\$130,000	\$130,000	\$120,000
Chicago	\$165,000	\$142,000	\$137,000	\$137,000	\$130,000	\$123,000
Cincinnati	\$160,813	\$138,000	\$137,000	\$135,000	\$130,210	\$123,000
Dallas	\$156,277	\$140,595	\$136,269	\$136,269	\$130,000	\$122,333
Des Moines	\$162,500	\$142,000	\$137,000	\$130,000	\$130,000	\$123,000
Indianapolis ^a	\$155,000	\$138,000	\$137,000	\$130,000	\$130,000	\$123,000
New York ^b	\$156,100	\$138,600	\$130,000	\$130,000	\$130,000	\$123,000
Office of Finance ^c	\$160,000	N/A	\$137,000	\$130,000	\$130,000	\$123,000
Pittsburgh ^d	\$152,000	\$140,000	\$132,000	\$132,000	\$130,210	\$123,000
San Francisco ^e	\$165,000	\$142,000	\$137,000	\$137,000	\$130,000	\$123,000
Topeka ^f	\$160,000	\$140,000	\$130,000	\$130,000	\$130,000	\$123,000
Average	\$158,974	\$139,381	\$134,772	\$132,689	\$130,035	\$122,694
Median	\$160,000	\$140,000	\$137,000	\$131,000	\$130,000	\$123,000

- a Members of the Audit Committee (but not Board Chair, Vice Chair, or Other Chair) for Cincinnati receive \$5,000.
- b Dallas directors who serve as Chairman Chair of the Chairs of the Council of FHLBs receive \$20,000.
- c Any director who serves as Chair of more than one Committee for Indianapolis receives an additional \$10,000
- d The Chair of the Risk Committee for OF receives \$137,000.
- e The compensation at the OF is for independent directors only. The Vice Chair is a FHLBank President.
- f If the Vice Chair from Topeka serves as a committee chair, they receive an additional \$5,000.

Source: 2025 FHLBank Director Expenses Reports filed by the FHLBanks to FHFA on or around January 15, 2026



Figure 12: FHLBank Director Compensation for 2025

Federal Home Loan Bank	Director Compensation Paid in Cash		Director Deferred Compensation		Spouse/Guest Expenses		Total Director Compensation Paid (Cash + Deferred + Spouse/Guest Expenses)	
	Average	Total	Average	Total	Average	Total	Average	Total
Atlanta	\$110,778	\$1,550,886	\$16,814	\$235,400	\$1,903	\$26,636	\$129,494	\$1,812,922
Boston ^a	\$66,249	\$993,733	\$60,656	\$909,833	\$0	\$0	\$126,904	\$1,903,567
Chicago ^b	\$142,692	\$2,568,461	\$14,839	\$267,107	\$392	\$7,047	\$157,923	\$2,842,615
Cincinnati	\$114,664	\$1,949,293	\$16,715	\$284,150	\$1,649	\$28,041	\$133,028	\$2,261,484
Dallas	\$111,554	\$1,784,868	\$17,700	\$283,206	\$1,042	\$16,665	\$130,296	\$2,084,739
Des Moines	\$97,255	\$2,139,600	\$31,586	\$694,900	\$393	\$8,637	\$129,234	\$2,843,137
Indianapolis ^c	\$107,982	\$1,619,735	\$17,333	\$260,000	\$105	\$1,579	\$125,421	\$1,881,314
New York	\$127,774	\$2,427,700	\$0	\$0	\$1,667	\$31,674	\$129,441	\$2,459,374
Office of Finance ^d	\$120,791	\$603,957	\$0	\$0	\$0	\$0	\$120,791	\$603,957
Pittsburgh ^e	\$99,876	\$1,598,014	\$24,495	\$391,916	\$290	\$4,643	\$124,661	\$1,994,573
San Francisco	\$88,039	\$1,144,509	\$45,444	\$590,771	\$184	\$2,390	\$133,667	\$1,737,670
Topeka	\$86,884	\$1,477,020	\$41,352	\$702,980	\$1,147	\$19,507	\$129,383	\$2,199,507
Total (all directors)	\$1,274,538	\$19,857,776	\$286,934	\$4,620,264	\$8,772	\$146,820	\$1,570,244	\$24,624,860
Average	\$106,211	\$1,654,815	\$23,911	\$385,022	\$731	\$12,235	\$130,854	\$2,052,072
Median	\$109,380	\$1,608,875	\$17,517	\$283,678	\$392	\$7,842	\$129,412	\$2,039,656

- a Boston had one director retire on 9/2/25.
- b Chicago had one director resign on 6/5/25.
- c Indianapolis had one director resign on 7/1/25.
- d Office of Finance had one director resign on 9/30/25.
- e Pittsburgh had one director pass away on 3/6/2025.

Source: 2025 FHLBank Director Expenses Reports filed by the FHLBanks to FHFA on or around January 15, 2026 (2025 FHLBank Director Expenses Reports Submitted to US Federal Housing)

Figure 12 contains information on FHLBank directors’ compensation in 2025 and its component parts: compensation paid in cash, compensation deferred, and amounts paid for spouse and guest expenses. In addition to information about director

compensation, the FHLBanks and the OF are required each year to submit expenses incurred by the boards of directors — that the FHLBank either pays directly or reimburses to directors — for review by the Agency.

Figure 13: FHLBank Directors' Expenses in 2025

Federal Home Loan Bank	Board Expenses Attributable to Directors		Director Training Expenses		Other Director Expenses (if any)		Group Expenses	
	Average	Total	Average	Total	Average	Total	Average	Total
Atlanta	\$129,857	\$1,818,000	\$32,254	\$451,551	\$162,111	\$2,269,551	\$4,635	\$64,883
Boston	\$128,333	\$1,925,000	\$11,460	\$171,901	\$139,793	\$2,096,901	\$5,250	\$78,749
Chicago	\$136,158	\$2,450,851	\$21,581	\$388,458	\$157,739	\$2,839,309	\$13,253	\$238,556
Cincinnati	\$131,085	\$2,228,443	\$5,542	\$94,215	\$136,627	\$2,322,658	\$6,959	\$118,300
Dallas	\$130,262	\$2,084,199	\$15,518	\$248,290	\$145,781	\$2,332,489	\$3,632	\$58,108
Des Moines	\$129,141	\$2,841,092	\$16,270	\$357,936	\$145,410	\$3,199,027	\$2,668	\$58,690
Indianapolis	\$128,320	\$1,924,794	\$20,683	\$310,252	\$149,003	\$2,235,045	\$8,910	\$133,644
New York	\$118,249	\$2,246,722	\$12,435	\$236,263	\$130,683	\$2,482,985	\$5,967	\$113,377
Office of Finance ^a	\$120,669	\$603,345	\$16,474	\$179,701	\$137,143	\$783,047	\$10,047	\$160,750
Pittsburgh	\$124,747	\$1,995,951	\$12,038	\$192,612	\$136,785	\$2,188,563	\$19,116	\$305,853
San Francisco	\$125,674	\$1,885,108	\$29,184	\$437,765	\$154,858	\$2,322,873	\$8,400	\$109,202
Topeka	\$130,486	\$2,218,267	\$20,378	\$346,418	\$150,864	\$2,564,685	\$3,609	\$61,351
Total (all directors)	\$1,532,981	\$24,221,771	\$213,817	\$3,415,362	\$1,746,798	\$27,637,133	\$92,444	\$1,501,464
Average	\$127,748	\$2,018,481	\$17,818	\$284,614	\$145,566	\$2,303,094	\$7,704	\$125,122
Median	\$128,737	\$2,040,075	\$16,372	\$279,271	\$145,595	\$2,322,766	\$6,463	\$111,290

a Group expenses for the Office of Finance covers the full board including the 11 FHLBank Presidents.

Source: 2025 FHLBank Director Expenses Reports filed by the FHLBanks to FHFA on or around January 15, 2026

Figure 13 summarizes this information for 2025. Board Expenses Attributable to Directors include all travel-related expenses for which the directors are reimbursed, including transportation, lodging, and food. Director Training Expenses include the costs of external speakers at board meetings, board member attendance at training conferences, and educational materials. Other Director Expenses include the costs of attendance at FHLBank-related events, such as annual member meetings, chair and vice chair meetings, and Council of FHLBanks meetings. Group Expenses include costs

not directly attributable to individuals, such as food and beverages at meetings, audio-visual services, and meeting space rentals.

Figure 14: FHLBank Directors' Total Cost for 2025

Federal Home Loan Bank	Total Director Compensation Paid (Cash + Deferred + Spouse/Guest Expenses)		Total Director Expenses (All expenses including board expenses, training, group and other expenses)		Total Director Cost (Total Compensation + Total Expenses)	
	Average	Total	Average	Total	Average	Total
Atlanta	\$129,494	\$1,812,922	\$29,769	\$416,765	\$159,263	\$2,229,687
Boston ^a	\$126,904	\$1,903,567	\$13,505	\$202,568	\$140,409	\$2,106,135
Chicago ^b	\$157,923	\$2,842,615	\$29,813	\$536,640	\$187,736	\$3,379,255
Cincinnati	\$133,028	\$2,261,484	\$11,856	\$201,555	\$144,885	\$2,463,039
Dallas	\$130,296	\$2,084,739	\$11,883	\$190,126	\$142,179	\$2,274,866
Des Moines	\$129,234	\$2,843,137	\$16,074	\$353,627	\$145,307	\$3,196,764
Indianapolis ^c	\$125,421	\$1,881,314	\$21,757	\$326,360	\$147,178	\$2,207,674
New York	\$129,441	\$2,459,374	\$21,550	\$409,457	\$150,991	\$2,868,831
Office of Finance ^{d,e}	\$120,791	\$603,957	\$20,329	\$212,161	\$141,120	\$816,118
Pittsburgh ^f	\$124,661	\$1,994,573	\$29,535	\$472,561	\$154,196	\$2,467,134
San Francisco	\$133,667	\$1,737,670	\$25,158	\$327,058	\$158,825	\$2,064,728
Topeka	\$129,383	\$2,199,507	\$14,261	\$242,440	\$143,644	\$2,441,947
Total (all directors)	\$1,570,244	\$24,624,860	\$245,491	\$3,891,317	\$1,815,735	\$28,516,177
Average	\$130,854	\$2,052,072	\$20,458	\$324,276	\$151,311	\$2,376,348
Median	\$129,412	\$2,039,656	\$20,940	\$326,709	\$146,243	\$2,358,406

- a Boston had one director retire on 9/2/25.
- b Chicago had one director resign on 6/5/25.
- c Indianapolis had one director resign on 7/1/25.
- d Group expenses for the Office of Finance covers the full board including the 11 FHLBank Presidents.
- e Office of Finance had one director resign on 9/30/25.
- f Pittsburgh had one director pass away on 3/6/2025.

Source: 2025 FHLBank Director Expenses Reports filed by the FHLBanks to FHFA on or around January 15, 2026

Figure 14 summarizes the average and total costs of the directors of each FHLBank and the OF as the sum of compensation and expenses.



OVERSIGHT OF HOUSING MISSION ACTIVITIES

The Enterprises and FHLBanks are both subject to statutory requirements to provide support for certain housing-related activities. Under the Safety and Soundness Act, the Enterprises must set aside a percentage of the UPB on new purchases to support affordable housing and meet SF and MF housing goals established by the Agency. The statute also provides that the Enterprises have a “duty to serve” (DTS) statutorily-defined underserved markets. Meanwhile, the Federal Home Loan Bank Act of 1932 (Bank Act) requires each FHLBank to establish an Affordable Housing Program (AHP) and a Community Investment Program (CIP) to offer advances targeted to finance housing for lower-income households and economic development projects that benefit lower-income areas, as well as meet housing purchase goals.

Through these activities in 2025, the Enterprises and FHLBanks enabled American families to find affordable housing opportunities despite challenging market conditions. The regulated entities completed these activities while operating in a safe and sound manner.

Enterprises

In 2025, the Agency evaluated the Enterprises’ 2024 mortgage purchases to measure their progress in meeting SF and MF housing goals designed to provide housing opportunities to lower-income families and in low-income areas. While Freddie Mac met every one of the goals and subgoals, Fannie Mae failed to meet the very low-income purchase goal.

In 2025, the Agency also evaluated the Enterprises’ 2024 efforts to fulfill their DTS requirements in three underserved markets: manufactured housing, affordable housing preservation, and rural housing. The Agency evaluates the Enterprises’ performance in each market, assigning a rating that indicates the extent each Enterprise complied with its Duty to Serve obligations for each underserved market. Each market receives a rating of Exceeds, High Satisfactory, Low Satisfactory, Minimally Passing, or Fails.

In 2024, Fannie Mae received a minimally passing rating for the manufactured housing market and low satisfactory ratings in both the rural and affordable preservation markets. Freddie Mac received a high satisfactory rating for the manufactured housing market and low satisfactory ratings in both the rural and affordable preservation markets.

Additional details on the Enterprises' housing goals and DTS requirements are provided each year in the Agency's Annual Housing Report, submitted to Congress by October 30 of every year.

Federal Home Loan Banks

Each FHLBank's respective AHP provides subsidized advances and grants to families and housing projects for the purchase, construction, or rehabilitation of owner-occupied and affordable rental housing. In 2025, the FHLBanks approved approximately \$718 million in AHP funds to assist over 42,000 low- or moderate-income households, including over 21,000 very low-income households. Through the Homeownership Fund, which provides down payment, closing costs, counseling, or rehabilitation assistance to eligible families, the FHLBanks provided \$247 million in funding, supporting over 16,000 families.

In 2025, the FHLBanks also provided approximately \$8.4 billion combined through the Community Investment Program (CIP) and the Community Investment Cash Advance (CICA) program. Through the CIP, the FHLBanks funded \$5.5 billion in targeted housing and economic development advances in 2025, which assisted over 27,000 low- to moderate-income families. FHLBank members receive

CICA advances to support economic development investment in designated redevelopment areas or other lower-income areas. In 2025, CICA programs provided \$2.9 billion in funding.

In 2025, the Agency evaluated the FHLBanks' 2024 mortgage purchases to determine whether they met annual affordable housing goals in their respective AMA programs. Of the nine FHLBanks that had active AMA programs in 2024, all except the FHLBank of Cincinnati met the mortgage purchase goal. All nine FHLBanks met the community-based user goal.

Additional details on the FHLBanks' support of affordable housing and community development activities are provided in the Agency's annual report on Mission Activities of the FHLBanks.

Enterprises' Affordable Housing Allocations

To support affordable housing, the Safety and Soundness Act requires the Enterprises to set aside in each fiscal year an amount equal to 4.2 basis points (0.042 percent) for every dollar of unpaid principal balance on total new business purchases in the prior year.¹¹ Of the amount set aside, the Enterprises must transfer 65 percent to the Housing Trust Fund, which is overseen

¹¹ Under HERA, FHFA is statutorily authorized to temporarily suspend an Enterprise's affordable housing allocations, generally based on the financial condition of the Enterprise.

Figure 15 : Affordable Housing Allocation Payments

Affordable Housing Allocation Payments (Dollars in millions)												
Enterprise	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Fannie Mae	\$217	\$268	\$239	\$215	\$280	\$603	\$598	\$287	\$155	\$160	\$172	\$3,194
Freddie Mac	\$165	\$187	\$175	\$162	\$222	\$491	\$540	\$258	\$146	\$173	\$195	\$2,714
Total	\$382	\$455	\$414	\$377	\$502	\$1,094	\$1,138	\$545	\$301	\$333	\$367	\$5,908

Source: Fannie Mae 2025 Annual Report on Form 10-K, Freddie Mac 2025 Annual Report on Form 10-K, US Federal Housing Data

by the U.S. Department of Housing and Urban Development. They must transfer 35 percent to the Capital Magnet Fund, which is overseen by the U.S. Department of the Treasury.¹² The Housing Trust Fund allocates funding annually to states and state-designated entities to produce or preserve affordable housing through the acquisition, new construction, reconstruction, and/or rehabilitation of non-luxury housing.¹³ The Capital Magnet Fund competitively awards funds to finance affordable housing activities, related economic development activities, and community service facilities.

Figure 15 shows the total amounts paid by each Enterprise into these Funds each year from 2016 through 2026. In 2025, the Enterprises made \$333 million in affordable housing allocation payments for purchases in 2024, and in February 2026 they contributed \$367 million for purchases in 2025.

ENTERPRISE NEW PRODUCTS

The Safety and Soundness Act requires the Enterprises to provide advance notice to the Agency before undertaking a new activity and to obtain prior Agency approval before offering a new product to the market. Under the statute, the Agency must review certain new Enterprise activities to determine which are in the public interest and therefore subject to Agency approval as a new product.¹⁴ Before making a determination on a new product request, the Agency must provide the public with notice of the request, including a 30-day comment period. The Safety and Soundness Act also specifies the factors the Agency must consider in acting on a new product proposal.

The Prior Approval for Enterprise Products regulation implements these statutory requirements and establishes a process for identifying new activities and new products. Under the regulation, a new product is any

12 See 12 U.S.C. § 4567(a).

13 See 12 U.S.C. § 4568.

14 See 12 U.S.C. § 4541.

new activity that the Agency determines requires notice and comment about whether it is in the public interest.

The statute and the regulation are intended to provide public transparency about certain Enterprise activities that could have a significant impact on the U.S. housing finance system, market participants, and the broader economy. The regulation formalizes the Agency’s commitment to “make public information related to the Director’s determinations on new activity and new product submissions within a reasonable time period after the end of the calendar year during which either Enterprise filed such a submission.”¹⁵ The Agency is making such disclosures in its Annual Report to Congress.

In considering any request for approval of a new product, the Agency determines whether it complies with the Enterprises’ authorizing statutes, is in the public interest, and is consistent with safety and soundness. The factors for determining whether a new product is in the public interest fall into three broad categories: (1) the impact of the proposed new product on the Enterprise’s public mission; (2) the impact of the proposed new product on the stability of the mortgage finance or financial system; and (3) the impact of the proposed new product on the competitiveness of the housing finance market.

15 See 12 CFR 1253.10.

In 2025, the Agency completed its review of one new activity and, based on factors set forth in the regulation, determined that this submission did not merit consideration for treatment as a new product. The Agency did not receive any requests for new product approval.

On December 16, 2025, the Agency determined that Fannie Mae’s proposal to expand Collateral Underwriter (CU) access to independent Appraisal Management Companies (AMCs) is not a new product under 12 CFR 1253.5.



An aerial photograph of a residential neighborhood, showing rows of houses and streets. A semi-transparent blue rectangular overlay is positioned on the right side of the image, containing the title text. The background image is split into two vertical sections: the top half shows a dense residential area with many houses, and the bottom half shows a closer view of a few houses and a street corner.

CONSERVATORSHIPS OF THE ENTERPRISES

The Agency was appointed conservator of Fannie Mae and Freddie Mac in September 2008.¹⁶ The ongoing conservatorships were intended to preserve and conserve the Enterprises' assets and property while restoring the Enterprises to a sound and solvent condition, to enable them to continue fulfilling their statutory missions.

Under HERA, the Agency is required to provide an annual account or report on conservatorship of its regulated entities to the Federal Housing Finance Oversight Board (FHFOB), the Government Accountability Office (GAO), the Committee on Banking, Housing, and Urban Affairs of the U.S. Senate, and the Committee on Financial Services of the U.S. House of Representatives. For 2025, the Agency is fulfilling that requirement with the inclusion of this Chapter in this Annual Report to Congress.

While the Agency is focused on preparing the Enterprises to operate safely and soundly upon exit from the conservatorships, the Agency also manages the conservatorships to support more affordable mortgages for single-family and multifamily housing, protect American taxpayers, and enhance the efficiency of the mortgage markets.

In 2008, the U.S. Department of the Treasury (Treasury) and the Enterprises executed the Senior Preferred Stock Purchase Agreements (PSPAs) — amended several times since then — to provide financial support for the Enterprises.¹⁷ To date, the Enterprises have made combined draws of \$191.5 billion, the vast majority of which were taken from late 2008 through mid-2012. Each Enterprise also made a draw in early 2018 due to the recognition of a one-time federal income tax provision expense to re-measure its deferred tax assets. The Enterprises maintain ongoing access to \$254.1 billion in Treasury support. Most recently, on January 2, 2025, U.S. Federal Housing and Treasury agreed to delete the provisions of the PSPAs that were suspended pursuant to their September 14, 2021 Letter Agreement, clarify that the Enterprises must meet capital requirements set by the Agency as amended over time, mandate Treasury consent prior to executing most approaches for terminating the conservatorships, and provide mechanisms for public input related to the potential termination of the conservatorships.

The Agency communicates a set of expectations for the Enterprises to fulfill while they are operating in conservatorship. Described here

16 See “History of Fannie Mae and Freddie Mac Conservatorships,” <https://www.fhfa.gov/conservatorship/history>.

17 See <https://www.fhfa.gov/conservatorship/senior-preferred-stock-purchase-agreements>.

are selected highlights from 2025 conservatorship-related work carried out by the Agency and the Enterprises.

Improving the Enterprises' Capital Positions

The Enterprises must achieve and maintain robust capital positions to ensure their ongoing safety and soundness and to ensure their ability to withstand economic and financial shocks. To help achieve this goal, the Agency released a final rule in 2020 establishing the Enterprise Regulatory Capital Framework (ERCF), with additional amendments to the ERCF finalized in 2022 and 2023. The ERCF increases the quantity and quality of regulatory capital required to be held by the Enterprises, relative to earlier capital frameworks.

Both Enterprises were consistently profitable throughout 2025, allowing them to retain earnings and further improve their capital positions. At Freddie Mac, total equity under U.S. GAAP (Generally Accepted Accounting Principles) increased by \$10.8 billion to \$70.4 billion in 2025. At Fannie Mae, total equity increased by \$14.4 billion to \$109.0 billion.

However, as of the end of 2025, neither Enterprise met its minimum regulatory

capital requirements established by the ERCF. Regulatory capital for both Enterprises is at significantly lower levels than U.S. GAAP-defined equity, as the regulatory capital excludes the senior preferred stock held by Treasury. Through earnings retention, the Enterprises continue to restore their regulatory capital levels and reduce capital shortfalls relative to ERCF requirements.

Improving Mortgage Affordability

The Enterprises continued to provide liquidity to help ensure that homebuyers maintain access to affordable mortgages in a safe and sound manner.

Freddie Mac introduced a new income assessment tool to assist sellers in accurately determining a borrower's stable monthly income.¹⁸ Freddie Mac also continued its focus on growing housing supply through manufactured housing and Accessory Dwelling Units (ADUs) by allowing ADUs on multi-wide manufactured properties and expanding its CHOICEHome[®] conventional financing options to include modern single-section factory-built homes.^{19,20}

Fannie Mae began permitting the delivery of loans financing manufactured homes with

18 See Guide Bulletin 2025-4 at <https://guide.freddie.com/app/guide/bulletin/2025-4>.

19 See Guide Bulletin 2025-15 at <https://guide.freddie.com/app/guide/bulletin/2025-15>.

20 See [Freddie Mac Expands Financing Options to Increase Availability of Affordable Housing | Freddie Mac](#).

one ADU, and loans supporting site-built or MH Advantage™ homes with multiple ADUs.²¹ Fannie Mae permits up to three ADUs on one-unit properties, and allows ADUs on two- to three-unit properties, capping the total at four units per property, to further support increased housing density.²² Fannie Mae also began allowing rental income from an ADU to be used to qualify a borrower on a one-unit home.²³ Further, Fannie Mae announced updates to Desktop Underwriter® (DU®) to increase the usage of cash flow assessments and positive rent payment history, along with expanding eligibility for borrowers without a traditional credit score.²⁴ In addition, both Enterprises continued offering cash flow underwriting and recognition of positive rental payment history to assist potential borrowers in securing homeownership.

Addressing Potential Risk in Property Insurance Markets

In 2025, the Agency continued to work with the Enterprises to explore the single-family property insurance market to identify opportunities to mitigate risk while furthering homeownership.

In October 2024, the Enterprises began industry outreach regarding property insurance deductibles. Some stakeholders have indicated that property insurance is unavailable within the Enterprises' existing deductible limits, making loans with higher deductibles ineligible for purchase by the Enterprises, including 1-to-4-unit properties, condominium units, and overall condominium projects. Some constituencies have indicated that borrowers seek higher deductibles beyond the Enterprises' published limits to reduce rising insurance costs. However, higher deductibles shift financial responsibility to homeowners and increase risk to the Enterprises. To better understand these issues and inform policies for effective collateral risk management, the Enterprises conducted outreach throughout 2025 with stakeholders including lenders, servicers, insurance companies, and advocacy organizations.

The Enterprises also continued efforts in 2025 to understand the scope of insurance data currently available and captured by lenders and servicers. The purpose of these efforts is to identify additional insurance data, beyond what is captured at loan delivery and through servicer and investor reporting, to strengthen risk management through the mortgage lifecycle.

21 MH Advantage (Fannie Mae) and CHOICEHome (Freddie Mac) mortgage products finance HUD-code manufactured homes that also comply with a supplemental building specification which requires features such as elevated roof pitches, garages, patios, and driveways.

22 See Selling Guide Announcement (SEL-2025-10) at <https://singlefamily.fanniemae.com/media/44506/display>.

23 See [Fannie Mae Selling Guide Announcement SEL-2025-08](#).

24 See <https://singlefamily.fanniemae.com/media/41601/display>.

Finally, the Enterprises continued engagement with stakeholders and announced policy updates in March 2026 to address industry challenges raised by Enterprise seller/servicers and the insurance sector.²⁵ Key changes include that sellers/servicers will no longer be required to verify the replacement cost value (RCV) to ensure coverage sufficiency for 1-4 unit properties. The minimum coverage limit calculation involving the unpaid principal balance and 80 percent of the RCV has been retired. This simplified process will ensure that borrowers are protected with replacement cost policies while relaxing requirements that presented challenges for the industry. The requirement for roofs to be covered on a replacement cost basis also has been retired. Roofs must be insured but do not need to be covered on a replacement cost basis.

The March 2026 announcements also included key changes for master property insurance, which will benefit condominium projects and owners. Coverage sufficiency requirements have been updated to permit the inclusion of a guaranteed replacement cost or extended replacement cost endorsement, or equivalents, providing additional flexibilities to evidence 100 percent RCV coverage. The previous inflation guard requirement has been retired. Additionally, as with the change

for 1-4 unit properties, the requirement to ensure roofs on a replacement cost basis has been retired. Finally, per unit deductible requirements were simplified and expanded to be a maximum of \$50,000 per unit. This increase addresses a substantial eligibility barrier for condominium projects.

Assessing the Efficacy of Loss Mitigation for Disaster-Impacted Borrowers

In 2025, the Enterprises reviewed their existing loss mitigation policies for disaster-impacted borrowers to inform policy changes that further sustainable homeownership. Specifically, the Enterprises analyzed various disaster events, observing the take-up rates of different loss mitigation programs (forbearance, payment deferral, loan modification). The Enterprises also analyzed delinquency/default rates observed following different types of disaster events, and segmented loans with a total loss event from those with less than total loss impacts. The analysis uncovered differences by the type of disaster (e.g., wildfire, hurricane) and informed policy updates announced in early 2026. These updates require servicers to submit exception requests for disaster-impacted borrowers who need additional forbearance beyond the delegated limits and require approval from the appropriate

25 See <https://www.fhfa.gov/news/news-release/fannie-mae-and-freddie-mac-remove-certain-homeowners-insurance-requirements-that-will-reduce-costs>.

Enterprise prior to referring a loan to foreclosure or proceeding with a foreclosure sale for borrowers with a disaster-impacted property.^{26,27}

Managing the Enterprises' Multifamily Activity to Expand Affordability

Beginning in 2015, the Agency has capped the amount of multifamily loans that each Enterprise may purchase during a given calendar year. The multifamily cap furthers the Agency's conservatorship goals of maintaining the presence of the Enterprises as a backstop for the multifamily finance market and expanding affordable housing opportunities, while not impeding the participation of private capital.

In November 2024, the Agency announced a cap for calendar year 2025 of \$73 billion for each Enterprise, for a combined total of \$146 billion.²⁸

During calendar year 2025, Fannie Mae purchased a total of \$73.7 billion in multifamily loans and Freddie Mac purchased a total of \$76.4 billion.²⁹

Additionally, in August 2025, the Agency targeted an expansion of affordable housing supply in rural and underserved communities by doubling the amount the Enterprises can invest in Low-Income Housing Tax Credit (LIHTC) properties annually from \$1 billion each to \$2 billion each.³⁰ Beginning in 2025, the Enterprises can invest up to a combined \$4 billion each year in LIHTC equity, half of which will be reserved for difficult to serve markets, and at least 20 percent of that half will be reserved for Duty to Serve Rural Communities.

Modernizing Single-Family Property Valuation

Throughout 2025, the Agency continued to monitor the Enterprises' products and policies focused on improving appraisal quality, creating operational efficiencies, reducing lender and consumer costs, and supporting effective risk management. This work included enhancements to the Enterprises' alternative valuation offerings and ongoing engagement with industry stakeholders.

26 See Fannie Mae's Lender Letter at <https://singlefamily.fanniemae.com/media/44671/display>.

27 See Freddie Mac's Guide Bulletin at <https://guide.freddiemac.com/app/guide/bulletin/2026-2>.

28 See "FHFA Enables Fannie Mae and Freddie Mac to Expand Support for Rental Housing" at <https://www.fhfa.gov/news/news-release/fhfa-enables-fannie-mae-and-freddie-mac-to-expand-support-for-rental-housing>.

29 Total volumes include loan volumes that are exempt from the multifamily volume cap (e.g., loans on workforce housing properties).

30 See "Consistent with the One Big Beautiful Bill, U.S. Federal Housing Expands America's Affordable Housing Supply in Rural and Underserved Communities" at <https://www.fhfa.gov/news/news-release/consistent-with-the-one-big-beautiful-bill-u.s.-federal-housing-expands-americas-affordable-housing-supply-in-rural-and-underserved-communities>.

The number of active appraisers throughout the country continues to decline.³¹ The overall attrition of appraisers contributes to higher consumer costs and extended loan cycle times, a trend that is more pronounced in rural markets. Alternatives to traditional appraisals – such as appraisal waivers and desktop and hybrid appraisals – ease appraiser capacity constraints and reduce loan cycle times.

The Appraiser Development Initiative (ADI) is a continuing Enterprise-led workforce development program to attract new entrants into the appraisal field.³² In 2025, ADI provided 383 scholarships to aspiring appraisers, bringing the total of awarded scholarships to 1,331 since the program’s inception. Industry partner sponsors are key to the program’s success, and in 2025, the program secured five new sponsors, bringing the total number of sponsors to 46. Currently, 423 ADI scholars are taking courses, 244 have completed state-required coursework to become a trainee, and 104 are working in the industry.

Improving Appraisal Data Quality and Consistency

In 2025, the Enterprises continued their efforts to leverage technology and data

to improve appraisal data quality and consistency, focusing on a multiyear project begun in 2018 to update the Uniform Appraisal Dataset (UAD) and align it with mortgage industry data standards. The UAD and Forms Redesign project entails replacing all existing appraisal forms with a single dynamic Uniform Residential Appraisal Report (URAR) that reflects current appraisal data needs across all property types and provides the flexibility to adapt to future needs. In September 2025, the Enterprises launched a “Limited Production” period, where lenders approved by the Enterprises could elect to deliver loans using UAD 3.6 appraisals. The Enterprises have encouraged lenders to be early adopters, while maintaining ongoing engagement with a range of industry stakeholders including lenders, appraisers, software providers, appraisal management companies, mortgage insurers, and advocacy organizations.

To ensure implementation readiness, the Enterprises continued to provide resources, outreach, and training as part of their joint education and communication strategy throughout 2025. Publications included updated sample scenarios,³³ compliance rules,³⁴ Inspection and Reporting Tips,³⁵ Selling Guide policy updates, and

31 See https://sf.freddiemac.com/docs/pdf/report/appraiser_capacity.pdf.

32 See <https://singlefamily.fanniemae.com/appraiser-development-initiative-adi>.

33 See <https://singlefamily.fanniemae.com/news-events/uad-redesign-updated-documentation>

34 See <https://sf.freddiemac.com/docs/pdf/urarupdatecompletionrulesannouncement.pdf>

35 See “Inspection and Reporting Tips for Appraisers” at <https://singlefamily.fanniemae.com/media/43946/display>.

enhancements to the Uniform Collateral Data Portal (UCDP®) to support UAD 3.6. The Enterprises continued to present updates, respond to stakeholders, and communicate necessary industry readiness steps at conferences, on webinars, and in other stakeholder forums.

The UAD and Forms Redesign effort remains a priority, with the Enterprises devoting significant resources to assisting industry participants and providing hands-on assistance with implementation. The Enterprises announced the beginning of “Broad Production” in January 2026, with all lenders now eligible to submit UAD 3.6 appraisals for delivery.³⁶ Lenders will be required to submit UAD 3.6 appraisals to UCDP® beginning November 2, 2026.³⁷

Implementing Updated Credit Score Requirements

Credit scores serve as a factor to help determine the riskiness of mortgage exposures. They are used throughout the single-family secondary mortgage market, including as components of prepayment and default risk modeling, regulatory capital requirements, financial disclosures, counterparty standards, and guarantee fee risk-based pricing.

Since the October 2022 announcement of the validation and approval of FICO® Score 10 T and VantageScore® 4.0, the Agency and the Enterprises have continued efforts to ensure a smooth transition to these requirements to minimize unnecessary costs and complexity.

On July 8, 2025, the Agency instructed the Enterprises to begin the process of incorporating VantageScore 4.0 into the existing tri-merge credit reporting process as an interim phase of the credit score modernization initiative. This approach will allow lenders to use either the VantageScore 4.0 credit model or the Classic FICO credit model through the tri-merge requirement during this interim phase.

In December 2025, the Enterprises acquired the necessary permissions to make historical credit score data for the FICO® Score 10 T model available. The Enterprises are actively working on publishing these data to support market participants in analyzing and preparing for the transition. This effort will complement the earlier release of historical VantageScore 4.0 credit scores by the Enterprises.

In April 2026, the Agency and the Enterprises announced that the Enterprises had begun accepting loans with VantageScore 4.0 credit scores from

36 See “Available Now in Broad Production: UAD 3.6 and Forms Redesign” at https://sf.freddiemac.com/docs/pdf/announcement_uad_january-2026.pdf.

37 See “Timeline for UAD and Forms Redesign” at <https://singlefamily.fanniemae.com/media/25391/display>.

approved lenders.³⁸ Both Enterprises updated their respective selling guides to incorporate the current use of VantageScore 4.0 and the future use of FICO Score 10 T.

Transferring a Meaningful Amount of Credit Risk to Private Investors

The Enterprises' credit risk transfer (CRT) programs continue to be a core part of their single-family credit guarantee businesses. The programs reduce risk to taxpayers by transferring credit risk to sources of private capital primarily through security issuances and insurance/reinsurance transactions.

In 2025, CRT volume at the Enterprises decreased slightly compared to the prior year. The Enterprises transferred credit risk on single-family mortgage loans with a total unpaid principal balance (UPB) of approximately \$343 billion and total risk in force (RIF) of approximately \$11.3 billion. Since the beginning of the programs in 2013, the Enterprises have transferred a portion of credit risk on loans with approximately \$7.4 trillion in UPB and total RIF of approximately \$233 billion.

Transferring credit risk to the private sector also remained an integral part of the multifamily business models for both Enterprises.

In 2025, Fannie Mae transferred risk on approximately \$73 billion of its multifamily production through its Delegated Underwriting and Servicing (DUS[®]) program. Additionally, during the year, Fannie Mae executed two multifamily CRT transactions — one Multifamily Connecticut Avenue Securities (MCAS[™]) transaction and one Multifamily Credit Insurance Risk Transfer (MCIRT[™]) transaction — collectively transferring credit risk on approximately \$25 billion of acquisitions.

Freddie Mac shifted away from transferring credit risk through senior/subordinate securitizations, and is now focusing primarily on issuing fully guaranteed senior/subordinate securitizations. This change in business strategy has resulted in Freddie Mac initially retaining more credit risk with the intent to subsequently transfer a portion of that risk through back-end Multifamily Structured Credit Risk (MSCR[®]) and Multifamily Credit Insurance Pool (MCIP[®]) CRT transactions. As a result, in 2025, Freddie Mac largely transferred multifamily credit risk through the execution of three companion MSCR[®]/MCIP[®] CRT transactions, which collectively transferred credit risk on approximately \$43 billion of acquisitions. Through its K-deal[®]/SB-deal[®] program, Freddie Mac transferred credit risk on approximately \$16 billion of new multifamily acquisitions.

38 See <https://www.fhfa.gov/news/news-release/homebuying-advances-into-new-era-of-credit-score-competition>.

Improving Secondary Mortgage Market Liquidity

The Enterprises' ability to acquire and hold mortgage assets is subject to requirements instituted through the PSPAs, which limit the size of each Enterprise's mortgage-related investment portfolio to a maximum of \$225 billion, with supplementary requirements provided by the Agency. In October 2025, the Agency updated its supplementary portfolio restrictions, permitting the Enterprises to hold, for investment purposes, up to \$40 billion in agency mortgage-backed securities (MBS), including \$5 billion in collateralized mortgage obligation (CMO) securities, based on UPB. In January 2026, following public statements by the Administration regarding additional MBS purchases by the Enterprises, the Agency lifted the \$40 billion limitation on agency MBS, allowing the Enterprises to further support the secondary mortgage market, while generating viable economic returns for the firms. The Enterprises are now permitted to increase their agency MBS investments, provided that each Enterprise's total mortgage assets do not exceed the \$225 billion cap under the terms of the PSPAs.

OTHER CONSERVATORSHIP ACTIVITIES

Boards of Directors and Management

As conservator, the Agency reviews the appointment of new directors serving on the board of directors of each Enterprise. In March and April 2025, the boards of directors of both Enterprises underwent extensive changes and FHFA Director William J. Pulte began serving as Chair of each Enterprise's board of directors.

In March 2025, eight directors were removed from the Fannie Mae Board of Directors: Amy Alving, Christopher Brummer, Michael Heid, Simon Johnson, Diane Lye, Diane Nordin, Chetlur Ragavan, and Michael Seelig. Michael Stucky, FHFA General Counsel Clinton Jones, and FHFA Director William J. Pulte were appointed to the Fannie Mae Board, with Director Pulte serving as Chair. Christopher Stanley joined the Fannie Mae Board and subsequently resigned. In April and July 2025, Omeed Malik and Barry Habib were appointed to the Fannie Mae Board. In September 2025, Karin Kimbrough resigned from the Fannie Mae Board, and in October 2025, Brandon Hamara was appointed to the Fannie Mae Board. In October 2025, Fannie Mae's current Chief Operating Officer, Peter

Akwaboah, was selected to serve as acting Chief Executive Officer (CEO), after Fannie Mae's previous CEO resigned from her positions as President and CEO. John Roscoe and Brandon Hamara were also appointed as Co-Presidents of Fannie Mae.

In March 2025, six directors were removed from the Freddie Mac Board of Directors: Kevin Chavers, Lance Drummond, Luke Hayden, Allan Merrill, Jane Prokop, and Ray Swan. Brandon Hamara, FHFA General Counsel Clinton Jones, Ralph "Cody" Kittle, and FHFA Director William J. Pulte were appointed to the Freddie Mac Board, with Director Pulte serving as Chair. President and Interim CEO Michael Hutchins was appointed to the Freddie Mac Board following the departure of former CEO Diana Reid in March 2025. Also in March 2025, Christopher Herbert and Grace Huebscher resigned from the Freddie Mac Board and were replaced by David Farbman and Michael Parrott, respectively. In October 2025, Brandon Hamara notified Freddie Mac of his resignation from the Freddie Mac Board. In December 2025, Kenny Smith was selected to become Freddie Mac's CEO and a member of Freddie Mac's Board.

In February 2026, the Agency executed written consent to re-elect each of the eligible, then-current directors as members of the Enterprises' respective boards of directors.

Enterprise Compensation

No material changes were made to the Enterprises' Executive Compensation Plans in 2025. As conservator, the Agency continues to require the Enterprises to defer at-risk compensation earned by executive officers for two years.³⁹ Compensation for the Enterprises' CEOs is maintained at a statutory limit that applies during any time the Enterprise is in conservatorship.⁴⁰ As supervisor, the Agency is statutorily required to prohibit each Enterprise from providing compensation to its executive officers that is "not reasonable and comparable" with compensation for employment in other similar businesses involving similar duties and responsibilities.⁴¹ That mandate is implemented through a regulatory prior review and approval process. The Agency continues to closely evaluate all compensation requests by the Enterprises and maintains an active dialogue with each Enterprise about current and future compensation actions.

39 For this purpose, "executive officer" is defined in 12 CFR 1230.2.

40 See 12 U.S.C. § 4518 note. The Equity in Government Compensation Act of 2015 applies to an Enterprise in conservatorship or receivership; during that time, the Act effectively limits the annual direct compensation for the CEO to no more than \$600,000, provided only as base salary.

41 See 12 U.S.C. §4518 (a).



AGENCY PERFORMANCE AND OPERATIONS

Performance and Program Assessment

On January 23, 2026, the Agency published its annual Performance and Accountability Report (PAR), which provided a comprehensive account of the Agency's activities during FY 2025.⁴² The report highlights the Agency's performance and achievements, emphasizing the Agency's commitment to achieving its strategic goals and objectives. For FY 2025, the Agency identified a total of 24 performance measures and associated targets. These measures serve as key indicators to monitor progress toward fulfilling the Agency's mission.

Financial Operations

Financial Highlights

The Safety and Soundness Act authorizes the Agency to collect annual assessments from its regulated entities. These assessments serve to cover the Agency's operational expenses and maintain a working capital fund. In FY 2025, the Agency levied a total assessment of \$424.8 million on the regulated entities. This amount includes \$58.5 million earmarked to support the Office of Inspector General. The Agency issues assessment notices to the regulated entities semiannually, with the collections

taking place in October and April. The Financial Summary for FY 2025 appears in the Agency's PAR on pages 12-17. GAO's audit report, along with complete financial statements and notes for FY 2025, is available on pages 34-61.⁴³

In accordance with HERA, the Agency is authorized to maintain a working capital fund to address unforeseen or emergent needs. This fund can be replenished through a special assessment on the regulated entities or through retention of unobligated balances at the end of the fiscal year. At the conclusion of FY 2025, the Agency's working capital fund had a balance of \$142.3 million.



42 See www.fhfa.gov/document/FHFA-2025-PAR.pdf.

43 See www.gao.gov/assets/gao-26-108276.pdf.



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FHFA CIVIL ENFORCEMENT AUTHORITY TO BETTER ADDRESS MORTGAGE MARKET FRAUD

FHFA believes that all federal regulators of mortgage market participants should be empowered to take action against fraud in the housing finance market. FHFA's current authorities in this area are indirect or limited. For example, FHFA is statutorily required to obtain reports from its regulated entities if they discover or suspect they have purchased or sold a fraudulent loan or financial instrument, and FHFA may refer suspected fraud to other appropriate State and federal regulatory and enforcement agencies.

FHFA may issue suspension orders to require its regulated entities to cease engaging in transactions with a person (and any affiliates of that person) convicted or sanctioned in the past three years on the basis of fraud or a similar offense in connection with a mortgage, mortgage business, mortgage securities, or other lending product. All final suspension orders are published on FHFA's website. FHFA also requires its regulated entities to make reports to FHFA if they discover that any person with whom they

have a business or financial relationship has been convicted or sanctioned for an action that can result in an FHFA suspension order.

To manage counterparty and credit risk, FHFA requires its regulated entities to establish contractual remedies if a fraudulent loan is delivered for purchase or pledged as collateral. In limited circumstances, FHFA may bring an enforcement action against a contractual counterparty who fails to ensure the eligibility of loans delivered or pledged.

To enable robust action against fraud and other financial crimes, FHFA recommends statutory amendments directing FHFA to make appropriate referrals on discovering suspected fraud (similar to referrals required by 12 U.S.C. § 4561); and authorizing FHFA to bring civil enforcement actions against persons suspected of engaging in mortgage fraud (either by granting FHFA authority to bring any action for mortgage fraud that its regulated entity could bring in federal or State court, or by creating a federal civil cause of action for mortgage fraud and granting FHFA authority to bring such actions in federal district court, similar to authority provided to the Securities and Exchange Commission for insider trading at 15 U.S.C. § 78u-1).

THIRD-PARTY SERVICE PROVIDER EXAMINATION AUTHORITY

FHFA's regulated entities rely on third-party service providers for a wide range of services, some of which are critical to their operations. The Enterprises, for example, rely on mortgage sellers to originate mortgages consistent with the Enterprises' underwriting standards and documentation requirements, and on servicers to collect payments from borrowers, advance some payments to investors in mortgage-backed securities, and perform loss mitigation on non-performing loans. The FHLBanks and the Enterprises rely on third-party service providers for data security and other information technology services.

These third-party relationships can pose risks related to mortgage origination and servicing, information security, and business continuity, among other safety and soundness issues, and FHFA expects each regulated entity to implement a program to manage such third-party risks. Unlike other federal safety and soundness supervisors, however, FHFA does not have express statutory authority as supervisor to examine services provided to its

regulated entities. As a result, FHFA has limited authority to assess the impact of third-party relationships on the safe and sound operations of its regulated entities. Regarding the Enterprises, FHFA relies on conservatorship authority to require that the Enterprises include provisions in their third-party contracts granting access to information about service providers; and, as conservator, exercises the Enterprise's contractual audit rights to obtain necessary information to fulfill FHFA's statutory safety and soundness responsibilities. FHFA does not have similar authority with regard to the FHLBanks, which are not in conservatorship.

The Government Accountability Office (GAO) has recommended that Congress provide FHFA authority to examine third parties that do business with the regulated entities similar to that conferred upon the federal banking agencies through a provision in the Bank Service Company Act.⁴⁴ The Financial Stability Oversight Council (FSOC) made a similar recommendation in its 2025 Annual Report⁴⁵ (as it has annually since 2015). In addition, FHFA's Inspector General has identified third-party oversight as a top risk, specifically finding that FHFA is challenged to effectively oversee the Enterprises' management of risks related to their counterparties and third parties due to the lack of statutory authority.

44 See GAO Report 16-278, Nonbank Mortgage Servicers: Existing Regulatory Oversight Could be Strengthened.

45 See 2025 Annual Report, Financial Stability Oversight Council, p. 88.

Prior FHFA Directors have supported granting the Agency this authority, and FHFA continues to concur with FSOC's and GAO's recommendations. Accordingly, in order to identify and mitigate risks to the safety and soundness of FHFA's regulated entities, FHFA recommends that Congress authorize FHFA to establish appropriate safety and soundness standards for services provided to its regulated entities, and to directly examine the records, operations, and facilities of each material service provider to a regulated entity with regard to such services and enforce compliance with such standards. Were Congress to grant FHFA such authority, giving FHFA tailored parity with other federal financial regulators, the Agency would be in a better position to achieve its statutory duty to ensure the safe and sound operations of the Enterprises and FHLBanks. Moreover, if given express examination authority, FHFA would be able to coordinate with other federal safety and soundness supervisors in their examination activities regarding third-party service providers, thereby increasing efficiency and reducing burden.

ENTERPRISE REGULATORY CAPITAL

In 2008, Congress amended FHFA's authorizing statute to give FHFA relatively broad authority to prescribe regulatory capital requirements for the Enterprises.

The 2008 amendments, however, did not update the outdated definitions of regulatory capital from the original authorizing statute, nor did they give FHFA authority to adjust the definition of "critical capital," which is an important consideration in FHFA's Enterprise capital classifications.

Unlike the U.S. banking framework, the statutory definitions of Enterprise "core capital" and "total capital" include, without limits, certain capital elements that tend to have less loss-absorbing capacity during a period of financial stress, such as deferred tax assets (DTAs), and they do not account for unrealized losses when accumulated other comprehensive income (AOCI) is negative. These shortcomings posed safety and soundness risks during the 2008 Financial Crisis and could again pose safety and soundness risks in the future because FHFA's authorizing statute does not expressly permit FHFA to adjust the statutory capital definitions by regulation.

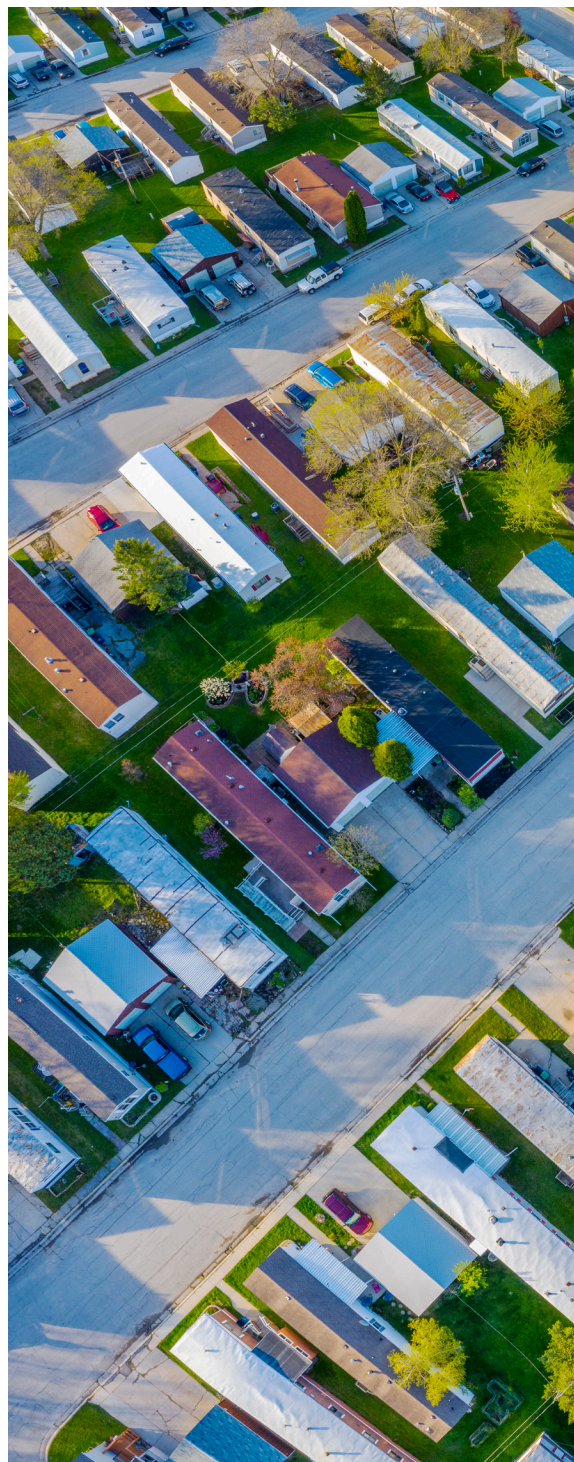
Similarly, the statutory definition of "critical capital" is based on outdated accounting concepts. Furthermore, the levels at which the statute defines critical capital are so low as to render critical capital a nearly useless measurement. These shortcomings could also pose safety and soundness risks because the relationship between critical capital and minimum capital is important when the FHFA Director classifies the Enterprises according to their core capital,

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total capital, and critical capital levels. When originally contemplated, critical capital for mortgage-backed securities (MBS) was 56 percent of the minimum capital requirement for MBS. However, FHFA's Enterprise Regulatory Capital Framework (ERCF), as set forth by regulation in 2020 and amended in 2022 and 2023, significantly increased the minimum capital requirement for MBS, skewing this relationship such that now critical capital for MBS is only 10 percent of the minimum capital requirement for MBS. FHFA's authorizing statute does not expressly permit FHFA to adjust the statutory definition of "critical capital" by regulation.

FHFA's ERCF mitigates the risk posed by the existing statutory definitions of "core capital," "total capital," and "critical capital" by prescribing supplemental minimum capital requirements and buffer amounts based on definitions of regulatory capital used by the federal banking regulators to ensure that each Enterprise maintains adequate high-quality regulatory capital throughout the economic cycle. However, if Congress were to give FHFA the same flexibility as the federal banking regulators by amending or removing the statutory definitions of "core capital" and "total capital" and allowing FHFA to adjust the definition of "critical capital," FHFA could streamline the ERCF and restore the intended relationship between critical capital and minimum capital in the capital

classifications to promote safety and soundness.





FEDERAL HOUSING
FINANCE OVERSIGHT
BOARD ASSESSMENT

June 2026

Section 1103 of the Housing and Economic Recovery Act of 2008 (HERA) requires that the Federal Housing Finance Agency (FHFA) Director’s Annual Report to Congress (Annual Report) include an assessment by the Federal Housing Finance Oversight Board or any of its members with respect to:

- The safety and soundness of FHFA’s regulated entities, Fannie Mae and Freddie Mac (the Enterprises) and the Federal Home Loan Banks (FHLBanks);
- Any material deficiencies in the conduct of the operations of the regulated entities;
- The overall operational status of the regulated entities; and
- An evaluation of the performance of the regulated entities in carrying out their respective missions.

As a basis for this assessment, FHFA’s Annual Report provides a review of these matters.⁴⁶ The assessment of the Federal Housing Finance Oversight Board follows:

Housing Markets

Throughout 2025, affordability remained

a concern for housing market participants. Conditions have improved, though, compared to five years prior when the market was confronting pandemic-related disruptions. Although ongoing challenges persist with tight supply and high historical prices, the residential housing sector continues to perform well, and delinquencies for conventional mortgages continue to remain at all-time low levels.

At the end of 2025, supply conditions remained relatively stable. The inventory of existing homes for sale totaled 1.18 million units, which was nearly the same as in December 2024. The monthly supply of existing homes (about 3.5 months supply) and the monthly supply of new homes (about 7.6 months supply), which are the ratios of houses for sale to houses sold, were also about the same as compared to the prior year.⁴⁷ This level of available homes is low from a long-term historical standard, but both measures of housing supply have improved significantly from their historical lows in 2020 of 2 months and 3.3 months, respectively. The number of existing home sales continued to remain flat at 4.35 million, up 1.4 percent from 2024.⁴⁸ New home sales were up slightly at an estimated seasonally adjusted annual rate

46 In the course of performing this assessment, SEC Chairman Paul Atkins did not personally participate in an assessment of the FHLBanks.

47 Residential Real Estate Market Snapshot Report, January 2025, National Association of REALTORS®, <https://www.nar.realtor/research-and-statistics/research-reports/residential-real-estate-market-snapshot>; <https://fred.stlouisfed.org/series/HOSSUPUSM673N>; <https://fred.stlouisfed.org/series/MSACSR>.

48 See <https://www.nar.realtor/sites/default/files/2026-02/2026-01-residential-real-estate-market-snapshot-report-02-05-2026.pdf>.

of 745,000 in December, representing a 3.8 percent increase over the year.⁴⁹

After several years of consistently high appreciation rates, housing prices had a more subdued pattern in 2025. In the fourth quarter of 2025, year-over-year national home sale prices rose by about 1.8 percent, as measured by the FHFA House Price Index (HPI).⁵⁰ Notably, that was its slowest annual pace since house prices began recovering in 2012. The median sales price has been relatively flat over the past several years and by the fourth quarter of 2025 was \$405,300, about 3.0 percent lower than the fourth quarter of 2024. However, these home prices are about 28 percent higher than the median sales price of \$317,100 in the second quarter of 2020.⁵¹

Since 2020, fixed-rate mortgages have represented more than 95.0 percent of outstanding loans. Although fixed-rate mortgages present a more stable financial payment than adjustable-rate mortgages, an ongoing challenge has been the mortgage rate “lock-in” effect where homeowners find themselves having borrowed at rates that remain below current market interest

rates. A consequence is that people are more likely to stay in homes for longer.

The average age of active mortgages increased to 78 months in the fourth quarter of 2025, an increase of 8.3 percent over the last year and 21.9 percent over the last five years.⁵² Mortgage rates dropped considerably over the last year, with the average rate for a 30-year fixed-rate mortgage falling from a high exceeding 7.0 percent in early January to a low of 6.2 percent in December.⁵³ Despite the much lower rates for new mortgages, close to four out of every five residential mortgages still had an interest rate below 6.0 percent.⁵⁴ Recently, the decline in mortgage spreads and improved borrower demand factors suggest conditions may be changing.

The combination of flat inventory, high home prices, and elevated interest rates resulted in an average monthly mortgage payment of \$2,005 in the fourth quarter of 2025, an increase of 7.5 percent from the prior year and 44.6 percent over the last five years.⁵⁵ Despite such challenges, residential mortgage credit quality has improved with excellent scores, those above 780,

49 See <https://fred.stlouisfed.org/series/HSN1F>.

50 FHFA House Price Index, available at <https://www.fhfa.gov/DataTools/Downloads/Pages/House-Price-Index.aspx>.

51 See <https://fred.stlouisfed.org/series/MSPUS>.

52 FHFA National Mortgage Database (NMDB®) Outstanding Residential Mortgage Statistics, <https://www.fhfa.gov/data/dashboard/nmdb-outstanding-residential-mortgage-statistics>.

53 Freddie Mac Primary Mortgage Market Survey, <https://www.freddiemac.com/pmms>.

54 FHFA National Mortgage Database (NMDB®) Outstanding Residential Mortgage Statistics, <https://www.fhfa.gov/data/dashboard/nmdb-outstanding-residential-mortgage-statistics>.

55 FHFA National Mortgage Database (NMDB®) Outstanding Residential Mortgage Statistics, <https://www.fhfa.gov/data/dashboard/nmdb-outstanding-residential-mortgage-statistics>.

increasing by 12.0 percent over the last five years.⁵⁶

Investment activity in the multifamily market continued in 2025, but at a slower pace. Developers completed 528,000 units, down 24.0 percent from the prior year's historic high of 700,000 completions, and approximately 434,000 were absorbed or came to be occupied during the year. The slowdown appears indicative of a market working through the large supply pipeline that carried over from 2024. Rents stayed flat at \$1,750/unit, while vacancy rates rose very slightly to 7.0 percent as a signal of remaining excess supply. Demand for rental housing is expected to remain strong and on an upward trajectory for the next several years.

Enterprises

The Enterprises were chartered by Congress to provide stability in the secondary housing finance market, promote access to mortgage credit, and increase the liquidity of mortgage investments. Since 2008, the Enterprises have operated under FHFA conservatorships, and the U.S. Department of the Treasury (Treasury) has provided the Enterprises with continuous support through the Senior Preferred Stock Purchase Agreements (as amended, the PSPAs).

Under the PSPAs, Treasury has committed to provide financial support to each Enterprise to the extent necessary to maintain a positive net worth, subject to specified limits. In return, Treasury received equity instruments, dividends, and other rights. The Enterprises have cumulatively drawn \$192 billion of support under the PSPAs through year-end 2025 and have paid approximately \$301 billion combined in cumulative cash dividends — not intended to offset or pay down prior draws — to the Treasury.

In aggregate, \$254 billion of Treasury's funding commitment is still available to the Enterprises. To mitigate Treasury's exposure under this ongoing support, the PSPAs include a range of restrictions on risk-taking and the Enterprises' footprint.

The PSPAs, as amended, also require the Enterprises to comply with FHFA's Enterprise Regulatory Capital Framework (capital rule) and meet other requirements. The capital rule, last amended in 2023, established a post-conservatorship regulatory capital framework intended to ensure that each Enterprise operates in a safe and sound manner and is positioned to fulfill its statutory mission to provide stability and ongoing assistance to the secondary mortgage market across the economic cycle, in particular during periods of financial stress. Under the risk-based capital

56 See <https://product.costar.com/suiteapps/home>.

requirements, the Enterprises must each hold 4.5 percent common equity tier 1 capital, 6.0 percent tier 1 capital, and 8.0 percent adjusted total capital, all based on risk-weighted assets, as well as an additional risk-based capital buffer. The leverage capital requirement, meanwhile, establishes a minimum tier 1 capital ratio of 2.5 percent based on adjusted total (non-risk-weighted) assets, plus an additional leverage buffer.

Analysis conducted by the Financial Stability Oversight Council in 2020 suggested that “risk-based capital requirements and leverage ratio requirements that are materially less than those contemplated by the proposed [capital] rule would likely not adequately mitigate the potential stability risk posed by the Enterprises.”

The Enterprises’ regulatory capital remains negative and therefore well below the required levels. At year-end 2025, their combined common equity tier 1 capital totaled (\$63) billion, while the capital rule required them to hold \$118 billion. Their combined adjusted total risk-based capital totaled (\$29) billion, compared to a required amount of \$212 billion. In addition, the capital rule required an aggregate common equity tier 1 capital buffer of \$139 billion on top of the risk-based capital requirements, and a combined \$247 billion of leverage tier 1 capital made up of both the 2.5 percent minimum requirement and the leverage buffer.

In 2025, the Enterprises purchased single-family mortgages with a combined unpaid principal balance (UPB) of \$725 billion, compared to \$672 billion in 2024. The Enterprises purchased a combined volume of multifamily mortgages with a UPB of \$150 billion in 2025, compared to \$120 billion in 2024. As of December 31, 2025, the Enterprises owned or guaranteed approximately \$7.8 trillion in single-family and multifamily mortgages, representing nearly half the market. As of December 31, 2025, Fannie Mae’s net worth was \$109 billion and Freddie Mac’s net worth was \$70 billion.

Net worth, unlike regulatory capital, includes the stated value of Treasury’s senior preferred shares.

In 2025, the Enterprises generated combined net income of \$25.1 billion, down from \$28.8 billion in 2024. Like 2024, 2025 was a year characterized by low acquisition volumes due to persistently high interest rates, housing affordability constraints, and a limited supply of houses on the market. While revenue at the Enterprises was remarkably consistent year-over-year, net income fell predominantly due to a shift from a benefit for credit losses to a provision for credit losses and to a decrease in fair value gains.

Earnings retention and operational efficiency were priorities for the Enterprises

in 2025. As the combined workforce was reduced by approximately 12.0 percent, the Enterprises focused on activities that were accretive to net worth and supportive of the mortgage market. Each Enterprise limited costly credit risk transfer transactions to a minimum and increased the size of its retained portfolios to both build capital through investment income and exert pressure on mortgage spreads to promote the affordability of homeownership. Prudent credit standards and robust risk management remained a priority for the Enterprises, with particular attention paid toward excising fraud, waste, and abuse from the mortgage market. FHFA also continued to direct the Enterprises to provide equitable market access to small lenders by prohibiting volume-based discounts.

Throughout the year, FHFA monitored the Enterprises' efforts to maintain their ability to respond to operational events without significant disruption to the primary and secondary mortgage markets. The Enterprises facilitated daily mortgage purchases via their respective cash windows and swap transactions with sellers without experiencing downtimes beyond established limits.

Since 2014, FHFA has also set caps on the volume of each Enterprise's multifamily business to ensure that the Enterprises provide appropriate support to the

multifamily sector, especially mission-driven affordable housing, without impeding private capital. FHFA set a 2025 cap of \$73 billion for each Enterprise, and at least half of each Enterprise's multifamily purchases had to be mission-driven. In 2024, FHFA began excluding workforce housing loans from the multifamily volume caps.

During calendar year 2025, each Enterprise operated within the \$73 billion cap, excluding workforce housing loans. Overall, Fannie Mae purchased a total of \$73.7 billion in multifamily loans and Freddie Mac purchased a total of \$76.4 billion. At least half of each Enterprise's multifamily acquisitions qualified as mission-driven.

In response to FHFA guidance, the Enterprises assessed existing policies and developed proposals to implement new products and programs to help expand the supply of single-family and multifamily housing in the U.S. Furthermore, the Enterprises evaluated existing multifamily standards to ensure that multifamily property physical needs are met at loan origination and over the course of the loan term and developed property condition early warning systems for loans in the Enterprises' portfolios. FHFA also instructed the Enterprises to take three specific actions to foster mortgage market efficiency, reduce unnecessary costs to homeowners, and promote safety and soundness: (1) conduct a comprehensive review of the single-

family pricing framework, (2) review current industry practices and business models for single-family nonbank mortgage servicers, and (3) implement approved credit score models.

The Enterprises are subject to annual affordable housing goals covering their purchases of single-family mortgages and multifamily mortgages. In 2025, FHFA determined that Freddie Mac had met all single and multifamily housing goal requirements for 2024. FHFA determined that Fannie Mae met five of the six single-family goals for 2024. In December 2025, FHFA published a final rule establishing benchmark levels for the single-family and multifamily housing goals for 2026–2028. The final rule also replaced the two area-based subgoals with one low-income areas subgoal and simplified the goal determination process.

Federal statute requires the Enterprises to serve three underserved markets: manufactured housing, affordable housing preservation, and rural housing. In 2025, Fannie Mae received a minimally passing rating for its 2024 Duty to Serve obligations in the manufactured housing market and low satisfactory ratings in both the rural and affordable preservation markets. Freddie Mac received a high satisfactory rating for the manufactured housing market and low satisfactory ratings in both the rural and affordable preservation markets.

Under the Safety and Soundness Act, each year the Enterprises are required to make contributions to the National Housing Trust Fund and the Capital Magnet Fund to support affordable housing initiatives based on their new business purchases from the prior year. Those allocations totaled \$366 million in 2025, which marked an increase from \$301 million in 2024.

FHLBanks

As of December 31, 2025, the regulatory capital ratio for each of the 11 FHLBanks exceeded 5.0 percent — well above the required minimum of 4.0 percent — and the ratio for the FHLBank System overall rose 16 basis points from year-end 2024 to 5.95 percent. The FHLBanks remained well-capitalized in 2025, were all profitable for the year, and their retained earnings balance of \$32.7 billion at year-end was the largest on record.

Advances continued a downward trend, declining by 8.1 percent to \$676.7 billion in 2025. Four FHLBanks reported growth in advances, up from three FHLBanks in 2024. The five largest aggregate borrowers at the holding company level accounted for \$103.9 billion — or approximately 15.4 percent — of System-wide advances.

Besides advances, the FHLBanks continued to provide liquidity to members through the purchase of whole mortgage loans,

off-balance sheet programs, and support of the Affordable Housing Program and the Community Investment Program. System balances of whole mortgage loans totaled \$79.2 billion at year-end 2025, up from \$69.6 billion at year-end 2024. This change resulted from mortgage purchases of \$17.6 billion and mortgage principal payments of \$7.9 billion.

Off-balance sheet programs include letters of credit. The FHLBanks' portfolio of standby letters of credit — often used by members to secure public unit deposits — increased by \$12.9 billion during 2025 to \$232.8 billion at year-end. Through off-balance sheet Acquired Member Assets (AMA) programs, FHLBank members can also sell mortgages to the FHLBank of Chicago, which either sells the loans to Fannie Mae or pools them into securities guaranteed by Ginnie Mae.

The FHLBanks are subject to annual affordable housing goals covering their mortgage purchases in their respective AMA program. Of the nine FHLBanks that had active AMA programs in 2025, all except the FHLBank of Cincinnati met the mortgage purchase goal. All nine FHLBanks met the community-based user goal.

In 2025, the FHLBanks contributed approximately \$718 million toward the Affordable Housing Program, which provides funds to support district affordable housing needs for low-income households. Through

the Community Investment Program, the FHLBanks funded \$5.5 billion in targeted housing and economic development advances in 2025 for low- and moderate-income households.

Conclusion

Despite limited housing supply, the Enterprises and FHLBanks supported the housing market and carried out their statutory mission. The Annual Report demonstrates that FHFA has undertaken a range of activities in an effort to put the Enterprises into a sound and solvent financial condition, oversee the prudential operations of the FHLBanks, and ensure that the Agency's regulated entities are appropriately providing market liquidity.

William J. Pulte

Director

Federal Housing Finance Agency

Chair

Federal Housing Finance Oversight Board

Scott Bessent

Secretary

U.S. Department of the Treasury

Scott Turner

Secretary

U.S. Department of Housing and Urban Development

Paul S. Atkins

Chairman

U.S. Securities and Exchange Commission



APPENDIX: ACCESSIBLE FIGURES

Figure 1: Enterprises’ Single-Family Acquisitions vs. Interest Rate Environment

Figure 1 shows the Enterprises’ quarterly acquisitions of both single-family refinance and purchase loans between the fourth quarter of 2019 and the fourth quarter of 2025, compared with the average 30-year mortgage rate at the time. Acquisition dollar amounts are represented as the unpaid principal balance, in billions.

	Quarterly Average of 30-Year Freddie Mac Mortgage Rate		Single-Family Refinance Loans	Single-Family Purchase Loans	Total Acquisitions
Q4 2019	3.70%	Fannie Mae	\$115.7	\$72.9	\$188.6
		Freddie Mac	\$84.0	\$63.0	\$147.0
Q1 2020	3.52%	Fannie Mae	\$121.7	\$68.8	\$190.5
		Freddie Mac	\$83.0	\$55.0	\$138.0
Q2 2020	3.24%	Fannie Mae	\$259.0	\$92.2	\$351.2
		Freddie Mac	\$172.0	\$60.0	\$232.0
Q3 2020	2.95%	Fannie Mae	\$266.3	\$125.0	\$391.3
		Freddie Mac	\$236.0	\$101.0	\$337.0
Q4 2020	2.76%	Fannie Mae	\$301.0	\$125.0	\$426.0
		Freddie Mac	\$274.0	\$109.0	\$383.0
Q1 2021	2.88%	Fannie Mae	\$301.0	\$99.0	\$400.0
		Freddie Mac	\$273.0	\$89.0	\$362.0
Q2 2021	3.00%	Fannie Mae	\$244.0	\$130.0	\$374.0
		Freddie Mac	\$190.0	\$98.0	\$288.0
Q3 2021	2.87%	Fannie Mae	\$181.0	\$115.0	\$296.0
		Freddie Mac	\$167.0	\$132.0	\$299.0
Q4 2021	3.08%	Fannie Mae	\$178.0	\$107.0	\$285.0
		Freddie Mac	\$160.0	\$111.0	\$271.0
Q1 2022	3.82%	Fannie Mae	\$135.0	\$104.0	\$239.0
		Freddie Mac	\$114.0	\$93.0	\$207.0
Q2 2022	5.27%	Fannie Mae	\$62.0	\$111.0	\$173.0
		Freddie Mac	\$52.0	\$86.0	\$138.0
Q3 2022	5.62%	Fannie Mae	\$25.0	\$92.0	\$117.0
		Freddie Mac	\$23.0	\$98.0	\$121.0
Q4 2022	6.66%	Fannie Mae	\$15.0	\$71.0	\$86.0
		Freddie Mac	\$12.0	\$63.0	\$75.0

Source: FHFA's Call Report System

Figure 1: Enterprises' Single-Family Acquisitions vs. Interest Rate Environment (cont.)

	Quarterly Average of 30-Year Freddie Mac Mortgage Rate		Single-Family Refinance Loans	Single-Family Purchase Loans	Total Acquisitions
Q1 2023	6.37%	Fannie Mae	\$11.8	\$56.4	\$68.2
		Freddie Mac	\$7.8	\$49.0	\$56.8
Q2 2023	6.51%	Fannie Mae	\$13.9	\$77.7	\$91.6
		Freddie Mac	\$9.8	\$71.8	\$81.6
Q3 2023	7.04%	Fannie Mae	\$11.2	\$76.4	\$87.6
		Freddie Mac	\$9.1	\$77.2	\$86.4
Q4 2023	7.30%	Fannie Mae	\$8.8	\$64.1	\$72.9
		Freddie Mac	\$8.4	\$64.9	\$73.2
Q1 2024	6.75%	Fannie Mae	\$9.3	\$53.0	\$62.3
		Freddie Mac	\$8.8	\$53.4	\$62.3
Q2 2024	7.00%	Fannie Mae	\$11.4	\$74.5	\$85.9
		Freddie Mac	\$11.2	\$74.0	\$85.2
Q3 2024	6.51%	Fannie Mae	\$13.1	\$80.0	\$93.1
		Freddie Mac	\$13.7	\$84.6	\$98.2
Q4 2024	6.63%	Fannie Mae	\$22.3	\$62.3	\$84.6
		Freddie Mac	\$26.5	\$74.2	\$100.7
Q1 2025	6.83%	Fannie Mae	\$14.2	\$50.1	\$64.3
		Freddie Mac	\$15.7	\$61.9	\$77.6
Q2 2025	6.79%	Fannie Mae	\$19.8	\$64.2	\$84.1
		Freddie Mac	\$18.2	\$75.4	\$93.6
Q3 2025	6.57%	Fannie Mae	\$17.6	\$72.8	\$90.4
		Freddie Mac	\$17.9	\$81.5	\$99.4
Q4 2025	6.23%	Fannie Mae	\$36.8	\$60.1	\$96.9
		Freddie Mac	\$41.4	\$76.6	\$118.0

Source: FHFA's Call Report System

Figure 2 and Figure 3 : Fannie Mae Mortgage Portfolio and Freddie Mac Mortgage Portfolio

Figure 2 and Figure 3, combined here in one table, show the size of the Enterprises' mortgage portfolios every year between December 2006 and December 2025. Dollar amounts are in trillions.

Date	Fannie Mae	Freddie Mac
Dec-06	\$2.50	\$1.83
Dec-07	\$2.89	\$2.10
Dec-08	\$3.11	\$2.21
Dec-09	\$3.24	\$2.25
Dec-10	\$3.22	\$2.16
Dec-11	\$3.18	\$2.08
Dec-12	\$3.19	\$1.96
Dec-13	\$3.16	\$1.91
Dec-14	\$3.12	\$1.91
Dec-15	\$3.10	\$1.94
Dec-16	\$3.14	\$2.01
Dec-17	\$3.22	\$2.09
Dec-18	\$3.27	\$2.18
Dec-19	\$3.37	\$2.33
Dec-20	\$3.71	\$2.74
Dec-21	\$3.97	\$3.25
Dec-22	\$4.10	\$3.42
Dec-23	\$4.13	\$3.49
Dec-24	\$4.14	\$3.58
Dec 25	\$4.14	\$3.67

Note: The Total Mortgage Portfolio will not tie to the disclosures in Forms 10-K and 10-Q as it presents security balances (UPB of MBS, credit enhancements and mortgage retained portfolio), while Forms 10-K and 10-Q present the loan balances underlying those securities.

Source: FHFA's Call Report System

Figure 4: Historical Portfolio of the Federal Home Loan Bank System

Figure 4 shows the size and growth of total assets in the Federal Home Loan Bank System starting in 2001 through 2025. Dollar amounts are in billions.

	Total Assets	Advances	Mortgages	MBS	Liquidity	Other
Q1 2001	\$677	\$450	\$17	\$84	\$100	\$26
Q1 2002	\$705	\$462	\$32	\$89	\$89	\$34
Q1 2003	\$782	\$495	\$75	\$99	\$77	\$37
Q1 2004	\$863	\$531	\$115	\$102	\$76	\$39
Q1 2005	\$937	\$580	\$114	\$114	\$89	\$40
Q1 2006	\$1,004	\$615	\$104	\$124	\$130	\$31
Q1 2007	\$1,022	\$624	\$96	\$128	\$150	\$24
Q1 2008	\$1,324	\$913	\$91	\$158	\$139	\$24
Q1 2009	\$1,233	\$817	\$85	\$158	\$143	\$29
Q1 2010	\$966	\$572	\$69	\$156	\$124	\$45
Q1 2011	\$849	\$445	\$58	\$146	\$133	\$66
Q1 2012	\$738	\$394	\$53	\$141	\$88	\$63
Q1 2013	\$739	\$418	\$48	\$137	\$89	\$47
Q1 2014	\$821	\$484	\$44	\$140	\$103	\$50
Q1 2015	\$880	\$542	\$44	\$137	\$106	\$50
Q1 2016	\$962	\$618	\$45	\$136	\$109	\$54
Q1 2017	\$1,026	\$661	\$49	\$140	\$129	\$48
Q1 2018	\$1,088	\$697	\$55	\$144	\$147	\$45
Q1 2019	\$1,083	\$671	\$64	\$144	\$166	\$38
Q1 2020	\$1,259	\$807	\$75	\$144	\$194	\$40
Q1 2021	\$771	\$399	\$59	\$125	\$154	\$33
Q1 2022	\$762	\$375	\$55	\$119	\$186	\$27
Q1 2023	\$1,566	\$1,045	\$56	\$152	\$283	\$30
Q1 2024	\$1,254	\$763	\$63	\$183	\$216	\$30
Q1 2025	\$1,246	\$694	\$71	\$195	\$260	\$27

Source: FHFA's Call Report System

Figure 5: Annual Federal Home Loan Bank Net Interest Income and Net Income

Dollar amounts are in billions.

Year	Net Interest Income	Net Income
2012	\$4,056	\$2,584
2013	\$3,433	\$2,497
2014	\$3,599	\$2,295
2015	\$3,579	\$2,875
2016	\$3,845	\$3,423
2017	\$4,491	\$3,387
2018	\$5,256	\$3,566
2019	\$4,680	\$3,188
2020	\$4,407	\$2,780
2021	\$3,776	\$1,783
2022	\$5,122	\$3,168
2023	\$8,991	\$6,690
2024	\$8,705	\$6,359
2025	\$7,981	\$5,646

Source: FHFA's Call Report System

Figure 6: Retained Earnings of the Federal Home Loan Banks

Figure 6 shows the amount of quarterly retained earnings for the Federal Home Loan Banks for 1Q and 4Q from the beginning of 2001 through the end of 2025, as well as the ratio of retained earnings to assets. Dollar amounts are in millions.

Quarter and Year	Retained Earnings	Retained Earnings to Assets
Q1 2001	\$654	0.10%
Q1 2002	\$876	0.12%
Q1 2003	\$751	0.10%
Q1 2004	\$1,064	0.12%
Q1 2005	\$2,136	0.23%
Q1 2006	\$2,825	0.28%
Q1 2007	\$3,264	0.32%
Q1 2008	\$3,786	0.29%
Q1 2009	\$5,059	0.41%
Q1 2010	\$6,219	0.64%
Q1 2011	\$7,672	0.90%
Q1 2012	\$9,100	1.23%
Q1 2013	\$10,818	1.46%
Q1 2014	\$12,366	1.51%
Q1 2015	\$13,824	1.57%
Q1 2016	\$14,793	1.54%
Q1 2017	\$16,766	1.63%
Q1 2018	\$18,460	1.70%
Q1 2019	\$19,849	1.83%
Q1 2020	\$20,728	1.65%
Q1 2021	\$22,224	2.88%
Q1 2022	\$23,026	3.02%
Q1 2023	\$25,390	1.62%
Q1 2024	\$28,723	2.29%
Q1 2025	\$31,068	2.49%

Source: FHFA's Call Report System

Figure 10: Map of the Federal Home Loan Bank System

Figure 10 is a map showing the states and U.S. territories in each Federal Home Loan Bank district.

District	States and U.S. Territories
Atlanta	Alabama, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia
Boston	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
Chicago	Illinois, Wisconsin
Cincinnati	Kentucky, Ohio, Tennessee
Dallas	Arkansas, Louisiana, Mississippi, New Mexico, Texas
Des Moines	Alaska, American Samoa, Guam, Hawaii, Idaho, Iowa, Minnesota, Missouri, Montana, North Dakota, Northern Mariana Islands, Oregon, South Dakota, Utah, Washington, Wyoming
Indianapolis	Indiana, Michigan
New York	New Jersey, New York, Puerto Rico, Virgin Islands
Pittsburgh	Delaware, Pennsylvania, West Virginia
San Francisco	Arizona, California, Nevada
Topeka	Colorado, Kansas, Nebraska, Oklahoma





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