

2005
Report to Congress

Office of Federal Housing
Enterprise Oversight



June 15, 2005

www.ofheo.gov



OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT
1700 G STREET NW WASHINGTON DC 20552 (202) 414-3800

June 15, 2005

The Honorable Richard Shelby
Chairman
Committee on Banking, Housing, & Urban Affairs
United States Senate
Washington, D.C. 20510

The Honorable Michael G. Oxley
Chairman
Committee on Financial Services
United States House of Representatives
Washington, D.C. 20515

Dear Chairmen:

I am pleased to transmit the 2005 Report to Congress from the Office of Federal Housing Enterprise Oversight (OFHEO). This report has been prepared to meet the statutory requirements in section 1319B of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Title XIII of P.L. 102-550). The views expressed are those of the Acting Director and do not necessarily represent those of the President or the Secretary of Housing and Urban Development.

This report covers accomplishments in 2004 during the tenure of former OFHEO Director Armando Falcon, Jr. who resigned May 20 after serving nearly six years. As Acting Director I thank him for his leadership and historic contributions to the safety and soundness regulation of Fannie Mae and Freddie Mac (the Enterprises).

Under Director Falcon, OFHEO accomplished its statutory mission, under difficult constraints, of ensuring the safe and sound operations of the Enterprises. Director Falcon transformed OFHEO from a 70-person agency with a \$16 million budget in 1999 into the strong, capable regulator it is today. He quadrupled OFHEO resources, completed a complex, risk-based capital regulation and crafted remediation plans for Freddie Mac and Fannie Mae. He reconfigured OFHEO's examination program which allowed Agency examiners to detect problems at Fannie Mae before disruptions occurred in our housing finance system. Finally, Director Falcon crafted a strong corporate governance regulation for the Enterprises. He played a significant role in preserving the integrity of our housing finance system which contributed to the record homeownership in our country today.

Pursuant to the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 the Agency continues to recommend legislative enhancements to OFHEO's authority, particularly in those areas that would align the safety and soundness authority of the Agency more closely to our fellow federal banking agencies. We also believe that permanent funding of OFHEO, outside the appropriations process, is critical to ensuring the agency can adapt and respond quickly to changing circumstances at either Enterprise.

Sincerely,

A handwritten signature in black ink, reading "Stephen A. Blumenthal". The signature is written in a cursive style with a large, stylized "H" at the end.

Stephen A. Blumenthal
Acting Director

cc: The Honorable Paul S. Sarbanes, Ranking Member, Senate Committee on Banking, Housing, & Urban Affairs
The Honorable Barney Frank, Ranking Member, House Committee on Financial Services

TABLE OF CONTENTS

YEAR IN REVIEW	1
FINANCIAL PERFORMANCE OF THE ENTERPRISES IN 2004	2
SUPERVISORY ACTIONS IN 2004	4
RULEMAKING	4
OFHEO ACTIONS ON EXECUTIVE COMPENSATION	5
OFHEO RESEARCH AND PUBLICATIONS	6
OFHEO HOUSE PRICE INDEX MAP	8
FINANCING OFHEO'S OPERATIONS	9
FANNIE MAE ANNUAL EXAMINATION.....	10
EXAMINATION RESULTS AND CONCLUSIONS	10
MANAGEMENT SUPERVISION	11
ASSET QUALITY AND CREDIT RISK MANAGEMENT	15
EARNINGS.....	15
LIQUIDITY RISK.....	16
SENSITIVITY TO MARKET RISK	17
CAPITAL ADEQUACY	17
FREDDIE MAC ANNUAL EXAMINATION.....	19
EXAMINATION RESULTS AND CONCLUSIONS	19
MATTERS REQUIRING BOARD ATTENTION	20
COMPLIANCE WITH CONSENT ORDER	20
BOARD AND MANAGEMENT SUPERVISION	21
ASSET QUALITY AND CREDIT RISK MANAGEMENT	22
EARNINGS.....	23
LIQUIDITY.....	23
SENSITIVITY TO MARKET RISK	24
CAPITAL ADEQUACY	24
HISTORICAL DATA TABLES	25

YEAR IN REVIEW

HOUSING SECTOR REMAINS STRONG, WITH MORE MODERATE REFINANCE VOLUMES

The U.S. economy grew at a more moderate but healthy 3.9 percent rate during 2004 compared to 4.4 percent the year before, still benefiting from the stimulus of prior years' tax and interest rate cuts. Labor market conditions continued to tighten in 2004. The unemployment rate fell to 5.4 percent at year-end, down from 5.7 percent one year earlier.

The persistence of the expansion led the Federal Reserve to adopt a tightening policy, and it began raising interest rates in June, the first time since May 2000. The Federal Funds target rate was raised five times between June and December, from 1.0 percent to 2.25 percent, the highest level since October 2001. Long-term yields initially rose in response but subsided shortly thereafter. Mortgage interest rates followed the trends of long-term Treasury issues, as is typical. According to Freddie Mac's Primary Mortgage Market Survey (PMMS), the average 30-year fixed-rate mortgage (FRM) commitment interest rate trended down to a low of 5.4 percent in the second week of March. That rate dramatically reversed course in the second quarter, rising to 6.3 percent in the second week of May 2004. The average commitment interest rate fell in the third quarter and was generally flat in the fourth quarter. For the year, the 30-year FRM commitment interest rate averaged 5.84 percent. That was just one basis point above the average rate for 2003, the lowest rate in the history of Freddie Mac's PMMS. The commitment rate on one-year Treasury-indexed adjustable-rate mortgages (ARM) averaged 3.9 percent in 2004, up slightly from the previous year's average of 3.8 percent.

Low interest rates continued to have a positive impact on the U.S. housing sector. Single-family housing starts increased for the fourth consecutive year, totaling 1.65 million units in 2004, up from 1.53 million units in 2003. Home sales set new records for the fourth consecutive year. Combined sales of new and existing homes totaled 7.9 million units in 2004, an increase of 9.9 percent from the record-setting level in 2003 of 7.3 million units. Whereas housing starts and sales continued to swell, originations of single-family mortgages retreated in 2004, falling 27 percent to \$2.8 trillion. Despite that decline, originations came in at their second highest level ever. The decline in originations was driven by a decline in mortgage refinancings after the extraordinary volumes in 2003 when interest rates declined significantly. According to *Inside Mortgage Finance*, refinancings totaled \$1.5 trillion in 2004, down from \$2.8 trillion the year before.

The average rate of increase in house prices, as measured by OFHEO's House Price Index, reached double-digits in 2004, the first time since 1979. The average U.S. home price increased 11.9 percent from the fourth quarter of 2003 to the fourth quarter of 2004, compared to 8.1 percent the year before. Five of the nine Census Divisions experienced double-digit rates of appreciation, up from three the year before. The generally healthy economy and continued low interest rates strengthened demand for homes.

The rising house price appreciation rate led to a decline in housing affordability. The National Association of Realtors' housing affordability index was 132.6 in 2004, down from

138.4 the year before. Notwithstanding, a record 69.2 percent of U.S. households owned their homes as of the end of the fourth quarter 2004, up from 68.6 percent one year earlier. The rental vacancy rate fell fractionally from the fourth quarter of 2003 to the fourth quarter of 2004, to 10.0 percent.

FINANCIAL PERFORMANCE OF THE ENTERPRISES IN 2004

Fannie Mae and Freddie Mac each were profitable in 2004 but faced internal and external challenges. Internally, both Enterprises had to address serious accounting and control problems. Externally, a major shift in the composition of primary mortgage market loan production and increased demand for mortgages by other investors diminished investment opportunities for Fannie Mae and Freddie Mac.

In December 2004, following an OFHEO report of special examination findings, the Securities and Exchange Commission (SEC) advised Fannie Mae that certain accounting practices followed for years 2001 through 2004 did not comply with Generally Accepted Accounting Principles. The SEC directed Fannie Mae to restate financial statements issued for each of those years. Accordingly, there are no audited financial data with which to gauge the financial performance of Fannie Mae for 2004. Data referenced below were derived from Fannie Mae's Monthly Summary for December 2004. Freddie Mac published unaudited financial data for 2004.

While mortgage originations came in at their second highest level ever in 2004, both Enterprises dramatically reduced their purchase and issuance activities. Higher ARM and subprime shares of mortgages originated in 2004 resulted in originators retaining a larger share of their production for their portfolios or using other securitization channels to a greater degree than usual. Fannie Mae purchased or guaranteed \$725 billion of mortgages in 2004. That was about one-half of the Enterprise's business activity the year before. The Enterprise issued \$552 billion of new mortgage-backed securities (MBS) in 2004, less than one-half the volume issued in 2003. Freddie Mac's business volume also was down sharply in 2004 compared to the previous year. The Enterprise purchased or guaranteed \$495 billion of mortgages in 2004 and issued \$365 billion of new MBS, about one-half the volume issued in 2003.

Each Enterprise grew its mortgage portfolio by less than one percent in 2004, the lowest rate of growth in well over a decade for both Enterprises. Competition for mortgages and mortgage securities by investors (banks in particular) continued to be strong. That competition caused a compression of spreads between yields on new mortgage investments and debt costs and helped to make portfolio purchases less attractive in 2004. The Enterprises generally invest in mortgages or mortgage securities only when yields are sufficient to provide desired levels of returns, after interest and appropriate hedging and rebalancing costs.

Freddie Mac's GAAP earnings fell in 2004. Net income was \$2.9 billion in 2004 compared with \$4.8 billion the year before. The decline was driven primarily by an increase (\$4.5 billion) in losses on derivative instruments that did not qualify for hedge accounting. Those losses were partially offset by a reduction in losses on debt retirement of \$1.4 billion. Guarantee fee income declined 16.4 percent in 2004, to \$1.4 billion. The more stable

interest rate environment in 2004 led to a substantial reduction in the amount of deferred fee income (i.e., credit and buy down fees) amortized to income. As a result, the average guarantee fee rate fell 5.8 basis points, to 17.5 basis points. Administrative expenses fell a modest 3 percent, to \$1.8 billion. Salaries, benefits, and professional services were up sharply because of the restatement but those increases were largely offset by a decline in other expenses.

Credit losses for Freddie Mac, which include charge-offs and foreclosed property expenses remained very low at \$137 million in 2004, up from \$86 million the year before. The credit loss rate for Freddie Mac (credit losses as a percentage of the average total mortgage portfolio, excluding non-Freddie Mac securities) increased from 0.8 basis points in 2003 to a modest 1.1 basis points in 2004.

The fair value balance sheet disclosure of Freddie Mac provides additional information on the economic condition of the Enterprise. Freddie Mac's fair value balance sheet showed an increase in fair value net worth of 12.8 percent or \$3.6 billion, to \$30.9 billion in 2004. Adjusted for capital transactions (primarily dividend payments), fair value net worth increased by \$4.6 billion. Core spread income from the retained mortgage portfolio and guarantee fees from the sold portfolio were chiefly responsible for the gain in fair value net worth achieved in 2004. However, significant portions of the gain were also accounted for by tighter mortgage-to-debt option-adjusted spreads and longer expected guarantee fee income streams on existing guarantees. These portions of the gain may provide little long-term benefit.

SUPERVISORY ACTIONS IN 2004

Enforcement Actions

OFHEO continued administrative actions against Leland Brendsel, former Freddie Mac Chief Executive Officer and Chairman, Vaughn Clarke, former Freddie Mac Chief Financial Officer, and the Enterprise. The charges relate to conduct and violations that contributed to the improper management of earnings and the resulting restatement of earnings by Freddie Mac. The charges call for the benefits of the individuals to be reduced to those appropriate in a termination for cause—a significant decrease—and for repayment of bonuses. Civil money penalties and restitution for losses to Freddie Mac are also sought against the two former executive officers. A U.S. District court ruled that compensation and other benefits held by Freddie Mac in response to a request from OFHEO must be released; and, accordingly, compensation and benefits were released by the company. The underlying administrative actions against the two individuals remain before an Administrative Law Judge, where discovery continues and various pre-hearing motions and filings are pending.

Supervisory Steps

As part of its special examination of Fannie Mae, OFHEO entered into an agreement with the Board of Directors of Fannie Mae. The Agreement specified actions the company must undertake to address accounting, staffing and internal control matters. The Agreement required the submission of a capital plan and a surplus capital requirement of 30 percent over the minimum capital level of the Enterprise and for a review of executive compensation programs. Also, the Agreement called for external legal and accounting reviews by firms selected by the Enterprise and approved by OFHEO. The Agreement further required creation of a chief risk officer and greater independence in the internal audit function.

As part of its special examination of Fannie Mae, OFHEO issued a number of subpoenas regarding individuals and materials. A large number of witnesses were interviewed and large amounts of materials reviewed by OFHEO attorneys in anticipation of such interviews. OFHEO is working with the Securities and Exchange Commission (SEC), Public Company Accounting Oversight Board (PCAOB) and Justice Department during the course of its special examination.

RULEMAKING

OFHEO proposed a rule to amend its corporate governance regulation that would update provisions to increase the oversight responsibilities of the Board, address audit firm and audit partner rotation, separate the functions of chief executive officer and chairman of the Board, create the positions of chief risk officer and chief compliance officer and add other provisions.

OFHEO ACTIONS ON EXECUTIVE COMPENSATION

OFHEO's enabling statute and the Enterprise charter acts charge the Director of OFHEO with oversight responsibility in the area of executive compensation. OFHEO's statute requires the Director to prohibit an Enterprise from providing excessive compensation to any executive officer. Specifically, the statute provides that compensation must be reasonable and comparable with compensation paid by other similar businesses to executives having similar duties and responsibilities. "Similar businesses" include publicly held financial institutions or major financial services companies.

The Enterprise charter acts require the companies to obtain the prior approval of OFHEO's Director before entering into or changing termination agreements with their executive officers. The Director may not approve any such agreement unless the Director determines that the benefits provided thereunder are comparable to benefits provided under such agreements for officers of other public and private entities involved in financial services and housing interests who have comparable duties and responsibilities.

In 2004, OFHEO's proposed corporate governance rule included several requirements in the area of executive compensation. Specifically, the rule:

- Requires reasonable and appropriate compensation for directors, officers and employees, highlighting the need to avoid compensation incentives that excessively focus on short-term earnings;
- Requires that compensation programs consider risk management, compliance with the law and operational stability in addition to earnings; and,
- Requires reimbursement by a senior officer if an accounting restatement is required under certain circumstances.

OFHEO's investigations of both Freddie Mac and Fannie Mae found compensation incentives focused primarily on short-term earnings to be instrumental in leading to improper conduct. Therefore, after reviewing nine termination benefit agreements and discussing them with the applicable enterprise, OFHEO required modifications in several cases to provide a more appropriate incentive structure. OFHEO also advised each Enterprise which executive officer's contracts are now subject to OFHEO's oversight due to organizational changes within each company.

OFHEO RESEARCH AND PUBLICATIONS

During 2004, OFHEO continued to focus its research plans and activities on a variety of topics that assist the agency in achieving its strategic goals. In 2004 OFHEO placed a priority on research and analysis primarily related to analyzing risk and capital adequacy. OFHEO also continued its practice of publishing reports and papers, and posting information on its Web site, to better inform interested parties about the issues OFHEO addresses regarding the Enterprises and the secondary mortgage market. The papers and reports are the result of research, analysis and special examination work accomplished throughout the year.

In September 2004, OFHEO released the “Report of Findings to Date: Special Examination of Fannie Mae” which outlined the misapplication of some Generally Accepted Accounting Principles (GAAP) that OFHEO found at Fannie Mae during the course of the special examination. OFHEO issued public statements on the special examination of Fannie Mae, the Freddie Mac restatement of financial results, the Agreement for corrective action with the Fannie Mae Board of Directors, directives to the Enterprises, and quarterly capital classifications throughout the year.

OFHEO also released two research papers during 2004. “The Single-Family Mortgage Industry in the Internet Era: Technology Developments and Market Structure,” released in January, examined how changes in technology have affected the structure and business practices of firms in the single-family mortgage industry in the last two decades, and how firms are seeking to exploit business opportunities created by automated underwriting and the Internet. “Mortgage Markets and the Enterprises in 2003,” released in October 2004, reviewed developments in the housing sector and the primary mortgage market, the secondary market activity of Fannie Mae and Freddie Mac, and the financial performance of the Enterprises in 2003.

OFHEO published two staff working papers in 2004, continuing the working paper series begun in 2002. These papers continue research on topics of interest to OFHEO, including the value of foreclosed property and equity options markets. These working papers, as well as OFHEO research papers and reports are available at www.ofheo.gov. OFHEO researchers also presented papers and led discussions at professional and industry conferences on topics such as house prices, the regulation of the Enterprises, and the performance of prime and non-prime mortgages.

OFHEO also published a public version of the software used to run the risk-based capital stress test, along with a stylized data set to use in the model. By running the data for this hypothetical firm through the stress test model, a member of the public can better understand the sensitivities and implications of the stress test.

In 2004 OFHEO began calculating and publishing the maximum conforming loan limit for single-family mortgages purchased by Fannie Mae and Freddie Mac. In November 2004, OFHEO announced that the 2005 limit can be no higher than \$359,650 for one-unit properties. Effective January 1, 2005, the Enterprises’ conforming loan limit for larger properties applies as follows: Two-unit mortgages are limited to \$460,400; three-unit mortgages: \$556,500; and four-unit mortgages: \$691,600. The limit in statutorily designated

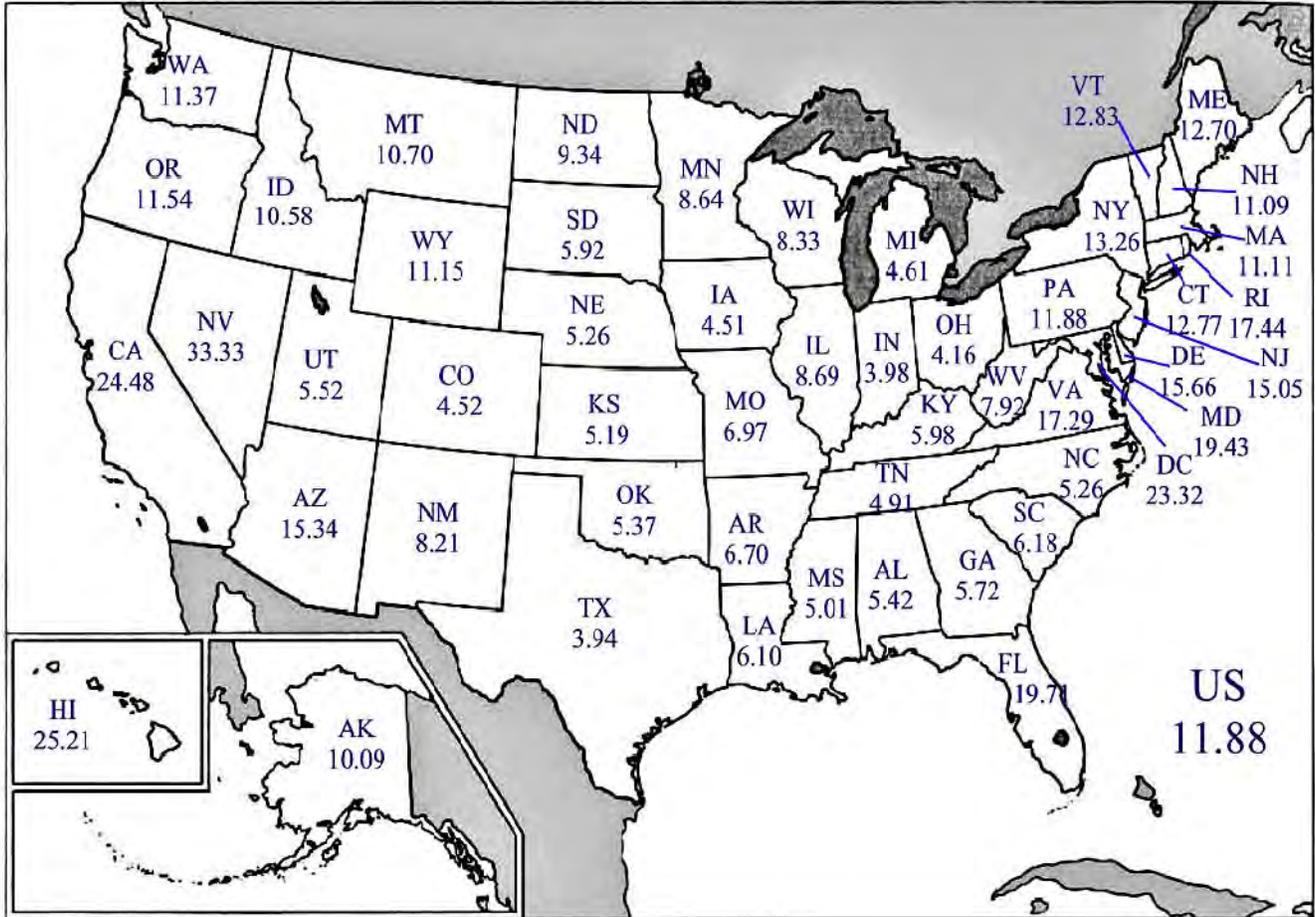
high-cost areas (Alaska, Guam, Hawaii, and the U.S. Virgin Islands) is 50 percent higher, for example, \$539,475 for a one-unit, single-family mortgage. For second mortgages, the 2005 limit is \$179,825. In the designated high-cost areas this is \$269,725.

OFHEO contributed its expertise in working with other federal agencies during the course of 2004. OFHEO worked with 10 other federal agencies and financial regulators to issue a Spanish-language brochure, "Putting Your Home on the Loan Line Is Risky Business," that alerts consumers to potential borrowing pitfalls, including high-cost home loans, and provides tips for getting the best financing deal possible. OFHEO also worked with the International Monetary Fund and the State Department to assist officials from Armenia, Kazakhstan, Japan and Korea with expertise on developing and regulating mortgage markets.

OFHEO also continued quarterly publication of its House Price Index (HPI), which uses Enterprise data to calculate changes in house prices for the nation as a whole, the nine Census Divisions, the 50 states and the District of Columbia, and 379 Metropolitan Statistical Areas or Metropolitan Divisions. In 2004, OFHEO began providing data on 25 additional MSAs and 29 Metropolitan Divisions (which replaced 11 MSAs) to be consistent with definitions revised by the Office of Management and Budget based on 2000 census data. The HPI is based on over 29 million repeat transactions over 30 years. OFHEO developed the HPI as a key input for its risk-based capital stress test. It is regularly reported by media organizations throughout the nation and used by researchers to analyze house price behavior (Map on following page).

OFHEO HOUSE PRICE INDEX U.S. MAP

Fourth Quarter 2003 – Fourth Quarter 2004



FINANCING OFHEO'S OPERATIONS

OFHEO'S BUDGET

The business operations of OFHEO are not financed by taxpayer funds. The annual operating budget, however, is subject to the federal appropriations process and is constrained by the amount appropriated by Congress and signed into law by the President. The amounts provided for by the appropriations process are collected from Fannie Mae and Freddie Mac in the form of an annual assessment.

Following two months of operating under continuing resolutions, OFHEO received its full fiscal year 2005 budget request of \$59.2 million in December 2004. This will fund existing activities and provide resources to strengthen examination, compliance, accounting oversight and capital review and adequacy programs. Subsequently, in May 2005, Congress appropriated an additional \$5 million for OFHEO to cover the increased costs of the special examinations of Fannie Mae and Freddie Mac and associated litigation.

Congress is considering legislation that would transfer all resources available to OFHEO to a new, strengthened housing government-sponsored enterprise regulator, outside of the appropriations process. Absent legislative change, however, OFHEO will continue to be subject to the appropriations process. The Administration proposed a fiscal year 2006 budget of \$60 million to fund OFHEO's operations.

OFHEO CONTINUES TO RECEIVE UNQUALIFIED AUDIT OPINION IN FY 2004

In conjunction with the goal of the government to improve accountability, OFHEO prepared financial statements for fiscal year 2004 and subjected these statements and underlying processes to an independent audit. The certified public accounting firm of Dembo, Jones, Healy, Pennington and Marshall audited the statements. The firm issued an unqualified audit opinion on OFHEO fiscal year 2004 financial statements, found no material weaknesses in internal controls, or instances of non-compliance with laws and regulations. While not required by law, OFHEO voluntarily began obtaining outside audit reviews of its financial statements in fiscal year 1998. Fiscal year 2004 represents the seventh straight year OFHEO has received a clean, unqualified audit opinion which can be viewed on OFHEO's Web site at <http://www.ofheo.gov/media/pdf/fy04auditedfinancials.pdf>.

FANNIE MAE ANNUAL EXAMINATION

In accordance with OFHEO's risk-based examination approach, examinations of Fannie Mae during 2004 primarily focused on the evaluation of the policies, practices, and controls in business lines managed by the Chief Financial Officer (CFO) and related functions. Examinations conducted in other areas of Fannie Mae focused on policies, risk management, and reports for the Board and executive management.

EXAMINATION RESULTS AND CONCLUSIONS

Overall, Fannie Mae's condition warrants significant supervisory concern. The quality of policies, controls and communication varied among the business lines due to weaknesses in the program of former executive management. The program failed to establish an explicit baseline of standards that ensured all Enterprise activities consistently met industry standards in policies, controls and communication. These weaknesses, coupled with a focus on expense control, impeded or prevented Fannie Mae from building aspects of the organizational structure and culture needed to effectively manage the company through significant business growth. Deficiencies noted during 2004 indicate Fannie Mae's program needs strengthening in several areas:

- The quality of policies varies due to the lack of standardization in their production and review.
- Reporting to the Board requires improvement.
- The lack of a centralized authority in operations and weaknesses in independent risk oversight prevented several deficiencies from being detected, reported, and corrected. The organizational structure failed to provide fundamental controls for the controller department.
- Deficiencies identified inadvertently or through reviews conducted by Fannie Mae and OFHEO indicate several areas in operations controls need strengthening.
- Information technology in the areas of business continuity planning, crisis management, data center, and e-business activities are managed satisfactorily.
- Credit risk management is satisfactory for processes concerning counterparty risk management, multifamily operations, and new product development. However, deficiencies noted in several areas indicate that business line management needs to strengthen its oversight functions.
- Liquidity management is satisfactory but requires strengthening in some areas of policies and procedures, contingency planning, and systems issues that impact some process efficiencies.

- Interest rate risk is managed satisfactorily, and risk levels remain within limits set by management.

The Board and management initiated actions to address the issues noted in this report, and have already devoted significant resources to correct the deficiencies noted in OFHEO's special examination of Fannie Mae released in September 2004.

MANAGEMENT SUPERVISION

The performances of the CEO, CFO, and controller were ineffective due to their lack of adequate policies, controls, and systems in the Controller's department and other areas managed by the CFO. The internal audit function was weak due to compromised independence, a lack of audit experience, and poor quality of the audit program. The interim and new management team has begun to implement a program to correct these deficiencies but it is too early to determine the effectiveness of their management or program.

The program of former executive management generated weaknesses in communication and controls. Some Board reports and presentations needed additional information and/or better risk metrics. The lack of a centralized authority in operations and independent risk oversight prevented some deficiencies from being detected, reported, and corrected. Poor controls in the controller department coupled with inadequate oversight from internal audit contributed to long-standing problems in financial reporting.

Former executive management fostered a culture of excessive expense control that contributed to inadequate policies, controls, and systems in the controller department and other areas within the Enterprise. The excessive expense controls prevented several systems, processes and controls from being properly implemented or updated, and impeded the ability of business line management to prepare for future growth in business activities and changes in Generally Accepted Accounting Principles (GAAP). Internal audit was also significantly understaffed.

Organizational structure and control deficiencies contributed to the use of accounting policies and practices that were overly aggressive or not compliant with GAAP. These deficiencies include:

- No policies or procedures to formally establish personnel responsibilities for the development, review, and approval of accounting standards.
- No Controller department procedures to formally detail actual practices in applying accounting methodologies, or recording transactions.
- Poor segregation of duties in the Controller department for the authorization and recording of transactions, the modeling and recording of transactions, and financial reporting and forecasting.
- Lack of accounting technical expertise in the CFO and many of the controller department's management and staff.

- The independence of internal audit was compromised through inappropriate reporting lines, and the CFO's undue influence over the general auditor's compensation. The general auditor was also responsible for auditing his prior work.
- Excessively low staff levels in the Controller department and internal audit.
- Systems limitations in the Controller department created by excessive expense controls over systems and staff resources.
- Inadequate communication with the Board and its audit committee on accounting policy, and the resulting impact on public disclosures and compliance with GAAP.

The lack of centralized authority in operations and independent risk oversight prevented many deficiencies in several business lines from being detected, reported, and corrected. Several internal control standards were left to individual managers to establish, and accountability for detection of deficiencies largely fell on internal audit. Internal audit did not detect or accurately report several deficiencies as well as its own resource deficiencies to the audit committee.

The former strategic plan did not adequately coordinate all business lines for new business growth and changes in accounting requirements. Business line management sometimes made decisions independently and addressed systems upgrades or deficiencies with manual work-arounds, rather than implementing improvements within a comprehensive framework.

The Board began taking action and established a compliance committee to oversee corrective actions and initiated analysis of compensation, organizational structure, and their capital plan after the release of OFHEO's special examination of Fannie Mae in September 2004. Once the SEC concurred with OFHEO's conclusions that accounting methodologies did not comply with GAAP guidelines, the Board established a program to correct accounting policies and methodologies. The Board devoted significant resources to develop and monitor a program to correct deficiencies noted in the special examination by:

- Appointing a non-executive chairman to the Board and establishing separate positions for Chairman and CEO.
- Establishing compliance and review committees of the Board and a team that monitors and reports to the compliance committee efforts made to comply with OFHEO's September 2004 agreement and March 2005 supplemental agreement.
- Hiring consultants to recommend an organizational structure and compensation plan that meets or exceeds industry standards.
- Removing key executives who managed the accounting activities, appointing interim managers and a permanent controller, and hiring search firms to help replace the interim CEO, CFO, and the head of internal audit.
- Replacing the external auditor. The new auditor has initiated a comprehensive, substantive audit of Fannie Mae's processes, controls, and accounting policies and methodologies.
- Hiring an accounting firm to assist management in a comprehensive review of all accounting policies.
- Changing the organizational structure of the departments managed by the CFO to establish appropriate internal controls and segregation of duties in the areas of

- internal audit, chief risk officer, accounting, policies, reporting performance, and performance planning, forecasting, and modeling.
- Strengthening independent risk management by establishing a centralized risk management unit, establishing appropriate separation of duties in the controller department, developing a stand-alone ethics and compliance function, and making internal audit independent both in organization structure and function.
 - Centralizing the line of business management of operations.
 - Eliminating hedge accounting for derivatives until systems can be upgraded to properly apply the rules and document compliance required by SFAS 133.

Operations Risk

The 2004 examinations focused on the evaluation of internal controls, systems, communication, and culture in the lines of business under the CFO, and corrective actions taken by the Board to address the deficiencies OFHEO noted. Limited operations reviews were conducted in cash flow forecasting, credit risk measurement, and information technology (IT) in the areas of business continuity planning, crisis management, data center and e-business activities.

Operations risk management for transactions, accounting, and financial statement records of the Controller's department is weak but improving. Operations examinations outside of the controller department were limited this year, accordingly, OFHEO cannot rate the quality of operations risk management in the other lines of business. In addition to deficiencies discovered through reviews conducted by OFHEO and Fannie Mae management, new issues continue to emerge that indicate that operations controls need strengthening. The full picture of the quality of operations risk management will not be known until the Board consultants and the external auditor complete their analyses and OFHEO completes its ongoing examination.

Operations risk management for business lines managed by the CFO is weak based on:

- Accounting policies that are not compliant with GAAP.
- Inadequate systems used to record transactions and produce financial statements.
- The lack of a standardized or centralized program for business line controls.
- An operations risk management program that did not meet industry standards in several areas in organizational structure and communication.
- Former executive management began implementing a program to correct these deficiencies in 2004 but did not communicate the deficiencies to the Board.

Many aspects of the operational structure do not meet industry standards in the areas of segregation of duties, personnel expertise, and systems limitations and controls. Inadequate segregation of duties, poor clarification of personnel responsibilities and inadequate technical expertise of decision-makers and a willful disregard of accounting rules contributed to the use of accounting policies and practices that were overly aggressive or not compliant with GAAP. The former CFO reporting lines generated conflicts of interest by combining the following functions:

- The authorization and recording of financial transactions.
- Modeling and recording of security amortization.
- Financial reporting and forecasting.
- Risk taking, risk management, and financial controls.

The corporate-wide standards for business line oversight of operations risk management are weak due to a lack of centralization in operations oversight and non-standardization in controls and reporting requirements. Individual managers sometimes determined their own controls and report quality, which led to non-standardized and uncoordinated solutions that generated work-around fixes rather than coordinated solutions built for long-term viability.

Operations risk management in business lines managed by the CFO is improving due to the significant resources employed by the Board and the new executive management team to identify and correct deficiencies. The program is in its initial stages, and will take considerable time to fully implement. Issues such as the segregation of duties, hiring of new personnel, new accounting policies, and temporary manual work-arounds for systems deficiencies have been or can be corrected within months. Implementation of new systems for financial records and other areas will require several years to address.

The Board and new executive management devoted significant resources to develop a program to improve operations risk management throughout the Enterprise. The program addresses the operational deficiencies noted in the formal agreements with OFHEO and identifies and corrects issues throughout Fannie Mae. The Board and company management are in the initial stages of developing and implementing a comprehensive, corporate-wide framework for monitoring and controlling operational risk. Company management began to implement improvements noted in the independent organizational study conducted by consultants hired by the Board, and developed tracking reports to help monitor progress in meeting time lines for correction. The corrective actions to address operations risk issues include:

- Operations risk management centralized in one business line.
- Integration of controller department systems into the corporate-wide program for information technology.
- An organization structure that meets or exceeds industry standards.
- Improved controls and clarified accountability within the lines of business.
- A centralized independent risk management function that evaluates all risks within Fannie Mae, including operations risk.
- Improved reports, and risk metrics to better communicate risk levels and trends.
- Improved policies and procedures to better communicate standards, controls, and risk limits.

Information technology in the areas of business continuity planning, crisis management, data center and e-business activities are managed satisfactorily. Systems are secure and management established effective systems redundancies and business continuity processes. The IT strategic plan is satisfactory and appropriately integrated with corporate objectives.

Policies for the areas examined were generally satisfactory but some contained out-of-date and incomplete information.

ASSET QUALITY AND CREDIT RISK MANAGEMENT

Credit quality is strong. Credit risk management is satisfactory for processes concerning counterparty risk management, multifamily operations, and new product development. Weaknesses in many of these areas indicate that management in both the single-family and multifamily lines of business and internal audit need to strengthen their oversight functions. Most weaknesses were minor but several are of greater significance:

- Management of mortgage fraud in seller/servicers.
- Systems integration and process efficiencies.
- Methodologies used in the loan loss reserve.
- Validation of some credit risk models.
- Policy review process.

Management in the lines of business and independent risk management have already begun to address many of these issues. Management has recently corrected issues in the risk rating system, begun improvements in policy review and model validation, and proposed structural changes to improve controls and operations.

EARNINGS

The analysis below is based on financial statements that will be revised significantly at the conclusion of the ongoing restatement.

Earnings for 2004 are satisfactory. The business model exhibits the capacity for sustainable profits. Earnings capacity benefits from the government sponsored Enterprise status of the company which lowers borrowing costs and enhances the market's reception to its guarantees. The analysis of earnings is impeded by the lack of GAAP-compliant statements.

The capacity of the Enterprise for future earnings is a key component of the plan of management to achieve the capital ratios required in its agreement with OFHEO. The preferred equity issuance near year-end 2004 increased capital by \$5 billion but as of March 2005, capital levels remained \$5 billion below a 30 percent surplus, the required level. Management has also reduced dividend payments by 50 percent, which will increase retained earnings by roughly \$1 billion per year. Reductions in asset growth to reduce capital requirements, however, may limit earnings growth.

The rapid earnings growth reported in preceding years was not maintained in 2004, as expansion of the mortgage asset portfolio ceased and the guaranty business grew only modestly. Earnings in 2005 will likely be affected by asset reductions caused by the need to build capital and higher expenses from the restatement effort and systems upgrades.

Earnings from the mortgage asset portfolio remained strong in 2004 but were restrained by flat growth and a lower investment spread. The lack of growth in mortgage assets in 2004 followed 13 consecutive years of double-digit growth. Unusually tight spreads between market yields on mortgages and Fannie Mae's borrowing costs limited profitable purchase opportunities. Strong demand for mortgage assets at depository institutions held down mortgage yields throughout 2004.

The guaranty business experienced lower growth but higher guarantee fee (g-fee) rates. The outstanding mortgage security portfolio grew 8 percent in 2004 after exceptionally high growth in 2003 at 26 percent. A shift in primary market production toward adjustable-rate mortgages (ARMs) and subprime loans contributed to Fannie Mae's lower share of new business. Private label mortgage-backed security (MBS) issues reached record levels at \$864 billion or about 46 percent of total MBS issues in 2004, up from about 20 percent in 2002 and 2003. The increase in g-fees is, in part, due to the increase in purchase money mortgages, and the decline in refinancings which have lower g-fees.

Expenses will increase in 2005 to cover financial restatement efforts and systems upgrades, partially offset from cost control in other expense categories. Expenses will increase to cover external consultants, the expanded scope of the external auditor, and internal activities to identify and correct deficiencies in the controller department and other areas within Fannie Mae. The increase in systems expenses is primarily from changes to the controller department systems so that they can automatically apply GAAP compliant accounting methodologies.

LIQUIDITY RISK

Liquidity management is satisfactory but requires strengthening in some areas of policies and procedures, contingency planning, and systems issues that impact some process efficiencies. Policies provide guidelines and limits for the securities portfolios and asset coverage of short term liabilities. Daily cash flows and asset portfolios are managed satisfactorily. Some manual processes are inefficient but are capable of producing impacted reports on time. Management is in the process of addressing the following issues.

- Some policies and procedures are being refined with more formal guidelines for cashflow forecasting and tenor management.
- Contingency planning is being refined with estimates of realistic stress scenarios.
- Processes will be refined through automation and systems integration.

The market value of Fannie Mae's mortgage and non-mortgage securities amply cover the liabilities that mature in one year or less. Systemic market events have not reduced the liquidity of the market for Fannie Mae debt because of the market's perception of Fannie Mae's debt as a "flight to quality" product. In addition, recent company-specific events concerning financial statement and internal control deficiencies generated only a small impact on the cost of and market access to funding to date. OFHEO cannot provide a liquidity rating until an evaluation is completed of the analysis of cash flow variances and stress scenarios by the management of the treasury department of the company.

SENSITIVITY TO MARKET RISK

Interest rate risk (IRR) is managed satisfactorily due to effective communication and risk management from front office personnel throughout portfolio strategy, portfolio transactions, treasury, and the risk policy committee. Risk levels have been consistently maintained within management's IRR limits. IRR management should be strengthened through:

- A more comprehensive policy.
- Reports that better communicate the Enterprise's total IRR profile to Board members.

OFHEO cannot provide a final rating on the quantity of risk until a comprehensive review of data inputs, assumptions, methodologies and models used to estimate risk/return metrics is completed. An evaluation of middle or back office operations, securities valuation methodologies, and IRR model development and use was not done during this examination cycle.

CAPITAL ADEQUACY

Fannie Mae's capital is classified as significantly undercapitalized at year-end 2004. As of December 31, 2004, based upon information provided and certified by Fannie Mae management including adjustments for the estimated impact of accounting errors, Fannie Mae's estimated core capital exceeded the estimated minimum capital requirement by a small margin. Given the significant control weaknesses and the remaining uncertainties associated with the ongoing review of Fannie Mae's financial controls and accounting policies, risk remains that accounting adjustments could deplete Fannie Mae's core capital from those estimates. The small surplus at year-end 2004 left little room for discrepancies in the estimated capital position. It is noteworthy, however, that as of March 31, 2005 Fannie Mae had achieved an estimated capital surplus over the minimum capital requirement, resulting in a classification of adequately capitalized for March 31, 2005. The estimated \$4 billion surplus on that date provided an added cushion to cover the impact of additional uncertainties in the estimated accounting impact on capital.

Capital was classified as adequately capitalized at the end of the first two quarters in 2004 because capital levels met and exceeded both the minimum and risk-based capital requirements based on existing financial statements. After the SEC required Fannie Mae to restate its financial statements to address accounting issues, OFHEO reduced Fannie Mae's capital classification to significantly undercapitalized at the end of the third quarter 2004 to reflect an estimated reduction in core capital below the minimum capital requirement.

OFHEO and Fannie Mae entered into an agreement on September 27, 2004, that required Fannie Mae to achieve a 30 percent capital surplus by June 30, 2005 to provide coverage for uncertainties in Fannie Mae's controls and accounting practices. On December 21, 2004, OFHEO classified Fannie Mae as significantly undercapitalized based upon the ruling of the Securities and Exchange Commission that Fannie Mae must restate its financial results due

to inaccuracies in SFAS 133 reporting. Fannie Mae disclosed that the estimated impact of the disallowed hedges approximates \$9 billion. OFHEO adjusted the previously reported financial results for September 30, 2004 reflecting the \$9 billion capital reduction, resulting in a deficit capital surplus of approximately \$2 billion. As a result of the significantly undercapitalized classification for September 30, 2004, Fannie Mae submitted a capital restoration plan that outlined the strategy of the company for achieving the required capital surplus by September 30, 2005. Fannie Mae strengthened its capital position by issuing \$5 billion in preferred stock on December 30, 2004. Additional accounting errors impacting December 31, 2004 surfaced in early 2005 resulting in a small estimated capital surplus of \$475 million.

Due to the continued uncertainty in the financial estimates and the small margin for error, OFHEO continued the significantly undercapitalized position as of year-end 2004. During 2005, Fannie Mae has continued to generate earnings and has initiated select asset sales. These actions have generated an estimated capital surplus of \$4 billion as of March 31, 2005 and a capital classification of adequately capitalized by OFHEO. Further, efforts to achieve the 30 percent capital surplus by September 30, 2005 in accordance with the capital restoration plan remain on track with contingency plans available should additional changes alter the plan.

Management satisfactorily monitors and reports regulatory capital to OFHEO. Operational weaknesses, accounting issues, and internal control deficiencies throughout Fannie Mae continue to impact capital requirements and capital management practices. Management continues to take steps to restore capital levels and remains on target to achieve the OFHEO-directed 30 percent minimum capital surplus by September 30, 2005. The capital restoration plan appropriately details contingent actions that could increase capital levels should primary means become insufficient.

FREDDIE MAC ANNUAL EXAMINATION

OFHEO's examination activities focused heavily on compliance by the Enterprise with the extensive requirements of the Consent Order the Board of Directors executed on December 9, 2003 (Consent Order)¹ and with the implementation by the Enterprise of plans it submitted in response to the Consent Order requirements. Correspondingly, we targeted our examination resources to evaluate Board and management compliance with specific actions required by the Consent Order and the Enterprise that pertained to: the Board of Directors and Senior Management (Article II); Internal Controls (Article III); Internal Audit (Article IV); Internal Accounting (Article V); Risk Management Transactions (Article VI); Public Disclosures and Regulatory Reporting (Article VII); and Consent Order Oversight and Reporting (Article VIII). We performed additional on-site and off-site examination activities necessary to assess credit risk (including asset quality), earnings, capital adequacy, information technology, interest rate risk, liquidity risk, and management processes.

EXAMINATION RESULTS AND CONCLUSIONS

Overall, the condition of the Enterprise is improving but continues to warrant supervisory concern. The Enterprise is in the process of implementing plans to address the matters in the wide-ranging Consent Order and is subject to a capital directive as a result of a combination of moderate to severe internal control weaknesses. Although the Enterprise reported 2004 financial results on March 31, 2005, it does not have current financial statements in circulation, and does not expect to be a timely filer of 2005 financial information until the first quarter of 2006. Ameliorating factors include: (1) a significant capital surplus; (2) risk management strengths in key areas such as credit, interest rate, and liquidity risk that provide the Enterprise with the ability to withstand economic and market fluctuations; and (3) appropriately intensive efforts on the part of the Board of Directors and senior management to correct known control weaknesses.

During 2004 the Board of Directors and senior management made concerted efforts to correct extensive control weaknesses of the Enterprise. OFHEO examiners observed improvements in both financial reporting and general operational controls. Although the remediation of internal control weaknesses is not complete, action plans are in place, or are being developed and implemented, to address identified weaknesses. The successful completion of those plans will require the continued commitment and intensity of the Board and management throughout 2005 and beyond. Moreover, improvements to systems capabilities and the successful implementation of re-engineered business processes will be necessary to restore the overall control environment to a satisfactory condition. The process of validating the adequacy of controls and the actions taken to address significant control

¹ See [OFHEO Consent Order No. 2003-02](#), dated December 9, 2003.

weaknesses will require substantial efforts on the part of Enterprise personnel and the independent auditor of the Enterprise.

Leadership from the Board and senior management has facilitated significant progress over the past year. The reconfigured Board and senior management committees and revised committee charters have provided a foundation for positive change.

MATTERS REQUIRING BOARD ATTENTION

Key matters requiring strong Board oversight:

- The Board should continue to monitor compliance efforts to ensure remediation targets are met. Considerable progress was made in 2004 to achieve compliance with the provisions of the Consent Order. Aggressive remediation efforts are underway and company management anticipates full compliance with the Consent Order and related plans during 2006.
- The Board should ensure management actions to correct internal control weaknesses and deficiencies result in processes that are repeatable and sustainable. The independent auditor, PricewaterhouseCoopers (PwC), identified material weaknesses and internal control deficiencies during its audit of the financial statements for the year ending December 31, 2003. PwC identified additional material weaknesses in 2004. Concerted undertakings to address control deficiencies and permit the timely preparation of accurate financial statements are underway.
- The Board should continually evaluate the effectiveness of governance practices to ensure they are consistent with leading practices of other large, complex financial services organizations.
- The Board should closely monitor staffing levels and capacity to ensure day-to-day activities and change initiatives are effectively managed. The aggregate level of change occurring throughout the Enterprise is high. Processes to manage change activities will require the adoption of advanced change control practices to ensure corporate-wide change events are properly controlled and integrated.

COMPLIANCE WITH CONSENT ORDER

Considerable effort has been made by the Board and management to comply with the Consent Order. The rate of progress has been acceptable and, to date, all required reports and plans have been filed timely. A significant amount of additional work remains before plans submitted in response to the Consent Order are fully implemented. In particular, as contemplated by the plans submitted pursuant to the Consent Order, additional time and effort is needed to complete activities associated with Article III - Internal Controls and Article V - Internal Accounting. Consent Order-related remediation efforts are expected to continue throughout 2005 and extend into 2006. OFHEO will continue to perform

examination activities as necessary to evaluate the effectiveness of actions taken in response to Consent Order requirements.

BOARD AND MANAGEMENT SUPERVISION

The quality of Board governance is satisfactory. The current senior management team is capable. The Board must continue to hold management accountable for the timely and complete remediation of issues. The Board is also encouraged to evaluate the effectiveness of its governance practices continually to ensure they are consistent with leading practices of other large, complex financial service organizations.

The Board made progress in a number of areas, including hiring executive and senior management, revising bylaws in accordance with the Consent Order, adopting corporate governance guidelines, and adopting agenda planning and issue/action item tracking reporting. The Board reconfigured its committee structure and revised the committee charters, and has increased the frequency with which committees meet. Production of board/committee meeting minutes became timelier. The Enterprise also has an initiative underway to improve board and senior management reporting.

Areas for improvement include: the development and implementation of a formal strategic planning process that is integrated throughout the corporation; a further cultural shift toward accountability for controls at all levels of the organization; ongoing succession planning for each key position; continued evolution in the quality and content of board-level reports; and ongoing director training.

Internal Controls

PwC cited a number of broad material weaknesses during its audit of the financial statements for 2003. Each broad material weakness represented numerous detailed weaknesses. Senior management elevated addressing the weaknesses to a corporate priority and has taken appropriate steps to assign sufficient resources with appropriate skill levels to the related projects. During 2004, the Enterprise utilized extensive procedures to verify the accuracy of the 2004 financial results rather than rely on internal controls. It is anticipated that the Enterprise will rely more fully on internal controls during 2005 as remediation activities are completed.

The significant and pervasive nature of weaknesses in accounting operations, along with the substantial manual controls needed to prepare reliable financial information, adversely affected Freddie Mac's ability to release timely quarterly financial information. Large-scale, persistent efforts are underway to create or improve the processes and controls necessary for the ongoing production of timely quarterly financial statements. The aggressive focus on implementing controls intended to mitigate control deficiencies and address accounting policy issues contributed to an improved timeframe compared with the prior year for releasing the year-end 2004 financial statements. Additional progress is needed to allow quarterly financial statements to be prepared and released within an appropriate timeframe.

The ability to release timely financial statements remains a substantial challenge for Freddie Mac. Critical components to reach the goal include:

- Implementing a more disciplined and formal control environment that permeates the organization;
- Moving toward greater reliance on automated, preventative controls rather than manual, detective controls; and
- Establishing a reliable self-assessment framework for internal controls that reinforces a strong internal control culture and incorporates responsibility and accountability.

Success is contingent on significant improvements to existing information technology systems and business processes. Information technology systems and business process-related initiatives are expected to be a significant, ongoing effort.

ASSET QUALITY AND CREDIT RISK MANAGEMENT

The credit risk management function remains satisfactory. Credit quality is strong based on internal asset quality indicators. Credit losses are expected to rise but remain low by historical standards. Mortgage delinquencies are well controlled. Counterparty financial strength is satisfactory. Vulnerability to deterioration in credit quality exists due to industry, competitive, regulatory, operational and technological factors.

The inability of the Enterprise to aggregate counterparty risks at the corporate level has been a long-standing finding of internal audit and OFHEO. Management should fulfill its commitment to a comprehensive counterparty risk management program which includes: appropriate eligibility standards, risk rating capabilities, and exposure limits.

Single-family

Credit risk management practices coupled with a number of positive economic factors contribute to Freddie Mac's strong single-family credit quality. Although the quality of single-family purchases remains strong, certain underwriting standards have been relaxed to increase market share and achieve affordable housing goals. Examples include the purchase of non-Loan Prospector and No Income/No Asset documentation loans. OFHEO has encouraged management to identify and implement strategies to quantify the impact of rising caution and defect rates on profitability, ROE, market share and affordable housing goals.

Multifamily

The quality of multifamily purchases is strong and is within corporate targets. Delinquencies are well-controlled. There were \$4.8 million in net recoveries versus a 2004 net credit loss target of \$15-\$25 million and 2003 net credit losses at \$10.5 million. Management has reported that credit quality and returns may decline in 2005 due to pressures to meet the Department of Housing and Urban Development's (HUD) affordable housing goals.

EARNINGS

Freddie Mac's fundamental earnings were constrained in 2004 due to market forces, and higher levels of administrative expenses. Market forces related to continued competition for mortgage assets caused compression in asset yields. Total yields on interest-earning assets declined to 4.66 percent from 4.93 percent in 2003. Freddie Mac reduced its purchases of 30-year products due to lower spreads and increased its level of lower yielding ARM products. The trade-off in purchasing ARMS was lower hedging costs related to reduced prepayment sensitivity. Freddie Mac expects net interest income to be materially lower in 2005 due to compression in net interest margin on its existing mortgage portfolio and lower nominal margins on floating rate mortgage-related security purchases. Company management expects this decrease to be significantly offset by decreased losses in non-interest income, assuming current forward rates are realized.

Freddie Mac's administrative expenses increased by \$400 million in 2004. Administrative expenses were higher due to continued infrastructure and control remediation efforts underway to improve Freddie Mac's financial reporting.

Freddie Mac's GAAP earnings fell 40 percent to \$2.9 billion, from \$4.8 billion in 2003. The primary driver of the decline was \$4.5 billion in mark-to-market derivative losses. The derivative losses were partly due to Freddie Mac's movement of substantially all pay-fixed swaps to no hedge designation in the second quarter of 2004. The Enterprise determined that substantially all pay-fixed swaps and other derivatives that previously had been in cash flow hedge accounting relationships no longer met the hedge accounting requirements of SFAS 133. The change in notional amount of derivatives not designated in hedge accounting relationships is likely to produce continued earnings volatility, as periodic changes in the fair value of these derivatives are reflected through derivatives gains or losses.

LIQUIDITY

Liquidity is satisfactory. The Enterprise has access to sufficient sources of funds on acceptable terms to meet present and anticipated liquidity needs. Management is able to forecast liquidity needs and sources effectively; and to identify, measure, monitor, and control the Enterprise's liquidity position. Liquidity management policies, procedures and a liquidity contingency plan are in place and identify authorized investments, exposure limit rules, and independent review requirements. Management consistently maintained its liquidity and contingency threshold of five percent of on-balance-sheet assets. Management has appropriate policies and procedures for forecasting short- and long-term liquidity needs. Risk limits are in place to ensure sufficient liquidity levels, and management evaluates limits and pertinent metrics on a daily, weekly, and monthly basis. Market risk oversight provides effective monitoring of risk limits as a form of independent risk oversight.

SENSITIVITY TO MARKET RISK

Interest rate risk management is satisfactory. Sensitivity to market risk reflects the degree to which changes in interest rates can adversely affect the Enterprise's earnings and capital. During 2004, Enterprise management demonstrated an appropriate ability to identify, measure, monitor, and control market risk in a manner commensurate with the nature and complexity of the Enterprise's activities. Freddie Mac's quantitative measures of Enterprise sensitivity to market risk exposures—primarily, Portfolio Market Value Sensitivity (PMVS), duration gap, convexity, yield curve risk, and basis risk—reflect that earnings and capital are appropriately protected against significant movements in market rates.

PMVS is the approved measure of the Board of interest rate risk exposure, and measures the estimated loss in the market value of the common equity of the Enterprise resulting from defined adverse changes in LIBOR rates. PMVS is a measure that encompasses both the duration and convexity components of interest rate risk. The PMVS levels and other metrics observed in 2004 indicate that market risk sensitivity is well-controlled and that there is limited potential that the earnings performance of the Enterprise or capital position will be adversely affected.

CAPITAL ADEQUACY

Regulatory capital is adequate. OFHEO's Office of Capital Supervision formally classifies capital adequacy on a quarterly basis in accordance with Subtitle B of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 and with the requirements set forth in OFHEO's minimum and risk-based capital regulations. The Enterprise currently is subject to an OFHEO capital directive that requires the Enterprise to maintain a capital surplus of 30 percent over its minimum capital requirement. The capital directive will remain in place until the OFHEO Director determines the directive should be modified or terminated.

On March 31, 2005, OFHEO announced that it had classified Freddie Mac as adequately capitalized as of December 31, 2004, and that the Enterprise was adequately capitalized during all periods in 2004. As of that date, the core capital of the Enterprise exceeded its minimum capital requirement by approximately 45 percent. OFHEO supports its capital classifications through a combination of compulsory capital reporting and weekly monitoring, and ongoing analyses of market and other factors, risk management practices, and other factors that could impact the adequacy of capital.

HISTORICAL DATA TABLES

Table 1.	Fannie Mae Mortgage Purchases	26
Table 1a.	Fannie Mae Mortgage Purchases Detail, By Type of Loan	27
Table 1b.	Fannie Mae Purchases of Mortgage-Related Securities	28
Table 2.	Fannie Mae MBS Issuances	29
Table 3.	Fannie Mae Earnings	30
Table 4.	Fannie Mae Balance Sheet	31
Table 4a.	Fannie Mae Total MBS Outstanding Detail	32
Table 5.	Fannie Mae Retained Mortgage Portfolio Detail	33
Table 5a.	Fannie Mae Retained Mortgage Portfolio Detail - Part 1, Whole Loans	34
Table 5a.	Fannie Mae Retained Mortgage Portfolio Detail - Part 2a, Mortgage-Related Securities	35
Table 5a.	Fannie Mae Retained Mortgage Portfolio Detail - Part 2b, Mortgage-Related Securities	36
Table 6.	Fannie Mae Financial Derivatives	37
Table 7.	Fannie Mae Non-Mortgage Investments	38
Table 8.	Fannie Mae Asset-Liability Mix	39
Table 9.	Fannie Mae Mortgage Asset Quality	40
Table 10.	Fannie Mae Capital	41
Table 11.	Freddie Mac Mortgage Purchases	42
Table 11a.	Freddie Mac Mortgage Purchases Detail, By Loan Type	43
Table 11b.	Freddie Mac Purchases of Mortgage-Related Securities	44
Table 12.	Freddie Mac MBS Issuances	45
Table 13.	Freddie Mac Earnings	46
Table 14.	Freddie Mac Balance Sheet	47
Table 14a.	Freddie Mac Total MBS Outstanding Detail	48
Table 15.	Freddie Mac Retained Mortgage Portfolio Detail	49
Table 15a.	Freddie Mac Retained Mortgage Portfolio Detail, Part 1, Whole Loans	50
Table 15a.	Freddie Mac Retained Mortgage Portfolio Detail, Part 2a, Mortgage-Related Securities	51
Table 15a.	Freddie Mac Retained Mortgage Portfolio Detail, Part 2b, Mortgage-Related Securities	52
Table 16.	Freddie Mac Financial Derivatives	53
Table 17.	Freddie Mac Non-Mortgage Investments	54
Table 18.	Freddie Mac Asset Mix	55
Table 19.	Freddie Mac Mortgage Asset Quality	56
Table 20.	Freddie Mac Capital	57
Table 21.	Combined Purchases	58
Table 21a.	Combined Mortgage Purchases Detail, by Type of Loan	59
Table 21b.	Combined Purchases of Mortgage-Related Securities	60
Table 22.	Combined MBS Issuances	61
Table 23.	Combined Earnings	62
Table 24.	Combined Balance Sheet	63
Table 24a.	Combined Total MBS Outstanding Detail	64
Table 25.	Combined Financial Derivatives	65
Table 26.	Combined Non-Mortgage Investments	66
Table 27.	Combined Capital	67
Table 28.	Loan Limits	68
Table 29.	Mortgage Interest Rates	69
Table 30.	Housing Market Activity	70
Table 31.	Weighted Repeat Sales House Price Index	71

Table 1. Fannie Mae Mortgage Purchases¹

Period	Business Activity (\$ in Millions)			
	Purchases			
	Single-Family (\$)	Multifamily (\$)	Total Mortgages ² (\$)	Mortgage-Related Securities ³ (\$)
4Q04	127,757	4,608	132,365	38,260
3Q04	129,923	3,862	133,785	51,083
2Q04	186,611	4,944	191,555	66,220
1Q04	143,635	2,980	146,615	20,822
Annual Data				
2004	587,926	16,394	604,320	176,385
2003	1,322,026	30,878	1,352,904	408,625
2002	800,316	16,611	816,927	268,934
2001	567,673	19,131	586,804	209,124
2000	227,069	10,377	237,446	129,716
1999	316,136	10,012	326,148	169,905
1998	354,920	11,428	366,348	147,260
1997	159,921	6,534	166,455	50,317
1996	164,456	6,451	170,907	46,743
1995	126,003	4,966	130,969	36,258
1994	158,229	3,839	162,068	25,905
1993	289,826	4,135	293,961	6,606
1992	248,603	2,956	251,559	5,428
1991	133,551	3,204	136,755	3,080
1990	111,007	3,180	114,187	1,451
1989	80,510	4,325	84,835	Not Available
1988	64,613	4,170	68,783	Before 1990
1987	73,942	1,733	75,675	
1986	77,223	1,877	79,100	
1985	42,543	1,200	43,743	
1984	27,713	1,106	28,819	
1983	26,339	140	26,479	
1982	25,929	10	25,939	
1981	6,827	2	6,829	
1980	8,074	27	8,101	
1979	10,798	9	10,807	
1978	12,302	3	12,305	
1977	4,650	134	4,784	
1976	3,337	295	3,632	
1975	3,646	674	4,320	
1974	4,746	2,273	7,019	
1973	4,170	2,082	6,252	
1972	2,596	1,268	3,864	
1971	2,742	1,298	4,040	

Source: Fannie Mae

¹ This information is subject to change as a result of the pending re-audit and restatement of Fannie Mae's financial statements.

² Cash purchases plus securitizations; excludes non-Fannie Mae mortgage-related securities and repurchased Fannie Mae MBS.

³ Not included in total mortgage purchases. Includes purchases of Fannie Mae MBS for the retained mortgage portfolio.

Table 1a. Fannie Mae Mortgage Purchases Detail, By Type of Loan¹

Period	Purchases (\$ in Millions) ²													
	Single-Family Mortgages								Multifamily Mortgages				Total Mortgage Purchases (\$)	
	Conventional				FHA/VA				Total Single-Family Mortgages (\$)	Conventional (\$)	FHA/RHS (\$)	Total Multifamily Mortgages (\$)		
	Fixed-Rate ³ (\$)	Adjustable-Rate (\$)	Seconds (\$)	Total (\$)	Fixed-Rate ⁴ (\$)	Adjustable-Rate (\$)	Total (\$)							
4Q04	92,201	34,218	21	126,440	193	1,124	1,317	127,757						4,604
3Q04	99,490	29,176	8	128,674	228	1,021	1,249	129,923	3,841	21	3,862	133,785		
2Q04	149,865	35,512	9	185,386	327	898	1,225	186,611	4,895	49	4,944	191,555		
1Q04	120,201	22,265	13	142,479	326	830	1,156	143,635	2,303	677	2,980	146,615		
Annual Data														
2004	461,757	121,171	51	582,979	1,074	3,873	4,947	587,926	15,643	751	16,394	604,320		
2003	1,190,831	126,760	93	1,317,684	1,298	3,044	4,342	1,322,026	18,648	12,230	30,878	1,352,904		
2002	730,659	66,772	41	797,472	1,296	1,548	2,844	800,316	13,950	2,661	16,611	816,927		
2001	534,115	25,648	1,137	560,900	5,671	1,102	6,773	567,673	17,849	1,282	19,131	586,804		
2000	187,236	33,809	726	221,771	4,378	920	5,298	227,069	9,127	1,250	10,377	237,446		
1999	293,188	12,138	1,198	306,524	8,529	1,084	9,613	316,137	8,858	1,153	10,011	326,048		
1998	334,367	14,273	1	348,641	5,768	511	6,279	354,920	10,844	584	11,428	366,348		
1997	136,329	21,095	3	157,427	2,062	432	2,494	159,921	5,936	598	6,534	166,459		
1996	146,154	15,550	3	161,707	2,415	334	2,749	164,456	6,199	252	6,451	170,907		
1995	104,901	17,978	9	122,888	3,009	106	3,115	126,003	4,677	289	4,966	130,969		
1994	139,815	16,340	8	156,163	1,953	113	2,066	158,229	3,620	219	3,839	162,068		
1993	274,402	14,420	29	288,851	855	120	975	289,826	3,919	216	4,135	293,965		
1992	226,332	21,001	136	247,469	1,055	79	1,134	248,603	2,845	111	2,956	252,959		
1991	114,321	17,187	705	132,213	1,300	38	1,338	133,551	3,183	21	3,204	136,755		
1990	95,011	14,528	654	110,193	799	15	814	111,007	3,165	15	3,180	114,187		
1989	60,794	17,692	521	79,007	1,489	14	1,503	80,510	4,309	16	4,325	84,835		
1988	35,767	27,492	433	63,692	823	98	921	64,613	4,149	21	4,170	68,783		
1987	60,434	10,675	139	71,248	2,649	45	2,694	73,942	1,463	270	1,733	75,675		
1986	58,251	7,305	498	66,054	11,155	14	11,169	77,223	1,877	0	1,877	79,100		
1985	29,993	10,736	871	41,600	927	16	943	42,543	1,200	0	1,200	43,743		
1984	17,998	8,049	937	26,984	729	0	729	27,713	1,106	0	1,106	28,819		
1983	18,136	4,853	1,408	24,397	1,942	0	1,942	26,339	128	12	140	26,479		
1982	19,311	3,210	1,552	24,073	1,856	0	1,856	25,929	0	10	25,939	25,939		
1981	4,260	107	176	4,543	2,284	0	2,284	6,827	0	2	6,829	6,829		
1980	2,802	0	0	2,802	5,272	0	5,272	8,074	0	27	8,101	8,101		
1979	5,410	0	0	5,410	5,388	0	5,388	10,798	0	9	10,807	10,807		
1978	5,682	0	0	5,682	6,620	0	6,620	12,302	0	3	12,305	12,305		
1977	2,366	0	0	2,366	2,284	0	2,284	4,650	0	134	4,784	4,784		
1976	2,513	0	0	2,513	824	0	824	3,337	0	295	3,632	3,632		
1975	547	0	0	547	3,099	0	3,099	3,646	0	674	4,320	4,320		
1974	1,128	0	0	1,128	3,618	0	3,618	4,746	0	2,273	7,019	7,019		
1973	939	0	0	939	3,231	0	3,231	4,170	0	2,082	6,252	6,252		
1972	55	0	0	55	2,541	0	2,541	2,596	0	1,268	3,864	3,864		
1971	0	0	0	0	2,742	0	2,742	2,742	0	1,298	4,040	4,040		

Source: Fannie Mae

¹ This information is subject to change as a result of the pending re-audit and restatement of Fannie Mae's financial statements.
² Cash purchases plus securitizations; excludes non-Fannie Mae mortgage-related securities and repurchased Fannie Mae MBS.
³ Includes balloons/resets.
⁴ Includes loans guaranteed by the Rural Housing Service.

Table 1b. Fannie Mae Purchases of Mortgage-Related Securities¹

Period	Purchases (\$ in millions) ²								
	Fannie Mae Securities (\$)	Others' Securities						Mortgage Revenue Bonds (\$)	Total Mortgage-Related Securities (\$)
		Freddie Mac (\$)	Ginnie Mae (\$)	Private-Label			Total Private-Label (\$)		
				Home Equity ³ (\$)	Manufactured Housing (\$)	Other (\$)			
4Q04	8,129	1,594	0	21,638	0	5,296	26,934	1,603	38,260
3Q04	15,419	5,696	0	20,628	0	7,990	28,618	1,350	51,083
2Q04	34,083	6,472	0	14,409	0	9,252	23,661	2,004	66,220
1Q04	7,094	1,012	0	9,925	0	1,624	11,549	1,167	20,822
Annual Data									
2004	64,725	14,774	0	66,600	0	24,162	90,762	6,124	176,385
2003	348,413	19,955	36	25,769	0	8,207	33,976	6,245	408,625
2002	245,039	7,957	4,425	5,543	56	1,617	7,216	4,297	268,934
2001	180,582	20,072	333	1,466	Not Available	2,047	3,513	4,624	209,124
2000	104,904	10,171	2,493	Not Available	Before 2002	8,466	8,466	3,682	129,716
1999	125,498	6,861	17,561	Before 2001		16,511	16,511	3,474	169,905
1998	104,728	21,274	2,738			15,721	15,721	2,799	147,260
1997	39,033	2,119	3,508			4,188	4,188	1,469	50,317
1996	41,263	779	2,197			777	777	1,727	46,743
1995	30,432	2,832	20			752	752	2,222	36,258
1994	21,660	571	2,321			0	0	1,353	25,905
1993	6,275	0	0			0	0	331	6,606
1992	4,930	0	0			0	0	498	5,428
1991	2,384	0	0			0	0	696	3,080
1990	977	0	0			0	0	474	1,451

Source: Fannie Mae

¹ This information is subject to change as a result of the pending re-audit and restatement of Fannie Mae's financial statements.

² Not included in total mortgage purchases. Includes purchases of Fannie Mae MBS for the retained mortgage portfolio.

³ Purchases include securities specifically identified as home equity or seconds. Other security purchases may include some underlying loans that are home equity or seconds.

Table 2. Fannie Mae MBS Issuances¹

Period	Business Activity (\$ in Millions)			
	MBS Issuances			
	Single-Family MBS (\$)	Multifamily MBS (\$)	Total MBS (\$)	Multiclass MBS ² (\$)
4Q04	115,575	1,648	117,223	20,144
3Q04	127,059	1,416	128,475	16,216
2Q04	171,123	2,066	173,189	34,690
1Q04	131,686	1,724	133,410	23,636
Annual Data				
2004	545,443	6,854	552,297	94,686
2003	1,196,561	23,018	1,219,579	260,919
2002	727,257	12,338	739,595	170,795
2001	514,621	13,801	528,422	139,403
2000	204,066	7,596	211,662	39,544
1999	292,192	8,497	300,689	55,160
1998	315,120	11,028	326,148	84,147
1997	143,615	5,814	149,429	85,415
1996	144,201	5,668	149,869	30,780
1995	106,269	4,187	110,456	9,681
1994	128,385	2,237	130,622	73,365
1993	220,485	959	221,444	210,630
1992	193,187	850	194,037	170,205
1991	111,488	1,415	112,903	112,808
1990	96,006	689	96,695	68,291
1989	66,489	3,275	69,764	41,715
1988	51,120	3,758	54,878	17,005
1987	62,067	1,162	63,229	9,917
1986	60,017	549	60,566	2,400
1985	23,142	507	23,649	Not Issued
1984	13,087	459	13,546	Before 1986
1983	13,214	126	13,340	
1982	13,970	Not Issued	13,970	
1981	717	Before 1983	717	

Source: Fannie Mae

¹ This information is subject to change as a result of the pending re-audit and restatement of Fannie Mae's financial statements.

² Includes Real Estate Mortgage Investment Conduits (REMICs) and stripped MBS.

Table 3. Fannie Mae Earnings¹

Period	Earnings (\$ in Millions)							
	Net Interest Income ²	Guarantee Fee Income	Average Guarantee Fee	Administrative Expenses	Credit-Related Expenses ³	Net Income	Return on Equity ⁴	
	(\$)	(\$)	(basis points)	(\$)	(\$)	(\$)	(\$)	
4Q04	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
3Q04	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2Q04	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
1Q04	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Annual Data								
2004	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2003	13,569	2,411	20.2	1,463	112	7,905	49.9	
2002	10,566	1,816	19.1	1,219	92	4,619	30.1	
2001	8,090	1,482	19.0	1,017	78	5,894	39.8	
2000	5,674	1,351	19.5	905	94	4,448	25.6	
1999	4,894	1,282	19.3	800	127	3,912	25.2	
1998	4,110	1,229	20.2	708	261	3,418	25.2	
1997	3,949	1,274	22.7	636	375	3,056	24.6	
1996	3,592	1,196	22.4	560	409	2,725	24.1	
1995	3,047	1,086	22.0	546	335	2,144	20.9	
1994	2,823	1,083	22.5	525	378	2,132	24.3	
1993	2,533	961	21.3	443	305	1,873	25.3	
1992	2,058	834	21.2	381	320	1,623	26.5	
1991	1,778	675	21.0	319	370	1,363	27.7	
1990	1,593	536	21.1	286	310	1,173	33.7	
1989	1,191	408	21.3	254	310	807	31.1	
1988	837	328	21.6	218	365	507	25.2	
1987	890	263	22.1	197	360	376	24	
1986	384	175	23.8	175	306	105	10	
1985	139	112	25.6	142	206	(7)	(1)	
1984	(90)	78	26.2	112	86	(71)	(7)	
1983	(9)	54	26.3	81	48	49	5	
1982	(464)	16	27.2	60	36	(192)	(19)	
1981	(429)	0	25.0	49	(28)	(206)	(17)	
1980	21	Not Available	Not Available	44	19	14	0.9	
1979	322	Before 1981	Before 1981	46	35	162	11.3	
1978	294			39	36	209	16.5	
1977	251			32	28	165	15.3	
1976	203			30	25	127	13.8	
1975	174			27	16	115	14.1	
1974	142			23	17	107	14.7	
1973	180			18	12	126	20.3	
1972	138			13	5	96	18.8	
1971	49			15	4	61	14.4	

Source: Fannie Mae

N/A = not available

¹ This information is subject to change as a result of the pending re-audit and restatement of Fannie Mae's financial statements.

² Interest income net of interest expense.

³ Credit-related expenses include the provision for losses and foreclosed property expenses.

⁴ Calculated as annualized net income available to common stockholders divided by average common stockholders' equity.

Table 4. Fannie Mae Balance Sheet¹

End of Period	Balance Sheet (\$ in Millions)								Mortgage-Backed Securities Outstanding (\$ in Millions)	
	Total Assets ² (\$)	Total Retained Mortgage Portfolio ³ (\$)	Non-Mortgage Investments ⁴ (\$)	Debt Outstanding (\$)	Shareholders' Equity (\$)	Core Capital ⁵ (\$)	Fair Value of Net Assets (\$)	Total MBS Outstanding ⁶ (\$)	Multiclass MBS Outstanding ⁷ (\$)	
4Q04	N/A	N/A	N/A	N/A	N/A	32,641	N/A	1,402,761	368,567	
3Q04	N/A	N/A	N/A	N/A	N/A	28,856	N/A	1,377,680	374,179	
2Q04	N/A	N/A	N/A	N/A	N/A	36,115	N/A	1,360,045	385,151	
1Q04	N/A	N/A	N/A	N/A	N/A	35,701	N/A	1,345,892	394,149	
Annual Data										
2004	N/A	N/A	N/A	N/A	N/A	32,641	N/A	1,402,761	367,567	
2003	1,009,569	901,880	59,493	961,732	22,373	34,405	31,582	1,300,166	405,772	
2002	887,515	801,122	39,293	850,982	16,288	28,079	22,130	1,029,456	401,486	
2001	799,948	706,803	65,982	763,467	18,118	25,182	22,675	858,965	392,457	
2000	675,224	607,731	52,347	642,682	20,838	20,827	20,677	706,722	334,508	
1999	575,308	523,103	37,299	547,619	17,629	17,876	20,525	679,145	335,514	
1998	485,146	415,434	58,515	460,291	15,453	15,465	14,885	637,143	361,613	
1997	391,673	316,592	64,596	369,774	13,793	13,793	15,982	579,138	388,360	
1996	351,041	286,528	56,606	331,270	12,773	12,773	14,556	548,173	339,798	
1995	316,550	252,868	57,273	299,174	10,959	10,959	11,037	513,230	353,528	
1994	272,508	220,815	46,335	257,230	9,541	9,541	10,924	486,345	378,733	
1993	216,979	190,169	21,396	201,112	8,052	8,052	9,126	471,306	381,865	
1992	180,978	156,260	19,574	166,300	6,774	Not Applicable	9,096	424,444	312,369	
1991	147,072	126,679	9,836	133,937	5,547	Before 1993	Not Available	355,284	224,806	
1990	133,113	114,066	9,868	123,403	3,941		Before 1992	288,075	127,278	
1989	124,315	107,981	8,338	116,064	2,991			216,512	64,826	
1988	112,258	100,099	5,289	105,459	2,260			170,097	26,660	
1987	103,459	93,665	3,468	97,057	1,811			135,734	11,359	
1986	99,621	94,123	1,775	93,563	1,182			95,568	Not Available	
1985	99,076	94,609	1,466	93,985	1,009			54,552	Before 1987	
1984	87,798	84,135	1,840	83,719	918			35,738		
1983	78,383	75,247	1,689	74,594	1,000			25,121		
1982	72,981	69,356	2,430	69,614	953			14,450		
1981	61,578	59,629	1,047	58,551	1,080			717		
1980	57,879	55,589	1,556	54,880	1,457			Not Issued		
1979	51,300	49,777	843	48,424	1,501			Before 1981		
1978	43,506	42,103	834	40,985	1,362					
1977	33,980	33,252	318	31,890	1,173					
1976	32,393	31,775	245	30,565	983					
1975	31,596	30,820	239	29,963	861					
1974	29,671	28,666	466	28,168	772					
1973	24,318	23,589	227	23,003	680					
1972	20,346	19,652	268	19,239	559					
1971	18,591	17,886	349	17,672	460					

Source: Fannie Mae

N/A = not available

¹ This information is subject to change as a result of the pending re-audit and restatement of Fannie Mae's financial statements.

² Beginning in 1998, the guaranty liability for MBS held in the portfolio is classified as a liability.

³ Gross retained portfolio net of unamortized purchase premium, discounts and deferred price adjustments, and, beginning in 2002, unrealized gain/loss on available-for-sale securities. The amounts for 1999 through 2002 include certain loans held for investment that were previously classified as non-mortgage investments.

⁴ Values for years 1999 through 2003 exclude securities included in new balance sheet line item, "Loans held for securitization and sale", and in the retained mortgage portfolio.

⁵ The sum of (a) the stated value of common stock, (b) the stated value of outstanding noncumulative perpetual preferred stock, (c) paid-in capital, and (d) retained earnings, less treasury stock.

⁶ Total Fannie Mae MBS outstanding net of Fannie Mae MBS in the retained mortgage portfolio.

⁷ Includes REMICs and stripped MBS.

Table 4a. Fannie Mae Total MBS Outstanding Detail¹

End of Period	Single-Family Mortgages (\$ in Millions)							Multifamily Mortgages (\$ in Millions)			Total MBS Outstanding ² (\$)
	Conventional				FHA/VA			Conventional (\$)	FHA/RHS (\$)	Total Multifamily (\$)	
	Fixed-Rate (\$)	Adjustable-Rate (\$)	Seconds (\$)	Total (\$)	Fixed-Rate (\$)	Adjustable-Rate (\$)	Total (\$)				
4Q04	1,152,758	183,799	58	1,336,615	1,968	984	2,953	62,870	323	63,193	1,402,761
3Q04	1,141,466	168,291	68	1,309,825	2,673	1,047	3,721	63,800	334	64,134	1,377,680
2Q04	1,118,324	172,088	79	1,290,491	3,023	1,131	4,154	65,054	346	65,400	1,360,045
1Q04	1,111,077	163,999	94	1,275,170	3,299	1,255	4,553	65,807	362	66,169	1,345,892
Annual Data											
2004	1,152,758	183,799	58	1,336,615	1,968	984	2,953	62,870	323	63,193	1,402,761
2003	1,074,917	154,019	109	1,229,045	3,499	1,319	4,818	65,938	365	66,303	1,300,166
2002	879,113	92,485	338	971,936	5,147	1,262	6,409	50,127	51,119	101,246	1,029,456
2001	737,121	62,617	772	800,510	12,246	1,300	13,546	43,728	44,909	88,637	858,965
2000	599,999	61,495	1,165	662,659	6,778	1,298	8,076	35,207	35,987	71,194	706,722
1999	586,069	51,474	1,212	638,755	7,159	1,010	8,169	31,518	32,227	63,745	679,145
1998	545,680	56,903	98	602,681	5,340	587	5,927	28,378	28,535	56,913	637,143
1997	483,982	70,106	7	554,095	3,872	213	4,085	20,824	20,958	41,782	579,138
1996	460,866	65,682	9	526,557	4,402	191	4,593	16,912	17,023	33,935	548,173
1995	431,755	63,436	13	495,204	5,043	91	5,134	12,579	12,892	25,471	513,230
1994	415,692	55,780	18	471,490	5,628	0	5,628	8,908	9,227	14,135	486,345
1993	405,383	49,987	28	455,398	7,549	0	7,549	8,034	8,359	16,393	471,306
1992	360,619	45,718	43	406,380	9,438	0	9,438	8,295	8,626	16,921	424,444
1991	290,038	45,110	89	335,237	11,112	0	11,112	8,599	8,935	19,534	355,284
1990	225,981	42,443	121	268,545	11,380	0	11,380	7,807	8,150	15,957	288,075
1989	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	216,512
1988	Before 1990	Before 1990	Before 1990	Before 1990	Before 1990	Before 1990	Before 1990	Before 1990	Before 1990	Before 1990	170,097
1987											135,734
1986											95,568
1985											54,552
1984											35,738
1983											25,121
1982											14,450
1981											717
1980											Not Issued Before 1981

Source: Fannie Mae

¹ This information is subject to change as a result of the pending re-audit and restatement of Fannie Mae's financial statements.

² Total Fannie Mae MBS outstanding net of Fannie Mae MBS in the retained mortgage portfolio.

Table 5. Fannie Mae Retained Mortgage Portfolio Detail¹

(\$ in Millions)						
End of Period	Whole Loans ^{2,3} (\$)	Fannie Mae Securities ² (\$)	Other Mortgage-Related Securities ² (\$)	Unamortized Premiums, Discounts, Deferred Adjustments, and Unrealized Gains/Losses on Available-for-Sale Securities ⁴ (\$)	Total Retained Mortgage Portfolio (\$)	
4Q04	246,838	492,855	164,862	N/A	N/A	
3Q04	243,206	514,737	146,600	N/A	N/A	
2Q04	238,873	518,964	133,373	N/A	N/A	
1Q04	235,980	532,137	112,794	N/A	N/A	
Annual Data						
2004	246,838	492,855	164,862	N/A	N/A	
2003	234,699	556,880	106,859	3,442	901,880	
2002	189,151	508,831	96,168	6,972	801,122	
2001	167,388	431,484	110,035	(2,104)	706,803	
2000	152,634	351,066	106,551	(2,520)	607,731	
1999	149,231	281,714	93,122	(964)	523,103	
1998	155,779	197,375	61,361	919	415,434	
1997	160,102	130,444	26,132	(86)	316,592	
1996	167,891	102,607	16,554	(525)	286,528	
1995	171,481	69,729	12,301	(643)	252,868	
1994	170,909	43,998	7,150	(1,242)	220,815	
1993	163,149	24,219	3,493	(692)	190,169	
1992	134,597	20,535	2,987	(1,859)	156,260	
1991	109,251	16,700	3,032	(2,304)	126,679	
1990	101,797	11,758	3,073	(2,562)	114,066	
1989	95,729	11,720	3,272	(2,740)	107,981	
1988	92,220	8,153	2,640	(2,914)	100,099	
1987	89,618	4,226	2,902	(3,081)	93,665	
1986	94,167	1,606	2,060	(3,710)	94,123	
1985	97,421	435	793	(4,040)	94,609	
1984	87,205	477	427	(3,974)	84,135	
1983	77,983	Not Available	273	(3,009)	75,247	
1982	71,777	Before 1984	37	(2,458)	69,356	
1981	61,411		1	(1,783)	59,629	
1980	57,326		1	(1,738)	55,589	
1979	51,096		1	(1,320)	49,777	
1978	43,315		Not Available	(1,212)	42,103	
1977	34,377		Before 1979	(1,125)	33,252	
1976	32,937			(1,162)	31,775	
1975	31,916			(1,096)	30,820	
1974	29,708			(1,042)	28,666	
1973	24,459			(870)	23,589	
1972	20,326			(674)	19,652	
1971	18,515			(629)	17,886	

Source: Fannie Mae

N/A = not available

¹ This information is subject to change as a result of the pending re-audit and restatement of Fannie Mae's financial statements.

² Unpaid principal balance.

³ The balance of whole loans at December 31, 1999 through December 31, 2002 includes certain loans held for investment that were previously classified as non-mortgage investments and excludes loans held for securitization or sale.

⁴ Beginning in 2002, includes unrealized gains/losses on available-for-sale securities.

Table 5a. Fannie Mae Retained Mortgage Portfolio Detail - Part 1, Whole Loans¹

End of Period	Whole Loans (\$ in Millions) ^{2,3}									
	Single-Family					Multifamily				
	Conventional				Total FHA/VA ⁵	Conventional	FHA/RHS	Total	Total Whole Loans	
	Fixed-Rate ^{3,4}	Adjustable-Rate	Seconds	Total						
(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)		
4Q04	192,418	17,301	175	209,894	9,964	26,083	897	26,980	246,838	
3Q04	192,801	16,511	176	209,488	9,102	23,678	938	24,616	243,206	
2Q04	192,511	15,172	197	207,880	8,328	21,679	985	22,665	238,873	
1Q04	193,855	13,878	217	207,950	7,651	19,348	1,031	20,379	235,980	
Annual Data										
2004	192,418	17,301	175	209,894	9,964	26,083	897	26,980	246,838	
2003	194,654	13,185	231	208,070	7,063	18,475	1,091	19,566	234,699	
2002	160,553	9,045	524	170,122	5,458	12,217	1,354	13,571	189,151	
2001	140,454	10,410	917	151,781	5,069	8,987	1,551	10,538	167,388	
2000	125,786	13,244	480	139,510	4,763	6,547	1,814	8,361	152,634	
1999	130,614	6,058	176	136,848	4,472	5,564	2,347	7,911	149,231	
1998	135,351	7,633	206	143,190	4,404	5,590	2,595	8,185	155,779	
1997	134,543	10,389	268	145,200	4,631	7,388	2,883	10,271	160,102	
1996	137,507	12,415	323	150,245	4,739	9,756	3,151	12,907	167,891	
1995	137,032	14,756	423	152,211	4,780	11,175	3,315	14,490	171,481	
1994	133,882	16,475	537	150,894	4,965	11,681	3,369	15,050	170,909	
1993	123,308	19,175	772	143,255	5,305	11,143	3,446	14,589	163,149	
1992	91,500	22,637	1,355	115,492	6,097	9,407	3,601	13,008	134,597	
1991	69,130	19,763	2,046	90,939	6,962	7,641	3,709	11,350	109,251	
1990	61,873	19,558	1,851	83,282	8,524	6,142	3,849	9,991	101,797	
1989	55,638	20,751	1,614	78,003	9,450	3,926	4,350	8,276	95,729	
1988	53,090	20,004	1,561	74,655	10,480	2,699	4,386	7,085	92,220	
1987	55,913	13,702	1,421	71,036	11,652	2,448	4,482	6,930	89,618	
1986	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	94,167	
1985	Before 1987	Before 1987	Before 1987	Before 1987	Before 1987	Before 1987	Before 1987	Before 1987	97,421	
1984									87,205	
1983									77,983	
1982									71,777	
1981									61,411	
1980									57,326	
1979									51,096	
1978									43,315	
1977									34,377	
1976									32,937	
1975									31,916	
1974									29,708	
1973									24,459	
1972									20,326	
1971									18,515	

Source: Fannie Mae

¹ This information is subject to change as a result of the pending re-audit and restatement of Fannie Mae's financial statements.

² Unpaid principal balance.

³ The balance of whole loans at December 31, 1999 through December 31, 2002 includes certain loans held for investment that were previously classified as non-mortgage investments and excludes loans held for securitization or sale.

⁴ Includes balloon/reset loans.

⁵ Includes loans guaranteed by the Rural Housing Service.

Table 5a. Fannie Mae Retained Mortgage Portfolio Detail - Part 2a, Mortgage-Related Securities¹

End of Period	Mortgage-Related Securities (\$ in Millions) ²									
	Total Fannie Mae Securities (\$)	Others' Securities								Total Others' Securities (\$)
		Freddie Mac (\$)	Ginnie Mae (\$)	Private-Label					Total Private Label (\$)	
				Home Equity ³ (\$)	Manufactured Housing (\$)	Other (\$)				
4Q04	492,855	37,801	4,053	64,802	6,382	29,568	100,752	142,606		
3Q04	514,737	38,011	4,547	49,818	6,654	25,936	82,408	124,966		
2Q04	518,964	34,138	5,191	46,536	6,942	19,422	72,900	112,229		
1Q04	532,137	30,323	6,096	36,722	7,338	11,785	55,845	92,264		
Annual Data										
2004	492,855	37,801	4,053	64,802	6,382	29,568	100,752	142,606		
2003	556,880	31,152	6,974	29,640	7,604	10,978	48,222	86,348		
2002	508,831	32,826	15,587	9,992	9,525	8,600	28,117	76,530		
2001	431,484	42,921	19,138	7,571	Not Available	22,008	29,579	91,638		
2000	351,066	33,290	23,768	9,472	Before 2002	24,794	34,266	91,324		
1999	281,714	25,577	23,701	Not Available		31,673	31,673	80,951		
1998	197,375	23,453	8,638	Before 2000		19,585	19,585	51,676		
1997	130,444	5,262	7,696			5,554	5,554	18,512		
1996	102,607	3,623	4,780			1,486	1,486	9,889		
1995	69,729	3,233	2,978			747	747	6,958		
1994	43,998	564	3,182			1	1	3,747		
1993	24,219	Not Available	972			2	2	974		
1992	20,535	Before 1994	168			3	3	171		
1991	16,700		180			93	93	273		
1990	11,758		191			352	352	543		
1989	11,720		202			831	831	1,033		
1988	8,153		26			810	810	836		
1987	4,226		Not Available			1,036	1,036	1,036		
1986	1,606		Before 1988			1,591	1,591	1,591		
1985	435					Not Available	Not Available	Not Available		
1984	477					Before 1986	Before 1986	Before 1986		
1983	Not Available									
	Before 1984									

Source: Fannie Mae

¹ This information is subject to change as a result of the pending re-audit and restatement of Fannie Mae's financial statements.

² Unpaid principal balance.

³ Balances incorporate securities identified as home equity or seconds. Other securities may include some underlying loans which are home equity or seconds.

Table 5a. Fannie Mae Retained Mortgage Portfolio Detail - Part 2b, Mortgage-Related Securities¹

End of Period	Mortgage-Related Securities (\$ in Millions)		Unamortized Premiums, Discounts, Deferred Adjustments, and Unrealized Gains/Losses on Available-for-Sale Securities ³	Total Retained Mortgage Portfolio
	Mortgage Revenue Bonds ²	Total Mortgage-Related Securities		
	(\$)	(\$)	(\$)	(\$)
4Q04	22,256	657,717	N/A	N/A
3Q04	21,634	661,337	N/A	N/A
2Q04	21,144	652,337	N/A	N/A
1Q04	20,530	644,931	N/A	N/A
Annual Data				
2004	22,256	657,717	N/A	N/A
2003	20,510	663,738	3,442	901,880
2002	19,638	604,999	6,972	801,122
2001	18,397	541,519	(2,104)	706,803
2000	15,227	457,617	(2,520)	607,731
1999	12,171	374,836	(964)	523,103
1998	9,685	258,736	919	415,434
1997	7,620	156,576	(86)	316,592
1996	6,665	119,161	(525)	286,527
1995	5,343	82,030	(643)	252,868
1994	3,403	51,148	(1,242)	220,815
1993	2,519	27,712	(692)	190,169
1992	2,816	23,522	(1,859)	156,260
1991	2,759	19,732	(2,304)	126,679
1990	2,530	14,831	(2,562)	114,066
1989	2,239	14,992	(2,740)	107,981
1988	1,804	10,793	(2,914)	100,099
1987	1,866	7,128	(3,081)	93,665
1986	469	Not Available	(3,710)	94,123
1985	Not Available	Before 1986	(4,040)	95,250
1984	Before 1986		(3,974)	84,695
1983			(3,009)	75,782
1982			(2,458)	69,842
1981			(1,783)	59,949
1980			(1,738)	55,878
1979			(1,320)	49,777
1978			(1,212)	42,103
1977			(1,125)	33,252
1976			(1,162)	31,775
1975			(1,096)	30,821
1974			(1,042)	28,665
1973			(870)	23,579
1972			(674)	19,650
1971			(629)	17,886

Source: Fannie Mae

N/A = not available

¹ This information is subject to change as a result of the pending re-audit and restatement of Fannie Mae's financial statements.

² Unpaid principal balance.

³ Beginning in 2002, includes unrealized gains/losses on available-for-sale securities.

Table 6. Fannie Mae Financial Derivatives¹

End of Period	Financial Derivatives - Notional Amount Outstanding (\$ in Millions)						
	Interest Rate Swaps (\$)	Interest Rate Caps, Floors, and Corridors (\$)	Foreign Currency Contracts (\$)	OTC Futures, Options, and Forward Rate Agreements (\$)	Mandatory Mortgage Purchase & Sell Commitments (\$)	Other (\$)	Total (\$)
4Q04	242,459	104,150	10,743	331,400	34,131	0	722,883
3Q04	516,999	123,500	8,452	340,345	51,327	0	1,040,623
2Q04	533,657	129,950	5,814	332,156	42,902	0	1,044,479
1Q04	500,904	135,650	5,392	324,900	64,445	0	1,031,291
Annual Data							
2004	242,459	104,150	10,743	331,400	34,131	0	722,883
2003	569,884	130,350	4,712	335,650	38,492	0	1,079,088
2002	246,508	122,393	4,019	283,675	Not Available Before 2003	0	656,595
2001	299,953	75,893	8,493	148,800		0	533,139
2000	227,651	33,663	9,511	53,915		0	324,740
1999	192,032	28,950	11,507	41,081		1,400	274,970
1998	142,846	14,500	12,995	13,481		3,735	187,557
1997	149,673	100	9,968	0		1,660	161,401
1996	158,140	300	2,429	0		350	161,219
1995	125,679	300	1,224	29		975	128,207
1994	87,470	360	1,023	0		1,465	90,317
1993	49,458	360	1,023	0		1,425	52,265
1992	24,130	0	1,177	0		1,350	26,658
1991	9,100	0	Not Available	50		1,050	10,200
1990	4,800	0	Before 1992	25		1,700	6,525

Source: Fannie Mae

¹ This information is subject to change as a result of the pending re-audit and restatement of Fannie Mae's financial statements.

Table 7. Fannie Mae Non-Mortgage Investments¹

End of Period	Non-Mortgage Investments (\$ in Millions) ²						Total (\$)
	Federal Funds and Eurodollars (\$)	Asset Backed Securities (\$)	Repurchase Agreements ³ (\$)	Commercial Paper and Corporate Debt (\$)	Other (\$)		
4Q04	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3Q04	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2Q04	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1Q04	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Annual Data							
2004	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	12,575	26,900	111	16,743	3,164	59,493	
2002	1,548	22,311	181	14,075	1,178	39,293	
2001	16,089	20,937	808	23,805	4,343	65,982	
2000	7,539	17,512	87	8,893	18,316	52,347	
1999	4,837	19,207	122	1,723	11,410	37,299	
1998	7,926	20,993	7,556	5,155	16,885	58,515	
1997	19,212	16,639	6,715	11,745	10,285	64,596	
1996	21,734	14,635	4,667	6,191	9,379	56,606	
1995	19,775	9,905	10,175	8,629	8,789	57,273	
1994	17,593	3,796	9,006	7,719	8,221	46,335	
1993	4,496	3,557	4,684	0	8,659	21,396	
1992	6,587	4,124	3,189	0	5,674	19,574	
1991	2,954	2,416	2,195	0	2,271	9,836	
1990	5,329	1,780	951	0	1,808	9,868	
1989	5,158	1,107	0	0	2,073	8,338	
1988	4,125	481	0	0	683	5,289	
1987	2,559	25	0	0	884	3,468	
1986	1,530	0	0	0	245	1,775	
1985	1,391	0	0	0	75	1,466	
1984	1,575	0	0	0	265	1,840	
1983	1,462	0	0	0	227	1,689	
1982	1,799	0	0	0	631	2,430	
1981	Not Available	Not Available	Not Available	Not Available	Not Available	1,047	
1980	Before 1982	Before 1982	Before 1982	Before 1982	Before 1982	1,556	
1979						843	
1978						834	
1977						318	
1976						245	
1975						239	
1974						466	
1973						227	
1972						268	
1971						349	

Source: Fannie Mae

N/A = not available

¹ This information is subject to change as a result of the pending re-audit and restatement of Fannie Mae's financial statements.

² Prior to 1982, the majority of non-mortgage investments were comprised of U.S. government securities and agency securities.

³ As of 1999, Repurchase Agreements consist primarily of overnight investments that mature daily. Values for 1999 through 2003 exclude securities included in "Loans held for securitization and sale" and the retained mortgage portfolio.

Table 8. Fannie Mae Asset - Liability Mix¹

End of Period	Asset - Liability Ratios			
	Asset Mix		Liability Mix	
	Total Retained Mortgage Portfolio / Total Assets (%)	Non-Mortgage Investments / Total Assets (%)	Callable Debt / Total Effective Long-Term Debt ² (%)	Total Effective Long-Term Debt / Total Debt ³ (%)
4Q04	N/A	N/A	N/A	N/A
3Q04	N/A	N/A	N/A	N/A
2Q04	N/A	N/A	N/A	N/A
1Q04	N/A	N/A	N/A	N/A
Annual Data				
2004	N/A	N/A	N/A	N/A
2003	89.3	5.9	73.9	72.6
2002	90.3	4.4	73.5	76.6
2001	88.4	8.2	48.2	82.2
2000	90.0	7.8	45.4	84.6
1999	90.9	6.5	45.0	87.1
1998	85.6	12.1	42.9	76.4
1997	80.8	16.5	46.4	79.4
1996	81.6	16.1	47.5	80.5
1995	79.9	18.1	48.0	73.9
1994	81.0	17.0	54.6	72.6
1993	87.6	9.9	58.1	80.0
1992	86.3	10.8	48.8	77.9
1991	86.1	6.7	36.0	85.5
1990	85.7	7.4	21.9	82.6
1989	86.9	6.7	10.1	80.1
1988	89.2	4.7	3.6	78.7
1987	90.5	3.4	Not Available	Not Available
1986	94.5	1.8	Before 1988	Before 1988
1985	95.5	1.5		
1984	95.8	2.1		
1983	96.0	2.2		
1982	95.0	3.3		
1981	96.8	1.7		
1980	96.0	2.7		
1979	97.0	1.6		
1978	96.8	1.9		
1977	97.9	0.9		
1976	98.1	0.8		
1975	97.5	0.8		
1974	96.6	1.6		
1973	97.0	1.0		
1972	96.6	1.3		
1971	96.2	1.8		

Source: Fannie Mae

N/A = not available

¹ This information is subject to change as a result of the pending re-audit and restatement of Fannie Mae's financial statements.

² In 1999 through 2003, pay-fixed swaptions are included in callable debt. Previous periods have not been restated.

³ Total effective long-term debt represents debt with an effective repricing date greater than one year.

Table 9. Fannie Mae Mortgage Asset Quality¹

End of Period	Mortgage Asset Quality					
	Single-Family Delinquency Rate ² (%)	Multifamily Delinquency Rate ³ (%)	Credit Losses / Total MBS Outstanding plus Retained Mortgage Portfolio ⁴ (%)	REO / Total MBS Outstanding plus Retained Mortgage Portfolio ⁵ (%)	Credit-Enhanced Outstanding / Total MBS Outstanding plus Retained Mortgage Portfolio ⁶ (%)	
4Q04	0.63	0.10	N/A	N/A	N/A	
3Q04	0.59	0.12	N/A	N/A	N/A	
2Q04	0.57	0.14	N/A	N/A	N/A	
1Q04	0.58	0.17	N/A	N/A	N/A	
Annual Data						
2004	0.63	0.10	N/A	N/A	N/A	
2003	0.60	0.27	0.01	0.07	24.3	
2002	0.57	0.05	0.01	0.06	29.6	
2001	0.55	0.27	0.01	0.04	34.2	
2000	0.45	0.07	0.01	0.05	40.4	
1999	0.47	0.11	0.01	0.06	20.9	
1998	0.56	0.23	0.03	0.08	17.5	
1997	0.62	0.37	0.04	0.10	12.8	
1996	0.58	0.68	0.05	0.11	10.5	
1995	0.56	0.81	0.05	0.08	10.6	
1994	0.47	1.21	0.06	0.10	10.2	
1993	0.48	2.34	0.04	0.10	10.6	
1992	0.53	2.65	0.04	0.09	15.6	
1991	0.64	3.62	0.04	0.07	22.0	
1990	0.58	1.70	0.06	0.09	25.9	
1989	0.69	3.20	0.07	0.14	Not Available	
1988	0.88	6.60	0.11	0.15	Before 1990	
1987	1.12	Not Available	0.11	0.18		
1986	1.38	Before 1988	0.12	0.22		
1985	1.48		0.13	0.32		
1984	1.65		0.09	0.33		
1983	1.49		0.05	0.35		
1982	1.41		0.01	0.20		
1981	0.96		0.01	0.13		
1980	0.90		0.01	0.09		
1979	0.56		0.02	0.11		
1978	0.55		0.02	0.18		
1977	0.46		0.02	0.26		
1976	1.58		0.03	0.27		
1975	0.56		0.03	0.51		
1974	0.51		0.02	0.52		
1973	Not Available		0.00	0.61		
1972	Before 1974		0.02	0.98		
1971			0.01	0.59		

Source: Fannie Mae

N/A = not available

¹ This information is subject to change as a result of the pending re-audit and restatement of Fannie Mae's financial statements.

² Beginning with 1998, data include all seriously delinquent conventional loans with and without third-party credit enhancement. Prior to 1998, data include loans for which Fannie Mae has primary risk of loss. Data prior to 1992 include loans in relief or bankruptcy, even if they are less than 90 days delinquent.

³ Beginning in 1998, data include all loans that are two or more months delinquent. Data prior to 1998 include loans for which Fannie Mae has primary risk of loss.

⁴ Credit losses are charge-offs plus real estate owned expense; average balances used to calculate ratios subsequent to 1994; quarterly data are annualized.

⁵ Real estate owned balances reflect end-of-period amounts. Beginning with 1995, data reflect adoption of SFAS 114.

⁶ Beginning in 2000, "credit-enhanced" is expanded to include primary mortgage insurance. Prior to 2000, reflect proportion of the retained mortgage portfolio with additional recourse from a third party to accept some or all of the expected losses on defaulted mortgages.

Table 10. Fannie Mae Capital¹

End of Period	Capital (\$ in Millions)									
	Minimum Capital Requirement			Risk-Based Capital Requirement			Market Capitalization ⁶	Core Capital/Total Assets	Core Capital / Total MBS Outstanding plus Total Assets	Common Share Dividend Payout Rate ⁷
	Core Capital ¹	Minimum Capital Requirement	Minimum Capital Surplus (Deficit) ²	Total Capital ³	Risk-Based Capital Requirement ⁴	Risk-Based Capital Surplus (Deficit) ⁵				
32,640	32,166	475	35,878	10,039	25,839		69,010	N/A	N/A	N/A
28,896	31,837	(2,981)	38,762	18,342	20,420		61,414	N/A	N/A	N/A
2Q04	36,115	31,188	4,927	36,862	24,391	12,471	69,075	N/A	N/A	N/A
1Q04	35,701	31,354	4,347	36,481	25,961	10,520	72,158	N/A	N/A	N/A
Annual Data										
2004	32,641	32,166	475	35,878	10,039	25,839		N/A	N/A	N/A
2003	34,405	31,520	2,885	35,182	27,221	7,960	72,838	3.41	1.49	23.0
2002	28,079	27,203	877	28,871	17,434	11,437	63,612	3.16	1.46	20.9
2001	25,182	24,182	1,000	25,976	Not Applicable	Not Applicable	79,281	3.15	1.52	23.0
2000	20,827	20,294	533	21,634	Before 2002	Before 2002	86,643	3.08	1.51	26.0
1999	17,876	17,770	106	18,677			63,651	3.11	1.42	28.8
1998	15,465	15,334	131	16,257			75,881	3.19	1.38	29.5
1997	13,793	12,703	1,090	14,575			59,167	3.52	1.42	29.4
1996	12,773	11,466	1,307	13,520			39,932	3.64	1.42	30.4
1995	10,959	10,451	508	11,703			33,812	3.46	1.32	34.6
1994	9,541	9,416	126	10,368			19,882	3.50	1.26	30.8
1993	8,052	7,876	176	8,893			21,387	3.71	1.17	26.8
1992	Not Applicable	Not Applicable	Not Applicable	Not Applicable			20,874	Not Applicable	Not Applicable	23.2
1991	Before 1993	Before 1993	Before 1993	Before 1993			18,836	Before 1993	Before 1993	21.3
1990							8,490			14.7
1989							8,092			12.8
1988							3,992			11.2
1987							2,401			11.7
1986							3,006			8.0
1985							1,904			30.1
1984							1,012			Not Applicable
1983							1,514			13.9
1982							1,603			Not Applicable
1981							502			Not Applicable
1980							702			464.2
1979							Not Available			45.7
1978							Before 1980			30.3
1977										31.8
1976										33.6
1975										31.8
1974										29.6
1973										18.1
1972										15.2
1971										18.7

Source: Fannie Mae and OFHEO

N/A = not available

¹ This information is subject to change as a result of the pending re-audit and restatement of Fannie Mae's financial statements.

² The difference between Core Capital and Minimum Capital Requirement.

³ Total Capital is Core Capital plus the total allowance for loan losses and guaranty liability for MBS, less any specific loss allowances.

⁴ The Risk-Based Capital Requirement is the amount of Total Capital that an Enterprise must hold to absorb projected losses flowing from future adverse interest rate and credit risk conditions and is specified by the Federal Housing Enterprise Financial Safety and Soundness Act of 1992.

⁵ The difference between Total Capital and the Risk-Based Capital Requirement.

⁶ Stock price at the end of the period multiplied by number of outstanding common shares.

⁷ Common dividends paid as a percentage of core net income available to common stockholders.

Table 11. Freddie Mac Mortgage Purchases¹

Business Activity (\$ in Millions)					
Purchases²					
Period	Single-Family (\$)	Multifamily (\$)	Total Mortgages³ (\$)	Mortgage-Related Securities⁴ (\$)	
4Q04	74,129	2,581	76,710	52,617	
3Q04	77,983	2,979	80,962	64,078	
2Q04	115,695	2,245	117,940	69,874	
1Q04	87,005	4,907	91,912	36,730	
Annual Data					
2004	354,812	12,712	367,524	223,299	
2003	701,483	15,292	716,775	385,078	
2002	533,194	10,654	543,848	299,674	
2001	384,124	9,510	393,634	248,466	
2000	168,013	6,030	174,043	91,896	
1999	232,612	7,181	239,793	101,898	
1998	263,490	3,910	267,400	128,446	
1997	115,160	2,241	117,401	35,385	
1996	122,850	2,229	125,079	36,824	
1995	89,971	1,565	91,536	39,292	
1994	122,563	847	123,410	19,817	
1993	229,051	191	229,242	Not Available	
1992	191,099	27	191,126	Before 1994	
1991	99,729	236	99,965		
1990	74,180	1,338	75,518		
1989	76,765	1,824	78,589		
1988	42,884	1,191	44,075		
1987	74,824	2,016	76,840		
1986	99,936	3,538	103,474		
1985	42,110	1,902	44,012		
1984	Not Available	Not Available	21,885		
1983	Before 1985	Before 1985	22,952		
1982			23,671		
1981			3,744		
1980			3,690		
1979			5,716		
1978			6,524		
1977			4,124		
1976			1,129		
1975			1,716		
1974			2,185		
1973			1,334		
1972			1,265		
1971			778		

Source: Freddie Mac

¹ For the period 2001 through 2003, data are based on restated and revised financial results.

² Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.

³ Loans purchased from lenders. Excludes repurchased Freddie Mac MBS and structured securities.

⁴ Not included in total mortgages. Includes non-Freddie Mac mortgage-related securities and repurchased Freddie Mac MBS and structured securities. For the period 2002 through 2004, amounts include non-Freddie Mac mortgage-related securities purchased for structured securities (e.g. alternative collateral deals and structured securities backed by Ginnie Mae MBS). For years prior to 2002, includes alternative collateral deals and excludes structured securities backed by Ginnie Mae MBS.

Table 11a. Freddie Mac Mortgage Purchases Detail, By Type of Loan ¹

Purchases (\$ in millions) ^{2,3}												
Period	Single-Family Mortgages							Multifamily Mortgages				
	Conventional				FHA/VA			Total Single-Family Mortgages (\$)	Conventional (\$)	FHA/RHS (\$)	Total Multifamily Mortgages (\$)	Total Mortgage Purchases (\$)
	Fixed-Rate ⁴ (\$)	Adjustable-Rate ⁵ (\$)	Seconds (\$)	Total (\$)	Fixed-Rate (\$)	Adjustable-Rate (\$)	Total (\$)					
4Q04	60,351	13,779	0	74,130	0	0	0	74,130	2,581	0	2,581	76,711
3Q04	60,030	17,952	0	77,982	0	0	0	77,982	2,979	0	2,979	80,961
2Q04	99,479	16,216	0	115,695	0	0	0	115,695	2,245	0	2,245	117,940
1Q04	74,006	12,680	0	86,686	319	0	319	87,005	4,907	0	4,907	91,912
Annual Data												
2004	293,866	60,627	0	354,493	319	0	319	354,812	12,712	0	12,712	367,524
2003	617,796	82,270	0	700,066	1,417	0	1,417	701,483	15,292	0	15,292	716,775
2002	468,901	63,448	0	532,349	845	0	845	533,194	10,654	0	10,654	543,848
2001	353,056	30,780	0	383,836	288	0	288	384,124	9,507	3	9,510	393,634
2000	145,744	21,201	0	166,945	1,068	0	1,068	168,013	6,030	0	6,030	174,043
1999	224,040	7,443	0	231,483	1,129	0	1,129	232,612	7,181	0	7,181	239,793
1998	256,008	7,384	0	263,392	98	0	98	263,490	3,910	0	3,910	267,400
1997	106,174	8,950	0	115,124	36	0	36	115,160	2,241	0	2,241	117,401
1996	116,316	6,475	0	122,791	59	0	59	122,850	2,229	0	2,229	125,079
1995	75,867	14,099	0	89,966	5	0	5	89,971	1,565	0	1,565	91,536
1994	105,902	16,646	0	122,548	15	0	15	122,563	847	0	847	123,410
1993	208,322	20,708	1	229,031	20	0	20	229,051	191	0	191	229,242
1992	175,515	15,512	7	191,034	65	0	65	191,099	27	0	27	191,126
1991	91,586	7,793	206	99,585	144	0	144	99,729	236	0	236	99,965
1990	56,806	16,286	686	73,778	402	0	402	74,180	1,338	0	1,338	75,518
1989	57,100	17,835	1,206	76,141	624	0	624	76,765	1,824	0	1,824	78,589
1988	34,737	7,253	59	42,049	835	0	835	42,884	1,191	0	1,191	44,075
1987	69,148	4,779	69	73,996	828	0	828	74,824	2,016	0	2,016	76,840
1986	96,105	2,262	90	98,457	1,479	0	1,479	99,936	3,538	0	3,538	103,474
1985	40,226	605	34	40,865	1,245	0	1,245	42,110	1,902	0	1,902	44,012
1984	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
1983	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
1982	Before 1985	Before 1985	Before 1985	Before 1985	Before 1985	Before 1985	Before 1985	Before 1985	Before 1985	Before 1985	Before 1985	Before 1985
1981												
1980												
1979												
1978												
1977												
1976												
1975												
1974												
1973												
1972												
1971												

Source: Freddie Mac

¹ For the period 2001 through 2003, data are based on restated and revised financial results.

² Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.

³ Loans purchased from lenders. Excludes repurchased Freddie Mac MBS and structured securities.

⁴ For the period 2002 through 2004, includes loans guaranteed by the Rural Housing Service.

⁵ For the period 2001 through 2004, includes balloons/resets.

Table 11b. Freddie Mac Purchases of Mortgage-Related Securities¹

Period	Purchases (\$ in Millions) ²							
	Freddie Mac Securities (\$)	Others' Securities					Mortgage Revenue Bonds (\$)	Total Mortgage-Related Securities ⁴ (\$)
		Fannie Mae (\$)	Ginnie Mae (\$)	Private-Label				
				Manufactured Housing (\$)	Other ³ (\$)	Total Private-Label (\$)		
4Q04	18,493	1,244	0	0	32,207	32,207	673	52,617
3Q04	27,279	1,677	0	0	34,473	34,473	649	64,078
2Q04	35,690	775	0	0	32,923	32,923	486	69,874
1Q04	14,773	342	0	0	21,479	21,479	136	36,730
Annual Data								
2004	96,235	4,038	0	0	121,082	121,082	1,944	223,299
2003	266,989	47,806	166	0	69,154	69,154	963	385,078
2002	192,817	45,798	820	318	59,058	59,376	863	299,674
2001	157,339	64,508	1,444	0	24,468	24,468	707	248,466
2000	58,516	18,249	3,339	15	10,289	10,304	1,488	91,896
1999	69,219	12,392	3,422	3,293	11,970	15,263	1,602	101,898
1998	107,508	3,126	319	1,630	14,081	15,711	1,782	128,446
1997	31,296	897	326	36	1,458	1,494	1,372	35,385
1996	33,338	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	36,824
1995	32,534	Before 1997	Before 1997	Before 1997	Before 1997	Before 1997	Before 1997	39,292
1994	19,817							19,817
1993	Not Available Before 1994							Not Available Before 1994

Source: Freddie Mac

¹ For the period 2001 through 2003, data are based on restated and revised financial results.

² Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.

³ Includes home equity securities.

⁴ Not included in total mortgages. Includes non-Freddie Mac mortgage-related securities and repurchased Freddie Mac MBS and structured securities. For 2004, 2003 and 2002, amounts include non-Freddie Mac mortgage-related securities purchased for structured securities (e.g. alternative collateral deals and structured securities backed by Ginnie Mae MBS). For 2001, includes alternative collateral deals and excludes structured securities backed by Ginnie Mae MBS.

Table 12. Freddie Mac MBS Issuances¹

Business Activity (\$ in Millions)					
MBS Issuances²					
Period	Single Family MBS³	Multifamily MBS	Total MBS³	Multiclass MBS⁴	
	(\$)	(\$)	(\$)	(\$)	
4Q04	77,188	513	77,701	48,846	
3Q04	77,540	216	77,756	52,580	
2Q04	118,702	186	118,888	61,239	
1Q04	87,503	3,260	90,763	52,765	
Annual Data					
2004	360,933	4,175	365,108	215,430	
2003	705,450	8,337	713,787	298,118	
2002	543,716	3,596	547,312	331,672	
2001	387,234	2,357	389,591	192,437	
2000	165,115	1,786	166,901	48,202	
1999	230,986	2,045	233,031	119,565	
1998	249,627	937	250,564	135,162	
1997	113,758	500	114,258	84,366	
1996	118,932	770	119,702	34,145	
1995	85,522	355	85,877	15,372	
1994	116,901	209	117,110	73,131	
1993	208,724	0	208,724	143,336	
1992	179,202	5	179,207	131,284	
1991	92,479	0	92,479	72,032	
1990	71,998	1,817	73,815	40,479	
1989	72,931	587	73,518	39,754	
1988	39,490	287	39,777	12,985	
1987	72,866	2,152	75,018	0	
1986	96,798	3,400	100,198	2,233	
1985	37,583	1,245	38,828	2,625	
1984	Not Available	Not Available	18,684	1,805	
1983	Before 1985	Before 1985	19,691	1,685	
1982			24,169	Not Issued	
1981			3,526	Before 1983	
1980			2,526		
1979			4,546		
1978			6,412		
1977			4,657		
1976			1,360		
1975			950		
1974			46		
1973			323		
1972			494		
1971			65		

Source: Freddie Mac

¹ For the period 2001 through 2003, data are based on restated and revised financial results.

² Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.

³ Includes MBS and structured securities backed by non-Freddie Mac mortgage-related securities. For the period 2002 through 2004, includes structured securities backed by Ginnie Mae MBS. For years prior to 2002, excludes structured securities backed by Ginnie Mae MBS.

⁴ Includes activity related to multi-class structured securities, primarily Real Estate Mortgage Investment Conduits (REMICs) as well as principal-only strips and other structured securities. These amounts exclude resecuritizations of MBS into single-class securities, but includes resecuritization of MBS into multiclass securities.

Table 13. Freddie Mac Earnings¹

Earnings (\$ in Millions)							
Period	Net Interest Income ² (\$)	Guarantee Fee Income ² (\$)	Average Guarantee Fee ² (basis points)	Administrative Expenses (\$)	Credit-Related Expenses ³ (\$)	Net Income (\$)	Return on Equity ⁴ (%)
4Q04	2,065	367	18	546	59	377	4.8
3Q04	2,321	380	19	442	55	(1,506)	(24.4)
2Q04	2,625	251	13	426	27	2,754	40.5
1Q04	2,126	384	20	407	(1)	1,312	18.0
Annual Data							
2004	9,137	1,382	18	1,821	140	2,937	10.2
2003	9,498	1,653	23	1,877	2	4,816	17.2
2002	9,525	1,527	22	1,406	126	10,090	47.2
2001	7,448	1,381	24	1,024	39	3,158	20.2
2000	3,758	1,243	24	825	75	3,666	39.0
1999	2,926	1,019	20	655	159	2,223	25.5
1998	2,215	1,019	21	578	342	1,700	22.6
1997	1,847	1,082	23	495	529	1,395	23.1
1996	1,705	1,086	23	440	608	1,243	22.6
1995	1,396	1,087	24	395	541	1,091	22.1
1994	1,112	1,108	24	379	425	983	23.3
1993	772	1,009	24	361	524	786	22.3
1992	695	936	25	329	457	622	21.2
1991	683	792	24	287	419	555	23.6
1990	619	654	22	243	474	414	20.4
1989	517	572	23	217	278	437	25.0
1988	492	465	22	194	219	381	27.5
1987	319	472	24	150	175	301	28.2
1986	299	301	22	110	120	247	28.5
1985	312	188	22	81	79	208	30.0
1984	213	158	25	71	54	144	52.0
1983	125	132	26	53	46	86	44.5
1982	30	77	25	37	26	60	21.9
1981	34	36	20	30	16	31	13.1
1980	54	23	14	26	23	34	14.7
1979	55	18	13	19	20	36	16.2
1978	37	14	15	14	13	25	13.4
1977	31	9	19	12	8	21	12.4
1976	18	3	14	10	(1)	14	9.5
1975	31	3	25	10	11	16	11.6
1974	42	2	26	8	33	5	4.0
1973	31	2	32	7	15	12	9.9
1972	10	1	39	5	4	4	3.5
1971	10	1	Not Available Before 1972	Not Available Before 1972	Not Available Before 1972	6	5.5

Source: Freddie Mac

¹ For the period 2000 through 2003, data are based on restated and revised financial results.

² In 1993, Freddie Mac adopted a change in reporting of uncollectible interest on single-family mortgages. Pre-1993 amounts do not reflect that change.

³ Defined as provision for credit losses plus real estate owned operations expense. From 1988 to 1990, data include real estate owned disposition loss provisions instead of expense, and before 1988 only mortgage loan loss provision.

⁴ Ratio computed as annualized net income available to common stockholders divided by the simple average of beginning and ending stockholders' equity, net of preferred stock (at redemption value).

Table 14. Freddie Mac Balance Sheet¹

Balance Sheet (\$ in Millions)								Mortgage-Backed Securities Outstanding (\$ in Millions) ²	
End of Period	Total Assets (\$)	Total Retained Mortgage Portfolio ³ (\$)	Non-Mortgage Investments ⁴ (\$)	Debt Outstanding (\$)	Stockholders' Equity (\$)	Core Capital ⁵ (\$)	Fair Value of Net Assets (\$)	Total MBS Outstanding ⁶ (\$)	Multiclass MBS Outstanding ⁷ (\$)
4Q04	795,284	664,582	62,027	731,697	31,416	35,009	30,900	852,270	390,636
3Q04	807,756	672,762	55,841	747,171	31,672	34,871	29,400	808,864	N/A
2Q04	805,385	650,667	72,420	744,335	28,653	36,578	29,200	795,046	N/A
1Q04	807,570	655,471	60,262	737,674	33,880	34,058	28,000	775,184	N/A
Annual Data									
2004	795,284	664,582	62,027	731,697	31,416	35,009	30,900	852,270	390,636
2003	803,449	660,531	53,124	739,613	31,487	32,985	27,300	752,164	347,833
2002	752,249	589,899	91,871	665,696	31,330	28,990	22,900	729,809	392,545
2001	641,100	503,769	89,849	578,368	19,624	20,181	18,300	653,084	299,652
2000	459,297	385,451	43,521	426,899	14,837	14,380	Not Available	576,101	309,185
1999	386,684	322,914	34,152	360,711	11,525	12,692	Before 2001	537,883	316,168
1998	321,421	255,670	42,160	287,396	10,835	10,715		478,351	260,504
1997	194,597	164,543	16,430	172,842	7,521	7,376		475,985	233,829
1996	173,866	137,826	22,248	156,981	6,731	6,743		473,065	237,939
1995	137,181	107,706	12,711	119,961	5,863	5,829		459,045	246,366
1994	106,199	73,171	17,808	93,279	5,162	5,169		460,656	264,152
1993	83,880	55,938	18,225	49,993	4,437	4,437		439,029	265,178
1992	59,502	33,629	12,542	29,631	3,570	Not Applicable		407,514	218,747
1991	46,860	26,667	9,956	30,262	2,566	Before 1993		359,163	146,978
1990	40,579	21,520	12,124	30,941	2,136			316,359	88,124
1989	35,462	21,448	11,050	26,147	1,916			272,870	52,865
1988	34,352	16,918	14,607	26,882	1,584			226,406	15,621
1987	25,674	12,354	10,467	19,547	1,182			212,635	3,652
1986	23,229	13,093		15,375	953			169,186	5,333
1985	16,587	13,547		12,747	779			99,909	5,047
1984	13,778	10,018	Not Available Before 1987	10,999	606			70,026	3,214
1983	8,995	7,485		7,273	421			57,720	1,669
1982	5,999	4,679		4,991	296			42,952	Not Issued
1981	6,326	5,178		5,680	250			19,897	Before 1983
1980	5,478	5,006		4,886	221			16,962	
1979	4,648	4,003		4,131	238			15,316	
1978	3,697	3,038		3,216	202			12,017	
1977	3,501	3,204		3,110	177			6,765	
1976	4,832	4,175		4,523	156			2,765	
1975	5,899	4,878		5,609	142			1,643	
1974	4,901	4,469		4,684	126			780	
1973	2,873	2,521		2,696	121			791	
1972	1,772	1,726		1,639	110			444	
1971	1,038	935		915	107			64	

Source: Freddie Mac

N/A = not available

¹ For the period 2001 through 2003, data are based on restated and revised financial results. Certain data for 2004 do not reflect minimum capital reports previously submitted to OFHEO and are subject to change.

² Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.

³ Excludes "Reserve for losses on mortgage loans held for investment."

⁴ Based on fair value. Consists of Freddie Mac's cash and investments portfolio, excluding cash and cash equivalents and mortgage-related securities within that portfolio.

⁵ The sum of (a) the stated value of outstanding common stock, (b) the stated value of outstanding noncumulative perpetual preferred stock, (c) paid-in capital, and (d) retained earnings, less Treasury stock.

⁶ Represents MBS and structured securities that are held by third parties. For years prior to 2002, includes MBS and structured securities in Freddie Mac's cash and investments portfolio.

⁷ Represents total multiclass MBS held by third parties.

Table 14a. Freddie Mac Total MBS Outstanding Detail¹

End of Period	Single-Family Mortgages (\$ in Millions) ²					Multifamily Mortgages (\$ in Millions) ²			Total MBS Outstanding ⁷
	Conventional				Total FHA/VA ⁶	Conventional	FHA/RHS	Multifamily Mortgages	
	Fixed-Rate ³	Adjustable-Rate ⁴	Seconds ⁵	Total					
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
4Q04	736,332	91,329	70	827,731	9,254	15,285	0	15,285	852,270
3Q04	695,274	87,168	82	782,524	10,239	16,101	0	16,101	808,864
2Q04	683,254	83,538	99	766,891	11,476	16,679	0	16,679	795,046
1Q04	667,159	78,445	119	745,723	12,089	17,372	0	17,372	775,184
Annual Data									
2004	736,332	91,329	70	827,731	9,254	15,285	0	15,285	852,270
2003	649,699	74,409	140	724,248	12,157	15,759	0	15,759	752,164
2002	647,603	61,110	5	708,718	12,361	8,730	0	8,730	729,809
2001	609,290	22,525	10	631,825	14,127	7,132	0	7,132	653,084
2000	533,331	36,266	18	569,615	778	5,708	0	5,708	576,101
1999	499,671	33,094	29	532,794	627	4,462	0	4,462	537,883
1998	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	478,351
1997	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	475,985
1996									473,065
1995									459,045
1994									460,656
1993									439,029
1992									407,514
1991									359,163
1990									316,359
1989									272,870
1988									226,406
1987									212,635
1986									169,186
1985									99,909
1984									70,026
1983									57,720
1982									42,952
1981									19,897
1980									16,962
1979									15,316
1978									12,017
1977									6,765
1976									2,765
1975									1,643
1974									780
1973									791
1972									444
1971									64

Source: Freddie Mac

¹ For the period 2001 through 2003, data are based on restated and revised financial results.

² Based on unpaid principal balances.

³ Includes Rural Housing Service and other federally guaranteed loans, and certain alternative collateral deals for the period 2002 through 2004.

⁴ For the period 2002 through 2004, includes balloons/resets and certain alternative collateral deals.

⁵ For the period 2002 through 2004, includes certain alternative collateral deals.

⁶ For the period 2002 through 2004, includes structured securities backed by Ginnie Mae MBS and certain alternative collateral deals.

⁷ Represents MBS and structured securities that are held by third parties. For the period 2002 through 2004, amounts include structured securities backed by all non-Freddie Mac securities (including Ginnie Mae MBS). For years prior to 2002, also includes MBS and structured securities in Freddie Mac's cash and investments portfolio.

Table 15. Freddie Mac Retained Mortgage Portfolio Detail¹

(\$ in Millions)					
End of Period	Whole Loans ² (\$)	Freddie Mac Securities ² (\$)	Other Mortgage-Related Securities ² (\$)	Unamortized Premiums, Discounts, Deferred Fees, Plus Unrealized Gains/Losses on Available-for-Sale Securities ³ (\$)	Total Retained Mortgage Portfolio ⁴ (\$)
4Q04	61,360	356,698	234,878	11,646	664,582
3Q04	60,808	372,760	226,381	12,813	672,762
2Q04	59,817	373,680	210,920	6,250	650,667
1Q04	60,724	376,114	199,334	19,299	655,471
Annual Data					
2004	61,360	356,698	234,878	11,646	664,582
2003	60,270	393,135	192,061	15,065	660,531
2002	63,886	341,287	162,099	22,627	589,899
2001	62,792	308,427	126,420	6,130	503,769
2000	59,240	246,209	80,244	(242)	385,451
1999	56,676	211,198	56,569	(1,529)	322,914
1998	57,084	168,108	29,817	661	255,670
1997	48,454	103,400	Not Available	122	164,543
1996	46,504	81,195	Before 1998	71	137,826
1995	43,753	56,006		282	107,706
1994	Not Available	30,670		Not Available	73,171
1993	Before 1995	15,877		Before 1995	55,938
1992		6,394			33,629
1991		Not Available			26,667
1990		Before 1992			21,520
1989					21,448
1988					16,918
1987					12,354
1986					13,093
1985					13,547
1984					10,018
1983					7,485
1982					4,679
1981					5,178
1980					5,006
1979					4,003
1978					3,038
1977					3,204
1976					4,175
1975					4,878
1974					4,469
1973					2,521
1972					1,726
1971					935

Source: Freddie Mac

¹ For the period 2001 through 2003, data are based on restated and revised financial results.

² Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.

³ Includes premiums, discounts, deferred fees and other basis adjustments on mortgage loans and mortgage-related securities plus unrealized gains or losses on mortgage-related securities and MBS residuals, at fair value.

⁴ Excludes "Reserve for losses on mortgage loans held for investment."

Table 15a. Freddie Mac Retained Mortgage Portfolio Detail - Part 1, Whole Loans¹

End of Period	Whole Loans (\$ in Millions) ²								
	Single-Family					Multifamily			Total Whole Loans (\$)
	Conventional				Total FHA/VA (\$)	Conventional (\$)	FHA/RHS (\$)	Total (\$)	
	Fixed-Rate ³ (\$)	Adjustable-Rate (\$)	Seconds (\$)	Total (\$)					
4Q04	22,055	990	0	23,045	344	37,968	3	37,971	61,360
3Q04	22,147	881	0	23,028	375	37,402	3	37,405	60,808
2Q04	22,947	788	1	23,736	411	35,667	3	35,670	59,817
1Q04	25,159	812	1	25,972	454	34,295	3	34,298	60,724
Annual Data									
2004	22,055	990	0	23,045	344	37,968	3	37,971	61,360
2003	25,889	871	1	26,761	513	32,993	3	32,996	60,270
2002	33,821	1,321	3	35,145	705	28,033	3	28,036	63,886
2001	38,267	1,073	5	39,345	964	22,480	3	22,483	62,792
2000	39,537	2,125	9	41,671	1,200	16,369	Not Available	16,369	59,240
1999	43,210	1,020	14	44,244	77	12,355	Before 2001	12,355	56,676
1998	47,754	1,220	23	48,997	109	7,978		7,978	57,084
1997	40,967	1,478	36	42,481	148	5,825		5,825	48,454
1996	Not Available	Not Available	Not Available	Not Available	Not Available	4,746		4,746	46,504
1995	Before 1997	Before 1997	Before 1997	Before 1997	Before 1997	3,852		3,852	43,753
1994						Not Available		Not Available	Not Available
						Before 1995		Before 1995	Before 1995

Source: Freddie Mac

¹ For the period 2001 through 2003, data are based on restated and revised financial results.

² Based on unpaid principal balances.

³ For the period 2002 through 2004, includes loans guaranteed by the Rural Housing Service.

Table 15a. Freddie Mac Retained Mortgage Portfolio Detail - Part 2a, Mortgage-Related Securities¹

End of Period	Mortgage-Related Securities (\$ in Millions)							
	Total Enterprise Securities ^{2,3} (\$)	Others' Securities ²					Total Private-Label (\$)	Total Others' Securities (\$)
		Fannie Mae (\$)	Ginnie Mae (\$)	Private-Label				
				Manufactured Housing (\$)	Other ⁴ (\$)			
4Q04	356,698	58,004	1,711	1,491	164,595	166,086	225,801	
3Q04	372,760	60,917	1,868	1,593	153,467	155,060	217,845	
2Q04	373,680	63,858	2,078	1,639	135,289	136,928	202,864	
1Q04	376,114	69,896	2,401	1,722	117,561	119,283	191,580	
Annual Data								
2004	356,698	58,004	1,711	1,491	164,595	166,086	225,801	
2003	393,135	74,529	2,760	1,784	105,216	107,000	184,289	
2002	341,287	78,829	4,878	2,394	68,358	70,752	154,459	
2001	308,427	71,128	5,699	2,462	39,874	42,336	119,163	
2000	246,209	28,303	8,991	2,896	33,101	35,997	73,291	
1999	211,198	13,245	6,615	4,693	26,326	31,019	50,879	
1998	168,108	3,749	4,458	1,711	15,259	16,970	25,177	
1997	103,400	Not Available	6,393	Not Available	Not Available	Not Available	Not Available	
1996	81,195	Before 1998	7,434	Before 1998	Before 1998	Before 1998	Before 1998	
1995	56,006		Not Available					
1994	30,670		Before 1996					
1993	15,877							
1992	6,394							
1991	Not Available Before 1992							

Source: Freddie Mac

¹ For the period 2001 through 2003, data are based on restated and revised financial results

² Based on unpaid principal balances.

³ For the period 2001 through 2004, includes structured securities backed by Ginnie Mae MBS which were previously classified as non-Freddie Mac mortgage-related securities.

⁴ Includes home equity securities.

Table 15a. Freddie Mac Retained Mortgage Portfolio Detail - Part 2b, Mortgage-Related Securities¹

End of Period	Mortgage-Related Securities (\$ in Millions)		Unamortized Premiums, Discounts, Deferred Fees, Plus Unrealized Gains/Losses on Available-for-Sale Securities ³	Total Retained Mortgage Portfolio ⁴
	Mortgage Revenue Bonds ²	Total Mortgage-Related Securities ³		
	(\$)	(\$)	(\$)	(\$)
4Q04	9,077	603,222	11,646	664,582
3Q04	8,536	611,954	12,813	672,762
2Q04	8,056	590,850	6,250	650,667
1Q04	7,754	594,747	19,299	655,471
Annual Data				
2004	9,077	603,222	11,646	664,582
2003	7,772	600,261	15,065	660,531
2002	7,640	526,013	22,627	589,899
2001	7,257	440,977	6,130	503,769
2000	6,953	326,211	(242)	385,451
1999	5,690	266,238	(1,529)	322,914
1998	4,640	198,586	661	255,670
1997	3,031	Not Available	122	164,543
1996	1,787	Before 1998	71	137,826
1995	Not Available		282	107,706
1994	Before 1996		Not Available	73,171
1993			Before 1995	55,938
1992				33,629
1991				26,667
1990				21,520
1989				21,448
1988				16,918
1987				12,354
1986				13,093
1985				13,547
1984				10,018
1983				7,485
1982				4,679
1981				5,178
1980				5,006
1979				4,003
1978				3,038
1977				3,204
1976				4,175
1975				4,878
1974				4,469
1973				2,521
1972				1,726
1971				935

Source: Freddie Mac

¹ For the period 2001 through 2003, data are based on restated and revised financial results.

² Based on unpaid principal balances.

³ Includes premiums, discounts, deferred fees and other basis adjustments on mortgage loans and mortgage-related securities plus unrealized gains or losses on mortgage-related securities and MBS residuals.

⁴ Excludes "Reserve for losses on mortgage loans held for investment."

Table 16. Freddie Mac Financial Derivatives¹

Financial Derivatives - Notional Amount Outstanding (\$ in millions)										
End of Period	Interest Rate Swaps (\$)	Interest Rate Caps, Floors, and Corridors (\$)	Foreign Currency Contracts (\$)	OTC Futures, Options, and Forward Rate Agreements (\$)	Treasury-Based Contracts ² (\$)	Exchange-Traded Futures, Options, and Other Derivatives (\$)	Credit Derivatives ³ (\$)	Commitments ⁴ (\$)	Other ⁵ (\$)	Total (\$)
4Q04	178,739	9,897	56,850	224,204	2,580	126,530	10,926	32,952	114,100	756,778
3Q04	280,993	9,960	46,136	288,897	5,847	150,039	11,627	147,706	120,152	1,061,357
2Q04	257,208	11,161	43,256	329,078	6,308	126,539	12,518	102,627	128,337	1,017,032
1Q04	254,602	11,219	40,015	368,906	10,975	176,233	14,187	132,508	142,210	1,150,855
Annual Data										
2004	178,739	9,897	56,850	224,204	2,580	126,530	10,926	32,952	114,100	756,778
2003	287,592	11,308	46,512	349,650	8,549	122,619	15,542	89,520	152,579	1,083,871
2002	290,096	11,663	43,687	277,869	17,900	210,646	17,301	191,563	117,219	1,177,944
2001	442,771	12,178	23,995	187,486	13,276	358,500	10,984	121,588	0	1,170,778
2000	277,888	12,819	10,208	113,064	2,200	22,517		Not Applicable	35,839	474,535
1999	126,580	19,936	1,097	172,750	8,894	94,987	Not Applicable	Before 2000	0	424,244
1998	57,555	21,845	1,464	63,000	11,542	157,832	Before 2000		0	313,238
1997	54,172	21,995	1,152	6,000	12,228	0			0	95,547
1996	46,646	14,095	544	0	651	0			0	61,936
1995	45,384	13,055	0	0	24	0			0	58,463
1994	21,834	9,003	0	0	0	0			0	30,837
1993	17,888	1,500	0	0	0	0			0	19,388

Source: Freddie Mac

N/A = not available.

¹ For the period 2001 through 2003, data are based on restated and revised financial results.

² 2002, 2003 and 2004 amounts are exchange-traded.

³ Amounts included in "Other" in 2000, not applicable in prior periods.

⁴ Commitments to purchase and sell mortgage loans, mortgage-related securities, and various debt securities. Amounts included in "Other" in 2000, not applicable in prior periods.

⁵ For 2002 and 2003, consists of a prepayment management agreement. For 2004, includes that agreement and swap guarantee derivatives.

Table 17. Freddie Mac Non-Mortgage Investments¹

Non-Mortgage Investments (\$ in Millions)						
End of Period	Federal Funds and Eurodollars (\$)	Asset Backed Securities (\$)	Repurchase Agreements (\$)	Commercial Paper and Corporate Debt (\$)	Other² (\$)	Total (\$)
4Q04	18,647	21,733	13,550	0	8,097	62,027
3Q04	2,695	21,857	15,636	6,808	8,844	55,840
2Q04	18,414	20,989	15,833	6,449	10,734	72,419
1Q04	10,397	18,259	15,362	5,472	10,772	60,262
Annual Data						
2004	18,647	21,733	13,550	0	8,097	62,027
2003	7,567	16,648	13,015	5,852	10,042	53,124
2002	6,129	34,790	16,914	13,050	20,988	91,871
2001	15,868	26,297	17,632	21,712	8,340	89,849
2000	2,267	19,063	7,488	7,302	7,401	43,521
1999	10,545	10,305	4,961	3,916	4,425	34,152
1998	20,524	7,124	1,756	7,795	4,961	42,160
1997	2,750	2,200	6,982	3,203	1,295	16,430
1996	9,968	2,086	6,440	1,058	2,696	22,248
1995	110	499	9,217	1,201	1,684	12,711
1994	7,260	0	5,913	1,234	3,401	17,808
1993	9,267	0	4,198	1,438	3,322	18,225
1992	5,632	0	4,060	53	2,797	12,542
1991	2,949	0	4,437	0	2,570	9,956
1990	1,112	0	9,063	0	1,949	12,124
1989	3,527	0	5,765	0	1,758	11,050
1988	4,469	0	9,107	0	1,031	14,607
1987	3,177	0	5,859	0	1,431	10,467

Source: Freddie Mac

¹ For the period 2001 through 2003, data are based on restated and revised financial results.

² Includes non-mortgage-related securities classified as trading, debt securities issued by the U.S. Treasury and other U.S. government agencies, obligations of states and municipalities, and preferred stock.

Table 18. Freddie Mac Asset Mix¹

Asset Ratios		
End of Period	Total Retained Mortgage Portfolio / Total Assets (%)	Non-Mortgage Investments / Total Assets (%)
4Q04	84	8
3Q04	83	7
2Q04	81	9
1Q04	81	7
Annual Data		
2004	84	8
2003	82	7
2002	78	12
2001	79	14
2000	84	10
1999	84	9
1998	80	13
1997	85	8
1996	79	13
1995	79	9
1994	69	17
1993	67	22
1992	57	21
1991	57	21
1990	53	30
1989	60	31
1988	49	43
1987	48	41
1986	56	Not Available
1985	82	Before 1987
1984	73	
1983	83	
1982	78	
1981	82	
1980	91	
1979	86	
1978	82	
1977	91	
1976	86	
1975	82	
1974	92	
1973	88	
1972	97	
1971	90	

Source: Freddie Mac

¹ For the period 2001 through 2003, data are based on restated and revised financial results.

Table 19. Freddie Mac Mortgage Asset Quality

Mortgage Asset Quality						
End of Period	Single-Family Delinquency Rate ² (%)	Multifamily Delinquency Rate ³ (%)	Credit Losses / Average Total Mortgage Portfolio ⁴ (%)	REO / Total Mortgage Portfolio ⁵ (%)	Credit-Enhanced ⁶ / Total Mortgage Portfolio ⁵ (%)	
4Q04	0.73	0.06	0.01	0.05	19	
3Q04	0.73	0.05	0.01	0.05	20	
2Q04	0.74	0.05	0.01	0.05	20	
1Q04	0.83	0.06	0.01	0.06	21	
Annual Data						
2004	0.73	0.06	0.01	0.05	19	
2003	0.86	0.05	0.01	0.06	21	
2002	0.77	0.13	0.01	0.05	27.4	
2001	0.62	0.15	0.01	0.04	34.7	
2000	0.49	0.04	0.01	0.04	31.8	
1999	0.39	0.14	0.02	0.05	29.9	
1998	0.50	0.37	0.04	0.08	27.3	
1997	0.55	0.96	0.08	0.11	15.9	
1996	0.58	1.96	0.10	0.13	10.0	
1995	0.60	2.88	0.11	0.14	9.7	
1994	0.55	3.79	0.08	0.18	7.2	
1993	0.61	5.92	0.11	0.16	5.3	
1992	0.64	6.81	0.09	0.12	Not Available	
1991	0.61	5.42	0.08	0.14	Before 1993	
1990	0.45	2.63	0.08	0.12		
1989	0.38	2.53	0.08	0.09		
1988	0.36	2.24	0.07	0.09		
1987	0.36	1.49	0.07	0.08		
1986	0.42	1.07	Not Available	0.07		
1985	0.42	0.63	Before 1987	0.10		
1984	0.46	0.42		0.15		
1983	0.47	0.58		0.15		
1982	0.54	1.04		0.12		
1981	0.61	Not Available		0.07		
1980	0.44	Before 1982		0.04		
1979	0.31			0.02		
1978	0.21			0.02		
1977	Not Available			0.03		
1976	Before 1978			0.04		
1975				0.03		
1974				0.02		
1973				Not Available		
				Before 1974		

Source: Freddie Mac

¹ For the period 2000 through 2003, data are based on restated and revised financial results, except for the credit-enhanced share of the total mortgage portfolio in 2000.

² Based on the number of mortgages 90 days or more delinquent or in foreclosure. 1994 -1999 data include only loans for which Freddie Mac assumed primary default risk. Pre-1994 calculations included all loans. Rates for 2000 through 2004 are based on the total single-family mortgage portfolio. Includes delinquencies on mortgage loans where Freddie Mac has transferred primary or full default risk to various third parties as well as multiclass MBS backed by alternative collateral deals.

³ Based on net carrying value of mortgages 60 days or more delinquent or in foreclosure.

⁴ Credit losses equal to REO operations expense (income) plus Charge-offs, net. Calculated as credit losses (gains) divided by the average total mortgage portfolio, excluding non-Freddie Mac mortgage-related securities and that portion of structured securities that is backed by Ginnie Mae MBS.

⁵ Based on the total mortgage portfolio excluding non-Freddie Mac mortgage-related securities and that portion of issued structured securities that is backed by Ginnie Mae MBS.

⁶ Includes loans for which the lender or a third party has retained primary default risk by pledging collateral or agreeing to accept losses on loans that default. In many cases, the lender's or third party's risk is limited to a specific level of losses at the time the credit enhancement becomes effective.

Table 20. Freddie Mac Capital¹

End of Period	Capital (\$ in Millions)										
	Minimum Capital Requirement			Risk-Based Capital Requirement							
	Core Capital (\$)	Minimum Capital Requirement (\$)	Regulatory Capital Surplus (Deficit) ² (\$)	Total Capital ³ (\$)	Risk-Based Capital Requirement ⁴ (\$)	Risk-Based Capital Surplus (Deficit) ⁵ (\$)	Market Capitalization ⁶ (\$)	Core Capital / Total Assets (%)	Core Capital / Total MBS Outstanding plus Total Assets (%)	Common Share Dividend Payout Rate ⁷ (%)	
4Q04	35,009	24,131	10,878	34,691	11,108	23,583	50,898	4.40	2.12	65.0	
3Q04	34,871	24,274	10,597	34,397	5,749	28,648	45,039	4.32	2.16	(13.5)	
2Q04	36,578	24,134	12,444	33,081	3,858	29,223	43,624	4.54	2.29	7.7	
1Q04	34,058	24,029	10,029	34,898	7,131	27,767	40,683	4.22	2.15	16.4	
Annual Data											
2004	35,009	24,131	10,878	34,691	11,108	23,583	50,898	4.40	2.12	30.7	
2003	32,985	23,774	9,211	33,436	5,426	28,010	40,158	4.11	2.12	15.6	
2002	28,990	22,339	6,651	24,222	4,743	19,479	40,590	3.85	1.96	6.2	
2001	20,181	19,014	1,167	Not Applicable	Not Applicable	Not Applicable	45,473	3.15	1.56	18.9	
2000	14,380	14,178	202	Before 2002	Before 2002	Before 2002	47,702	3.13	1.39	20.0	
1999	12,692	12,287	405				32,713	3.28	1.37	20.1	
1998	10,715	10,333	382				44,797	3.33	1.34	20.7	
1997	7,376	7,082	294				28,461	3.79	1.10	21.1	
1996	6,743	6,517	226				19,161	3.88	1.04	21.3	
1995	5,829	5,584	245				14,932	4.25	0.98	21.1	
1994	5,169	4,884	285				9,132	4.87	0.91	20.5	
1993	4,437	3,782	655				9,005	5.29	0.85	21.6	
1992	Not Applicable	Not Applicable	Not Applicable				8,721	Not Applicable	Not Applicable	23.1	
1991	Before 1993	Before 1993	Before 1993				8,247	Before 1993	Before 1993	21.6	
1990							2,925			23.2	
1989							4,024			24.3	
1988							Not Applicable Before 1989			Not Available Before 1989	

Source: Freddie Mac and OFHEO

¹ For the period 2001 through 2003, data are based on restated and revised financial results. Certain data for 2004 do not reflect minimum capital reports previously submitted to OFHEO and are subject to change.

² The difference between Core Capital and Minimum Capital Requirement.

³ Total Capital is Core Capital plus the total allowance for loan losses and guaranty liability for MBS, less any specific loss allowances. For 2002, calculated by OFHEO prior to the restatement of Freddie Mac's 2002 financial results.

⁴ The Risk-Based Capital Requirement is the amount of Total Capital that an Enterprise must hold to absorb projected losses flowing from future adverse interest rate and credit risk conditions and is specified by the Federal Housing Enterprises Financial Safety and Soundness Act of 1992.

⁵ The difference between Total Capital and Risk-Based Capital Requirement.

⁶ Stock price at the end of the period multiplied by number of outstanding common shares.

⁷ Common dividends paid as a percentage of net income available to common stockholders.

Table 21. Combined Purchases¹

Period	Business Activity (\$ in Millions)			
	Purchases			
	Single-Family (\$)	Multifamily (\$)	Total Mortgages (\$)	Mortgage-Related Securities (\$)
4Q04	201,886	7,189	209,075	90,877
3Q04	207,906	6,841	214,747	115,161
2Q04	302,306	7,189	309,495	136,094
1Q04	230,640	7,887	238,527	57,552
Annual Data				
2004	942,738	29,106	971,844	399,684
2003	2,023,509	46,170	2,069,679	793,703
2002	1,333,510	27,265	1,360,775	568,608
2001	951,797	28,641	980,438	457,590
2000	395,082	16,407	411,489	221,612
1999	548,748	17,193	565,941	271,803
1998	618,410	15,338	633,748	275,706
1997	275,081	8,775	283,856	85,702
1996	287,306	8,680	295,986	83,567
1995	215,974	6,531	222,505	75,550
1994	280,792	4,686	285,478	45,722
1993	518,877	4,326	523,203	Not Available
1992	439,702	2,983	442,685	Before 1994
1991	233,280	3,440	236,720	
1990	185,187	4,518	189,705	
1989	157,275	6,149	163,424	
1988	107,497	5,361	112,858	
1987	148,766	3,749	152,515	
1986	177,159	5,415	182,574	
1985	84,653	3,102	87,755	
1984	Not Available	Not Available	50,704	
1983	Before 1985	Before 1985	49,431	
1982			49,610	
1981			10,573	
1980			11,791	
1979			16,523	
1978			18,829	
1977			8,908	
1976			4,761	
1975			6,036	
1974			9,204	
1973			7,586	
1972			5,129	
1971			4,818	

Sources: Fannie Mae and Freddie Mac

N/A = not available

¹ See notes to Tables 1 and 11.

Table 21a. Combined Mortgage Purchases Detail, By Type of Loan¹

Period	Purchases (\$ in Millions)												
	Single-Family Mortgages								Multifamily Mortgages				Total Mortgage Purchases (\$)
	Conventional				FHA/VA				Total Single-Family Mortgages (\$)	Conventional (\$)	FHA/RHS (\$)	Total Multifamily Mortgages (\$)	
	Fixed-Rate (\$)	Adjustable-Rate (\$)	Seconds (\$)	Total (\$)	Fixed-Rate (\$)	Adjustable-Rate (\$)	Total (\$)						
4Q04	152,552	47,997	21	200,570	193	1,124	1,317	201,887					
3Q04	159,520	47,128	8	206,656	228	1,021	1,249	207,905	6,820	21	6,841	214,746	
2Q04	249,344	51,728	9	301,081	327	898	1,225	302,306	7,140	49	7,189	309,495	
1Q04	194,207	34,945	13	229,165	645	830	1,475	230,640	7,210	677	7,887	238,527	
Annual Data													
2004	755,623	181,798	51	937,472	1,393	3,873	5,266	942,738	28,355	751	29,106	971,844	
2003	1,808,627	209,030	93	2,017,750	2,715	3,044	5,759	2,023,509	33,940	12,230	46,170	2,069,679	
2002	1,199,560	130,220	41	1,329,821	2,141	1,548	3,689	1,333,510	24,604	2,661	27,265	1,360,775	
2001	887,171	56,428	1,137	944,736	5,959	1,102	7,061	951,797	27,356	1,285	28,641	980,438	
2000	332,980	55,010	726	388,716	5,446	920	6,366	395,082	15,157	1,250	16,407	411,489	
1999	517,228	19,581	1,198	538,007	9,658	1,084	10,742	548,749	16,039	1,153	17,192	565,941	
1998	590,375	21,657	1	612,033	5,866	511	6,377	618,410	14,754	584	15,338	633,748	
1997	242,503	30,045	3	272,551	2,098	432	2,530	275,081	8,177	598	8,775	283,856	
1996	262,470	22,025	3	284,498	2,474	334	2,808	287,306	8,428	252	8,680	295,986	
1995	180,768	32,077	9	212,854	3,014	106	3,120	215,974	6,242	289	6,531	222,505	
1994	245,717	32,986	8	278,711	1,968	113	2,081	280,792	4,467	219	4,686	285,478	
1993	482,724	35,128	30	517,882	875	120	995	518,877	4,110	216	4,326	523,203	
1992	401,847	36,513	143	438,503	1,120	79	1,199	439,702	2,872	111	2,983	442,685	
1991	205,907	24,980	911	231,798	1,444	38	1,482	233,280	3,419	21	3,440	236,720	
1990	151,817	30,814	1,340	183,971	1,201	15	1,216	185,187	4,503	15	4,518	189,705	
1989	117,894	35,527	1,727	155,148	2,113	14	2,127	157,275	6,133	16	6,149	163,424	
1988	70,504	34,745	492	105,741	1,658	98	1,756	107,497	5,340	21	5,361	112,858	
1987	129,582	15,454	208	145,244	3,477	45	3,522	148,766	3,479	270	3,749	152,515	
1986	154,356	9,567	588	164,511	12,634	14	12,648	177,159	5,415	-	5,415	182,574	
1985	70,219	11,341	905	82,465	2,172	16	2,188	84,653	3,102	-	3,102	87,755	
1984	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	

Sources: Fannie Mae and Freddie Mac

N/A = not available

¹ See notes to Tables 1a and 11a.

Table 21b. Combined Purchases of Mortgage-Related Securities¹

Period	Purchases (\$ in millions)						
	Enterprise Securities (\$)	Others' Securities				Mortgage Revenue Bonds (\$)	Total Mortgage-Related Securities (\$)
		Ginnie Mae (\$)	Private Label				
			Manufactured Housing (\$)	Other ² (\$)	Total Private-Label (\$)		
4Q04	29,460	0	0	59,141	59,141	2,276	90,877
3Q04	50,071	0	0	63,091	63,091	1,999	115,161
2Q04	77,020	0	0	56,584	56,584	2,490	136,094
1Q04	23,221	0	0	33,028	33,028	1,303	57,552
Annual Data							
2004	179,772	0	0	211,844	211,844	8,068	399,684
2003	683,163	202	0	103,130	103,130	7,208	793,703
2002	491,611	5,245	374	66,218	66,592	5,160	568,608
2001	422,501	1,777	Not Available	27,981	27,981	5,331	457,590
2000	191,840	5,832	Before 2002	Not Available	18,770	5,170	221,612
1999	213,970	20,983		Before 2001	31,774	5,076	271,803
1998	236,636	3,057			31,432	4,581	275,706
1997	73,345	3,834			5,682	2,841	85,702
1996	75,380	Not Available			Not Available	Not Available	83,567
1995	65,798	Before 1997			Before 1997	Before 1997	75,550
1994	42,048						45,722
1993	Not Available Before 1994						Not Available Before 1994

Sources: Fannie Mae and Freddie Mac

N/A = not available

¹ See notes to Tables 1b and 11b.

² The category 'Other' includes home equity purchases by both Enterprises.

Table 22. Combined MBS Issuances¹

Period	Business Activity (\$ in Millions)			
	MBS Issuances			
	Single-Family MBS (\$)	Multifamily MBS (\$)	Total MBS (\$)	Multiclass MBS (\$)
4Q04	192,763	2,161	194,924	68,990
3Q04	204,599	1,632	206,231	68,796
2Q04	289,825	2,252	292,077	95,929
1Q04	219,189	4,984	224,173	76,401
Annual Data				
2004	906,376	11,029	917,405	310,116
2003	1,902,011	31,355	1,933,366	559,037
2002	1,270,973	15,934	1,286,907	502,467
2001	901,855	16,158	918,013	331,840
2000	369,181	9,382	378,563	87,746
1999	523,178	10,542	533,720	174,725
1998	564,747	11,965	576,712	219,309
1997	257,373	6,314	263,687	169,781
1996	263,133	6,438	269,571	64,925
1995	191,791	4,542	196,333	25,053
1994	245,286	2,446	247,732	146,496
1993	429,209	959	430,168	353,966
1992	372,389	855	373,244	301,489
1991	203,967	1,415	205,382	184,840
1990	168,004	2,506	170,510	108,770
1989	139,420	3,862	143,282	81,469
1988	90,610	4,045	94,655	29,990
1987	134,933	3,314	138,247	9,917
1986	156,815	3,949	160,764	4,633
1985	60,725	1,752	62,477	Not Issued
1984	Not Available	Not Available	32,230	Before 1986
1983	Before 1985	Before 1985	33,031	
1982			38,139	
1981			4,243	

Sources: Fannie Mae and Freddie Mac

¹ See notes to Tables 2 and 12.

Table 23. Combined Earnings¹

Period	Earnings (\$ in Millions)				
	Net Interest Income (\$)	Guarantee Fee Income (\$)	Administrative Expenses (\$)	Credit-Related Expenses (\$)	Net Income (\$)
4Q04	N/A	N/A	N/A	N/A	N/A
3Q04	N/A	N/A	N/A	N/A	N/A
2Q04	N/A	N/A	N/A	N/A	N/A
1Q04	N/A	N/A	N/A	N/A	N/A
Annual Data					
2004	N/A	N/A	N/A	N/A	N/A
2003	23,067	4,064	3,340	114	12,721
2002	20,091	3,343	2,625	218	14,709
2001	15,538	2,863	2,041	117	9,052
2000	9,432	2,594	1,730	169	8,114
1999	7,820	2,301	1,455	286	6,135
1998	6,325	2,248	1,286	603	5,118
1997	5,796	2,356	1,131	904	4,451
1996	5,297	2,282	1,000	1,017	3,968
1995	4,443	2,173	941	876	3,235
1994	3,935	2,191	904	803	3,115
1993	3,305	1,970	804	829	2,659
1992	2,753	1,770	710	777	2,245
1991	2,461	1,467	606	789	1,918
1990	2,212	1,190	529	784	1,587
1989	1,708	980	471	588	1,244
1988	1,329	793	412	584	888
1987	1,209	735	347	535	677
1986	683	476	285	426	352
1985	451	300	223	285	201
1984	123	236	183	140	73
1983	116	186	134	94	135
1982	(434)	93	97	62	(132)
1981	(395)	36	79	(12)	(175)
1980	75	Not Available	70	42	48
1979	377	Before 1981	65	55	198
1978	331		53	49	234
1977	282		44	36	186
1976	221		40	24	141
1975	205		37	27	131
1974	184		31	50	112
1973	211		25	27	138
1972	148		18	9	100
1971	59		Not Available Before 1972	Not Available Before 1972	67

Sources: Fannie Mae and Freddie Mac

N/A = not available

¹ See notes to Tables 3 and 13.

Table 24. Combined Balance Sheet¹

End of Period	Balance Sheet (\$ in Millions)							Total Mortgage-Backed Securities Outstanding (\$ in Millions)
	Total Assets (\$)	Total Retained Mortgage Portfolio (\$)	Non-Mortgage Investments (\$)	Debt Outstanding (\$)	Shareholders' Equity (\$)	Core Capital (\$)	Fair Value of Net Assets (\$)	
4Q04	N/A	N/A	N/A	N/A	N/A	67,650	N/A	2,255,031
3Q04	N/A	N/A	N/A	N/A	N/A	63,727	N/A	2,186,544
2Q04	N/A	N/A	N/A	N/A	N/A	72,693	N/A	2,155,091
1Q04	N/A	N/A	N/A	N/A	N/A	69,759	N/A	2,121,076
Annual Data								
2004	N/A	N/A	N/A	N/A	N/A	67,650	N/A	2,255,031
2003	1,813,018	1,562,411	112,617	1,701,345	53,860	67,390	58,882	2,052,330
2002	1,639,764	1,391,021	131,164	1,516,678	47,618	57,069	45,030	1,759,265
2001	1,441,048	1,210,572	155,831	1,341,835	37,742	45,363	40,975	1,512,049
2000	1,134,521	993,182	95,868	1,069,581	35,675	35,207	Not Available	1,282,823
1999	961,992	846,017	71,451	908,330	29,154	30,568	Before 2001	1,217,028
1998	806,567	671,104	100,675	747,687	26,288	26,180		1,115,494
1997	586,270	481,135	81,026	542,616	21,314	21,169		1,055,123
1996	524,907	424,354	78,854	488,251	19,504	19,516		1,021,238
1995	453,731	360,574	69,984	419,135	16,822	16,788		972,275
1994	378,707	293,986	64,143	350,509	14,703	14,710		947,001
1993	300,859	246,107	39,621	251,105	12,489	12,489		910,335
1992	240,480	189,889	32,116	195,931	10,344	Not Applicable		831,958
1991	193,932	153,346	19,792	164,199	8,113	Before 1993		714,447
1990	173,692	135,586	21,992	154,344	6,077			604,434
1989	159,777	129,429	19,388	142,211	4,907			489,382
1988	146,610	117,017	19,896	132,341	3,844			396,503
1987	129,133	106,019	13,935	116,604	2,993			348,369
1986	122,850	107,216	Not Available	108,938	2,135			264,754
1985	115,663	108,156	Before 1987	106,732	1,788			154,461
1984	101,576	94,153		94,718	1,524			105,764
1983	87,378	82,732		81,867	1,421			82,841
1982	78,980	74,035		74,605	1,249			57,402
1981	67,904	64,807		64,231	1,330			20,614
1980	63,357	60,595		59,766	1,678			16,962
1979	55,948	53,780		52,555	1,739			15,316
1978	47,203	45,141		44,201	1,564			12,017
1977	37,481	36,456		35,000	1,350			6,765
1976	37,225	35,950		35,088	1,139			2,765
1975	37,495	35,698		35,572	1,003			1,643
1974	34,572	33,135		32,852	898			780
1973	27,191	26,110		25,699	801			791
1972	22,118	21,378		20,878	669			444
1971	19,629	18,821		18,587	567			64

Sources: Fannie Mae and Freddie Mac

N/A = not available

¹ See notes to Tables 4 and 14.

Table 24a. Combined MBS Outstanding Detail¹

End of Period	Single-Family Mortgages (\$ in Millions)					Multifamily Mortgages (\$ in Millions)			Total MBS Outstanding (\$)
	Conventional				Total FHA/VA (\$)	Conventional (\$)	FHA/RHS (\$)	Total Multifamily (\$)	
	Fixed-Rate (\$)	Adjustable-Rate (\$)	Seconds (\$)	Total (\$)					
4Q04	1,889,090	275,128	128	2,164,346	12,207	78,155	323	78,478	2,255,031
3Q04	1,836,740	255,459	150	2,092,349	13,960	79,901	334	80,235	2,186,544
2Q04	1,801,578	255,626	178	2,057,382	15,630	81,733	346	82,079	2,155,091
1Q04	1,778,236	242,444	213	2,020,893	16,642	83,179	362	83,541	2,121,076
Annual Data									
2004	1,889,090	275,128	128	2,164,346	12,207	78,155	323	78,478	2,255,031
2003	1,724,616	228,428	249	1,953,293	16,975	81,697	365	82,062	2,052,330
2002	1,526,716	153,595	343	1,680,654	18,770	58,857	984	59,841	1,759,265
2001	1,346,411	85,142	782	1,432,335	27,673	50,860	1,181	52,041	1,512,049
2000	1,133,330	97,761	1,183	1,232,274	8,854	40,915	780	41,695	1,282,823
1999	1,085,740	84,568	1,241	1,171,549	8,796	35,980	703	36,683	1,217,028
1998	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	1,115,494
1997	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	1,055,123
1996									1,021,238
1995									972,275
1994									947,001
1993									910,335
1992									831,958
1991									714,447
1990									604,434
1989									489,382
1988									396,503
1987									348,369
1986									264,754
1985									154,461
1984									105,764
1983									82,841
1982									57,402
1981									20,614
1980									16,962
1979									15,316
1978									12,017
1977									6,765
1976									2,765
1975									1,643
1974									780
1973									791
1972									444
1971									64

Sources: Fannie Mae and Freddie Mac

¹ See notes to Tables 4a and 14a.

Table 25. Combined Financial Derivatives¹

Financial Derivatives - Notional Amount Outstanding (\$ in millions)										
End of Period	Interest Rate Swaps (\$)	Interest Rate Caps, Floors, and Corridors (\$)	Foreign Currency Contracts (\$)	OTC Futures, Options, and Forward Rate Agreements (\$)	Treasury-Based Contracts (\$)	Exchange-Traded Futures, Options, and Other Derivatives (\$)	Credit Derivatives (\$)	Commitments (\$)	Other (\$)	Total (\$)
4Q04	421,198	114,047	67,593	555,604	2,580	126,530	10,926	67,083	114,100	1,479,661
3Q04	797,992	133,460	54,588	629,242	5,847	150,039	11,627	199,033	120,152	2,101,980
2Q04	790,865	141,111	49,070	661,234	6,308	126,539	12,518	145,529	128,337	2,061,511
1Q04	755,506	146,869	45,407	693,806	10,975	176,233	14,187	196,953	142,210	2,182,146
Annual Data										
2004	421,198	114,047	67,593	555,604	2,580	126,530	10,926	67,083	114,100	1,479,661
2003	857,476	141,658	51,224	685,300	8,549	122,619	15,542	128,012	152,579	2,162,959
2002	536,604	134,056	47,706	561,544	17,900	210,646	17,301	Not Available	117,219	1,834,539
2001	742,724	88,071	32,488	336,286	13,276	358,500	10,984	Before 2003	0	1,703,917
2000	505,539	46,482	19,719	166,979	2,200	22,517	Not		35,839	799,275
1999	318,612	48,886	12,604	213,831	8,894	94,987	Applicable		1,400	699,214
1998	200,401	36,345	14,459	76,481	11,542	157,832	Before 2000		3,735	500,795
1997	203,845	22,095	11,120	6,000	12,228	0			1,660	256,948
1996	204,786	14,395	2,973	0	651	0			350	223,155
1995	171,063	13,355	1,224	29	24	0			975	186,670
1994	109,304	9,363	1,023	0	0	0			1,465	121,154
1993	67,346	1,860	1,023	0	0	0			1,425	71,653

Sources: Fannie Mae and Freddie Mac

¹ See notes to tables 6 and 16.

Table 26. Combined Non-Mortgage Investments¹

Non-Mortgage Investments (\$ in Millions)						
End of Period	Federal Funds and Eurodollars (\$)	Asset Backed Securities (\$)	Repurchase Agreements (\$)	Commercial Paper and Corporate Debt (\$)	Other (\$)	Total (\$)
4Q04	N/A	N/A	N/A	N/A	N/A	N/A
3Q04	N/A	N/A	N/A	N/A	N/A	N/A
2Q04	N/A	N/A	N/A	N/A	N/A	N/A
1Q04	N/A	N/A	N/A	N/A	N/A	N/A
Annual Data						
2004	N/A	N/A	N/A	N/A	N/A	N/A
2003	20,142	43,548	13,126	22,595	13,206	112,617
2002	7,677	57,101	17,095	27,125	22,166	131,164
2001	31,957	47,234	18,440	45,517	12,683	155,831
2000	9,806	36,575	7,575	16,195	25,717	95,868
1999	15,382	29,512	5,083	5,639	15,835	71,451
1998	28,450	28,117	9,312	12,950	21,846	100,675
1997	21,962	18,839	13,697	14,948	11,580	81,026
1996	31,702	16,721	11,107	7,249	12,075	78,854
1995	19,885	10,404	19,392	9,830	10,473	69,984
1994	24,853	3,796	14,919	8,953	11,622	64,143
1993	13,763	3,557	8,882	1,438	11,981	39,621
1992	12,219	4,124	7,249	53	8,471	32,116
1991	5,903	2,416	6,632	0	4,841	19,792
1990	6,441	1,780	10,014	0	3,757	21,992
1989	8,685	1,107	5,765	0	3,831	19,388
1988	8,594	481	9,107	0	1,714	19,896
1987	5,736	25	5,859	0	2,315	13,935

Sources: Fannie Mae and Freddie Mac

N/A = not available

¹ See notes to Tables 7 and 17.

Table 27. Combined Capital¹

End of Period	Capital (\$ in Millions)						
	Minimum Capital Requirement			Risk-Based Capital Requirement			Market Capitalization (\$)
	Core Capital (\$)	Minimum Capital Requirement (\$)	Regulatory Capital Surplus (Deficit) (\$)	Total Capital (\$)	Risk-Based Capital Requirement (\$)	Risk-Based Capital Surplus (Deficit) (\$)	
4Q04	67,650	56,297	11,353	70,569	21,147	49,422	119,908
3Q04	63,727	56,111	7,616	73,159	24,091	49,068	106,453
2Q04	72,693	55,322	17,371	69,943	28,249	41,694	112,699
1Q04	69,759	55,383	14,376	71,379	33,092	38,287	112,841
Annual Data							
2004	67,650	56,297	11,353	70,569	21,147	49,422	119,908
2003	67,390	55,294	12,096	68,618	32,647	35,970	112,996
2002	57,069	49,542	7,528	53,093	22,177	30,916	104,202
2001	45,363	43,196	2,167	Not Applicable	Not Applicable	Not Applicable	124,754
2000	35,207	34,472	735	Before 2002	Before 2002	Before 2002	134,345
1999	30,568	30,057	511				96,364
1998	26,180	25,667	513				120,678
1997	21,169	19,785	1,384				87,628
1996	19,516	17,983	1,533				59,093
1995	16,788	16,035	753				48,744
1994	14,710	14,300	411				29,014
1993	12,489	11,658	831				30,392
1992	Not Applicable	Not Applicable	Not Applicable				29,595
1991	Before 1993	Before 1993	Before 1993				27,083
1990							11,415
1989							12,116
							Not Applicable Before 1989

Sources: Fannie Mae, Freddie Mac, and OFHEO

N/A = not available

¹ See notes to Tables 10 and 20.

Table 28. Loan Limits

Year	Single-Family Conforming Loan Limits ¹			
	1-unit	2-units	3-units	4-units
2005	359,650	460,400	556,500	691,600
2004	333,700	427,150	516,300	641,650
2003	322,700	413,100	499,300	620,500
2002	300,700	384,900	465,200	578,150
2001	275,000	351,950	425,400	528,700
2000	252,700	323,400	390,900	485,800
1999	240,000	307,100	371,200	461,350
1998	227,150	290,650	351,300	436,000
1997	214,600	274,550	331,850	412,450
1996	207,000	264,750	320,050	397,800
1995	203,150	259,850	314,100	390,400
1994	203,150	259,850	314,100	390,400
1993	203,150	259,850	314,100	390,400
1992	202,300	258,800	312,800	388,800
1991	191,250	244,650	295,650	367,500
1990	187,450	239,750	289,750	360,150
1989	187,600	239,950	290,000	360,450
1988	168,700	215,800	260,800	324,150
1987	153,100	195,850	236,650	294,150
1986	133,250	170,450	205,950	256,000
1985	115,300	147,500	178,200	221,500
1984	114,000	145,800	176,100	218,900
1983	108,300	138,500	167,200	207,900
1982	107,000	136,800	165,100	205,300
1981	98,500	126,000	152,000	189,000
1980	93,750	120,000	145,000	180,000
1979	67,500	Not Applicable	Not Applicable	Not Applicable
1977 - 1978	60,000	Not Applicable	Not Applicable	Not Applicable
1970 - 1976	33,000	Not Applicable	Not Applicable	Not Applicable

Sources: Department of Housing and Urban Development (HUD), Federal Housing Finance Board, Freddie Mac

¹ Conforming Loan Limits are 50 percent higher in Alaska, Hawaii, Guam and the U.S. Virgin Islands.

Year	FHA Single-Family Insurable Limits							
	1-unit		2-units		3-units		4-units	
	Low Cost Area Max	High Cost Area Max	Low Cost Area Max	High Cost Area Max	Low Cost Area Max	High Cost Area Max	Low Cost Area Max	High Cost Area Max
2005	172,632	312,895	220,992	400,548	267,120	484,155	331,968	601,692
2004	160,176	290,319	205,032	371,621	247,824	449,181	307,992	558,236
2003	154,896	280,749	198,288	359,397	239,664	434,391	297,840	539,835
2002	144,336	261,609	184,752	334,863	223,296	404,724	277,512	502,990
2001	132,000	239,250	168,936	306,196	204,192	370,098	253,776	459,969
2000	121,296	219,849	155,232	281,358	187,632	340,083	233,184	422,646
1999	115,200	208,800	147,408	267,177	178,176	322,944	221,448	401,375
1998	109,032	197,621	139,512	252,866	168,624	305,631	209,568	379,842
1997	81,546	170,362	104,310	205,875	126,103	248,888	156,731	309,338

Sources: Federal Housing Administration

Table 29. Mortgage Interest Rates

Period	Average Commitment Rates on Loans		Effective Rates on Closed Loans	
	Conventional		Conventional	
	30-Year Fixed Rate (%)	One-Year ARMs (%)	Fixed-Rate (%)	Adjustable Rate (%)
4Q04	5.7	4.1	5.9	5.5
3Q04	5.9	4.1	6.1	5.4
2Q04	6.1	3.9	6.0	5.1
1Q04	5.6	3.6	5.8	4.9
Annual Data				
2004	5.8	3.9	6.0	5.2
2003	5.8	3.8	5.9	5.0
2002	6.5	4.6	6.7	5.7
2001	7.0	5.8	7.1	6.4
2000	8.1	7.0	8.3	7.1
1999	7.4	6.0	7.4	6.5
1998	6.9	5.6	7.2	6.5
1997	7.6	5.6	7.9	6.9
1996	7.8	5.7	8.0	7.1
1995	7.9	6.1	8.2	7.1
1994	8.4	5.4	8.2	6.4
1993	7.3	4.6	7.5	5.7
1992	8.4	5.6	8.5	6.6
1991	9.3	7.1	9.7	8.3
1990	10.1	8.4	10.4	9.2
1989	10.3	8.8	10.5	9.4
1988	10.3	7.9	10.4	8.5
1987	10.2	7.8	9.9	8.5
1986	10.2	8.4	10.5	9.4
1985	12.4	10.1	12.4	10.9
1984	13.9	11.5	13.2	12.1
1983	13.2	Not Available	13.0	12.3
1982	16.0	Before 1984	15.2	15.4
1981	16.6		Not Available	Not Available
1980	13.8		Before 1982	Before 1982
1979	11.2			
1978	9.6			
1977	8.9			
1976	8.9			
1975	9.1			
1974	9.2			
1973	8.0			
1972	7.4			
1971	Not Available			
	Before 1972			

Average Commitment Rate Source: Freddie Mac
 Effective Rates Source: Federal Housing Finance Board

Table 30. Housing Market Activity¹

Period	Housing Starts (units in thousands)			Home Sales (units in thousands)	
	Single-Family Housing Starts	Multifamily Housing Starts	Total Housing Starts	New Single Family Home Sales	Existing Single Family Home Sales
4Q04 ²	1,664	312	1,976	1,241	6,877
3Q04 ²	1,686	284	1,970	1,155	6,797
2Q04 ²	1,635	284	1,919	1,206	6,900
1Q04 ²	1,601	342	1,943	1,197	6,317
Annual Data					
2004	1,653	304	1,957	1,203	6,784
2003	1,532	315	1,847	1,086	6,183
2002	1,397	308	1,705	973	5,631
2001	1,310	293	1,603	908	5,296
2000	1,270	299	1,569	877	5,152
1999	1,334	307	1,641	880	5,205
1998	1,314	303	1,617	886	4,970
1997	1,178	296	1,474	804	4,382
1996	1,206	271	1,477	757	4,196
1995	1,110	244	1,354	667	3,812
1994	1,233	224	1,457	670	3,946
1993	1,155	133	1,288	666	3,802
1992	1,061	139	1,200	610	3,520
1991	876	138	1,014	509	3,220
1990	932	260	1,193	534	3,211
1989	1,059	318	1,376	650	3,346
1988	1,140	348	1,488	676	3,594
1987	1,212	409	1,621	671	3,526
1986	1,263	542	1,805	750	3,565
1985	1,166	576	1,742	688	3,214
1984	1,206	544	1,750	639	2,868
1983	1,181	522	1,703	623	2,719
1982	743	320	1,062	412	1,990
1981	797	288	1,084	436	2,419
1980	962	331	1,292	545	2,973
1979	1,316	429	1,745	709	3,827
1978	1,558	462	2,020	817	3,986
1977	1,573	414	1,987	819	3,650
1976	1,248	289	1,538	646	3,064
1975	956	204	1,160	549	2,476
1974	956	382	1,338	519	2,272
1973	1,250	795	2,045	634	2,334
1972	1,451	906	2,357	718	2,252
1971	1,271	781	2,052	656	2,018

Housing Starts Source and New Single-Family Sales Source: Bureau of the Census

Existing Single-Family Sales Source: National Association of Realtors

¹ Components may not add to totals due to rounding.

² Seasonally adjusted annual rates.

Table 31. Weighted Repeat Sales House Price Index (Annual Data)¹

Period	USA	New England	Mid-Atlantic	South Atlantic	East North Central	West North Central	East South Central	West South Central	Mountain	Pacific
1Q05	12.50	12.69	13.76	15.04	6.65	7.30	5.40	4.80	12.96	21.25
4Q04	11.88	12.11	13.13	14.02	6.21	7.01	5.35	5.04	11.59	20.69
3Q04	13.40	15.29	16.13	14.48	7.28	8.72	5.22	4.88	11.77	23.74
2Q04	10.05	11.44	12.15	11.13	5.65	7.30	4.07	3.94	8.16	17.22
1Q04	8.41	10.18	10.68	9.44	4.92	6.22	3.88	3.49	5.98	13.44
Annual Data										
2004	11.88	12.11	13.13	14.02	6.21	7.01	5.35	5.04	11.59	20.69
2003	8.07	10.35	10.99	8.43	4.98	6.36	3.74	3.36	5.20	12.51
2002	7.49	11.80	10.58	7.42	4.40	6.27	3.36	4.11	4.39	11.00
2001	7.53	10.89	8.91	7.92	5.21	7.27	5.08	5.84	6.45	9.21
2000	7.58	12.43	7.93	6.52	6.04	7.22	3.91	5.08	6.92	11.26
1999	5.19	9.78	5.29	4.37	4.89	6.18	2.49	4.36	4.26	5.90
1998	4.97	6.48	4.05	4.53	4.16	4.83	4.85	4.98	3.98	7.19
1997	4.59	4.60	3.27	4.49	5.19	4.93	4.70	3.89	4.89	5.28
1996	2.59	1.65	0.41	2.24	5.01	4.08	4.02	2.29	4.21	0.93
1995	4.53	4.13	3.14	4.30	6.06	5.24	5.58	4.22	7.49	2.81
1994	0.83	-3.11	-3.30	0.06	4.93	5.29	4.69	1.55	8.99	-3.41
1993	2.06	0.26	1.29	1.90	3.65	3.90	4.09	4.02	7.85	-1.98
1992	1.87	-1.11	1.72	2.10	3.88	2.98	3.30	3.39	5.31	-1.39
1991	2.56	-2.29	1.47	3.03	4.58	3.79	4.08	3.70	4.66	1.30
1990	0.24	-7.70	-2.87	0.17	3.77	0.53	0.73	0.44	1.92	3.04
1989	6.03	0.65	2.30	5.02	6.10	3.24	3.03	2.86	2.83	19.36
1988	6.15	3.73	6.05	6.87	6.65	2.33	2.49	-2.20	0.21	17.46
1987	6.73	13.31	16.18	6.83	8.06	2.53	4.12	-8.63	-2.70	9.59
1986	8.13	21.03	18.04	6.07	7.32	4.14	5.59	-0.41	3.06	7.22
1985	6.55	24.93	14.26	5.44	4.88	4.39	4.94	-1.36	2.35	4.86
1984	5.27	17.60	13.37	4.03	2.77	4.66	3.70	-0.13	2.13	5.13
1983	4.12	16.22	10.04	3.76	4.60	4.43	4.06	0.84	-2.61	1.16
1982	2.32	4.10	4.60	4.35	-5.02	-0.21	4.77	5.84	6.79	0.89
1981	4.42	5.12	0.26	5.63	2.19	0.11	0.06	11.96	6.81	5.85
1980	6.98	5.93	9.51	8.60	1.62	4.26	7.44	7.59	6.73	11.16
1979	12.06	10.70	16.68	11.74	9.29	8.83	4.69	13.56	15.63	16.26
1978	13.34	16.75	7.49	10.69	13.93	13.57	12.08	17.13	17.13	15.70
1977	13.08	8.62	10.58	7.96	13.27	15.02	9.37	11.61	18.47	25.71
1976	7.60	3.29	2.21	5.30	7.76	5.88	6.66	8.73	9.90	19.91

¹ Annual data are measured based on fourth quarter to fourth quarter percentage change; quarterly data are at annual rates.

Regional Divisions:

New England: Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island, Vermont

Mid-Atlantic: New Jersey, New York, Pennsylvania

South Atlantic: Washington, D.C., Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia

East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin

West North Central: Iowa, Kansas, Minnesota, Missouri, North Dakota, South Dakota, Nebraska

East South Central: Alabama, Kentucky, Mississippi, Tennessee

West South Central: Arkansas, Louisiana, Oklahoma, Texas

Mountain: Arizona, Colorado, Idaho, Montana, New Mexico, Nevada, Utah, Wyoming

Pacific: Alaska, California, Hawaii, Oregon, Washington