

Federal Housing Finance Agency
Order

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In Re: Stress Testing of Fannie Mae))
_____)) Order No. 2014-OR-FNMA-1
_____))
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**SUPPLEMENTAL ORDER ON REPORTING BY REGULATED ENTITIES OF
STRESS TESTING RESULTS AS OF SEPTEMBER 30, 2013**

WHEREAS, section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) requires certain financial companies with total consolidated assets of more than \$10 billion, and which are regulated by a primary Federal financial regulatory agency, to conduct annual stress tests to determine whether the companies have the capital necessary to absorb losses as a result of adverse economic conditions;

WHEREAS, FHFA’s rule implementing section 165(i)(2) of the Dodd-Frank Act is codified as 12 CFR part 1238 and requires that “[e]ach regulated entity must file a report in the manner and form established by FHFA.” 12 CFR § 1238.5(b);

WHEREAS, on November 26, 2013, FHFA issued an Order to each regulated entity accompanied by appendices numbered 1 through 10 and amended Summary Instructions and Guidance relating to the performance of stress tests as of September 30, 2013, and the reporting of the results of such tests;

WHEREAS, on December 13, 2013, FHFA issued a Supplemental Order to each regulated entity providing two additional appendices for use in reporting stress testing results as of September 30, 2013;

WHEREAS, the Federal National Mortgage Association timely submitted its stress test results pursuant to 12 CFR part 1238 and the implementing Orders, instructions, and guidance;

WHEREAS, after analyzing the results of the Federal National Mortgage Association stress testing and the methodologies and practices used in testing, pursuant to 12 CFR § 1238.4(c), FHFA required the Federal National Mortgage Association to implement alternative stress testing techniques and exercises before publication of any results;

WHEREAS, FHFA has determined that the Federal National Mortgage Association's public reporting of the severely adverse results should reflect the alternative techniques and exercises required; and

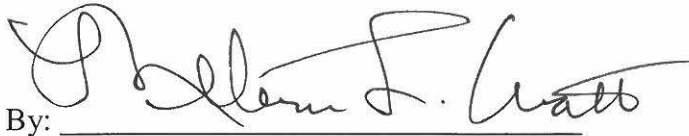
WHEREAS, section 1314 of the Safety and Soundness Act, 12 U.S.C. § 4514(a) authorizes the Director of FHFA to require regulated entities, by general or specific order, to submit such reports on their management, activities, and operations as the Director considers appropriate.

NOW THEREFORE, it is hereby Ordered as follows:

The Federal National Mortgage Association shall publicly report as required by 12 CFR part 1238 the severely adverse results of the required stress testing using the template provided herewith as Attachment 1.

IT IS SO ORDERED, this 28th day of April 2014.

FEDERAL HOUSING FINANCE AGENCY



By: _____
Melvin L. Watt
Director

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ATTACHMENT 1

To FHFA Order No. 2014-OR-FNMA-1

**Enterprise Dodd-Frank Stress Test Template - SEVERELY ADVERSE
(Disclosure to the Public)**

(\$s in billions)

Cumulative Projected
Financial Metrics
(Q4 2013 - Q4 2015)

Results without re- establishing valuation allowance on deferred tax assets	Impact of re-establishing valuation allowance on deferred tax assets	Results with re-establishing valuation allowance on deferred tax assets
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- 1 Pre-provision net revenue¹
- 2 (Provision) benefit for credit losses
- 3 Mark-to-market gains (losses)²
- 4 Global market shock impact on trading securities and counterparty
- 5 Net income before taxes
- 6 (Provision) benefit for taxes
- 7 Other comprehensive income³
- 8 Total comprehensive income

- 9 PSPA funding commitment as of September 30, 2013
- 10 Treasury draws required
- 11 Remaining PSPA funding commitment

- 12 Credit losses (\$s)⁴
- 13 Credit losses (% of average portfolio balance)

¹ amount includes net interest income, security impairments, operational risk losses, foreclosed property income (expense), and other non-interest income/expenses.

² amount includes fair value gains (losses) on derivative and trading securities, and other gains (losses) on investment securities.

³ amount includes the global market shock impact on available-for-sale securities.

⁴ credit losses are defined as charge-offs, net plus foreclosed property expenses.