

MORTGAGE MARKETS
AND
THE ENTERPRISES
IN 2006

June 2007

Preface

This Office of Federal Housing Enterprise Oversight (OFHEO) research paper reviews developments in the housing sector, activity in the primary and secondary mortgage markets, and the financial performance of Fannie Mae and Freddie Mac in 2006. An appendix provides tables with historical data on the activities and performance of the Enterprises, federally-established loan limits, mortgage interest rates, housing activity, and regional and national home prices, which provide a context for the survey of recent activity provided in the paper. The paper is part of OFHEO's ongoing effort to enhance public understanding of the nation's housing finance system. The paper was prepared by Valerie L. Smith, Forrest Pafenberg, and Laura Goren of the Office of Policy Development and Research.

James B. Lockhart III
Director

June 2007

Contents

	Page
Summary	1
Housing and Primary Mortgage Market Developments	1
Economy Remains Strong; Core Inflation Rises Moderately	1
Federal Reserve Adopts Neutral Monetary Policy Stance at Mid-Year; Yield Curve Inverts	2
Housing Markets Cool in 2006	3
Sharp Slowdown in House Price Appreciation.....	6
Single-Family Mortgage Originations Fall Modestly.....	8
Refinancing Activity Strong Despite Rising Mortgage Rates	12
Mix of Purchase-Money Originations Continues to Change.....	13
Adjustable-Rate Origination Volume Strong.....	14
Industry Consolidation Continues and Multiple Origination Channels Persist	15
Secondary Mortgage Market Developments	17
Enterprise Share of MBS Issuance Declines Slightly; Private-Label Alt-A Issuance Jumps.....	17
Enterprise MBS Issuance Volume Declines	18
Private-Label Share of MBS Held by All Investors Stabilizes.....	19
Enterprise Single-Family Purchase Volume Falls Slightly	19
Multifamily Mortgage Purchases Increase at Freddie Mac but Decline at Fannie Mae.....	20
Purchases for the Retained Portfolio Increase at Fannie Mae but Drop at Freddie Mac.....	21
Size of Enterprise Retained Portfolios Steady, Enterprise MBS Outstanding Increases.....	22
Enterprise Share of Mortgage Debt Outstanding Holds Steady	22
Foreign Investors Increase Share of MBS Outstanding.....	23
Enterprises Remain Active in Subprime, A-, and Alt-A Markets	24
Enterprise Purchases of Interest-Only Loans Increase, Acquisitions of Hybrid ARMs Fall.....	25
Enterprise Loan-to-Value Ratios Increase as Refinance Share of Purchases Declines	25
ARM Share of Purchases Declines at Fannie Mae, Increases at Freddie Mac	26
Enterprises Continue Management of Single-Family Mortgage Credit Risk.....	26
Estimated Enterprise Credit Loss from House Price Shock Remains Low	28
Financial Performance and Condition of the Enterprises	28
Enterprises Continue to Achieve Reasonable Levels of Profitability.....	29
Revenues and Net Interest Income Continue to Decline at Freddie Mac	30
Credit Losses Increase at Freddie Mac; Credit Loss Rate Remains Relatively Low	36
Single-Family Delinquency Rates Fall After Rise in Late 2005	36
Administrative Expenses Rise Sharply at Fannie Mae and Moderately at Freddie Mac.....	36
Mortgage Portfolio Assets Shrink; Portfolios' Share of Residential Mortgage Debt Outstanding Declines to Lowest Level in a Decade	37
Enterprise Total Funding Volume Decreases; Freddie Mac Resumes Issuance of Subordinated Debt.....	38
Enterprises Continue to Manage Interest Rate Risk	39
Enterprises Found to be Adequately Capitalized Throughout 2006; 30 Percent Capital Surplus Requirements Remain in Effect	41

Boxes, Figures and Tables**Page**

Box A. Regional Booms and Busts: Sharp Deceleration in Areas Where Appreciation Was Strong	9
Box B. Changes in the Yield Curve and Enterprise Net Interest Margins	33
Figure 1. Treasury Yield Curve in 2006	2
Figure 2. 10-Year Treasury and 30-Year Fixed-Rate Mortgage (FRM) Rates	3
Figure 3. Mortgage Interest Rates	3
Figure 4. New and Existing Home Sales	4
Figure 5. Months Supply of Homes Available for Sale	5
Figure 6. Home Sales by Intended Use	5
Figure 7. Four-Quarter Rate of Home Appreciation	6
Figure 8. One Year Change in House Prices by Census Division (4Q05-4Q06)	7
Figure 9. Single-Family Mortgage Originations	8
Figure 10. Originations by Market Segment	11
Figure 11. 30-Year FRM Rate and Refinance Share	12
Figure 12. Percentage of Refinance Loans with Higher/Lower Loan Amount	13
Figure 13. Loan-to-Value Ratios of Conventional Single-Family Mortgages and Percentage of Originations with LTV > 90%	14
Figure 14. ARM Share of Conventional Single-Family Loan Applications and Commitment Rates on 30- Year FRMs	15
Figure 15. Concentration of Mortgage Originations Among the Top 25 Originators	16
Figure 16. Mortgage Originations by Source	16
Figure 17. Distribution of MBS Issuance, by Type of Issuer	17
Figure 18. Private-Label MBS Issuance by Sector	18
Figure 19. Enterprise Single-Class MBS Issuance	18
Figure 20. Market Share of MBS Held by All Investors	19
Figure 21. Enterprise Single-Family Mortgage Purchases	20
Figure 22. Enterprise Multifamily Mortgage Purchases	20
Figure 23. Enterprise MBS Purchases by Issuer	21
Figure 24. Enterprise Retained Portfolios and MBS Outstanding	22
Figure 25. Enterprise Share of Residential Mortgage Debt Outstanding	23
Figure 26. MBS Holdings by Sector	23
Figure 27. MBS Holdings by Institution	24
Figure 28. Average Loan-to-Value Ratio of Enterprise Single-Family Purchases and Percentage of Purchases with LTV > 90%	26
Figure 29. Percent of Mortgages Evaluated by Enterprise Automated Underwriting Systems Prior to Purchase	27
Figure 30. Enterprise Mortgage Portfolio Assets	37
Figure 31. Enterprise Share of Residential Mortgage Debt Outstanding	37
Figure 32. Composition of Enterprises' Combined Mortgage Portfolio Assets	38
Figure 33. Enterprise Statutory Minimum Capital Requirements and OFHEO-Directed Minimum Capital Surpluses	42
Figure 34. Enterprise Risk-Based Capital Requirement and Surplus	42
Table A. Freddie Mac Financial Highlights	31
Table B. Fannie Mae Financial Highlights	32
Appendix. Historical Data Tables	43

SUMMARY

Higher interest rates contributed to cooling housing markets in 2006, after a series of boom years in many parts of the country. Home sales declined but remained high by historical standards, and house price appreciation slowed dramatically. Single-family mortgage originations declined 4.5 percent from 2005 but posted the third highest volume ever, driven by relatively low interest rates and record volumes of lending to borrowers that took out low-documentation loans and home equity lending. The decline in originations reduced the volume of MBS issued by both the Enterprises and private-label issuers. The volume of Enterprise MBS owned by other investors jumped 13 percent.

Fannie Mae and Freddie Mac both continued to work on issues related to their accounting, systems, and internal control problems in 2006. In December Fannie Mae released restated financial results for 2002, 2003, and 2004. As a result of that restatement, the Enterprise recorded a decrease in retained earnings of \$6.3 billion. Fannie Mae released financial statements for 2005 on May 2, 2007, and it plans to release financials for 2006 later this year. Freddie Mac released 2005 results in May 2006. Although the Enterprise did not issue quarterly financial reports in 2006, it released full-year 2006 results to the public on March 23, 2007.

As part of its May 2006 Consent Order with OFHEO, Fannie Mae agreed to limit the growth of its net mortgage portfolio assets to the level held at year-end 2005 (\$727.7 billion) until OFHEO approves an increase. In August 2006, Freddie Mac announced that it had volunteered to limit the growth of its mortgage portfolio assets to no more than one-half percent each quarter above the level at mid-year 2006 (\$710.3 billion). Freddie Mac agreed to maintain that growth limit until it returned to producing and publicly releasing timely quarterly financial statements prepared in conformity with Generally Accepted Accounting Principles (GAAP).

Despite losses in the third and fourth quarters, Freddie Mac's reported net income increased 3.8 percent to \$2.2 billion in 2006 after declining for three consecutive years. Based on current estimates, Fannie Mae also achieved a reasonable level of profitability in 2006, although earnings continued to be reduced by declining net interest income. Both Enterprises were classified as adequately capitalized throughout 2006.

HOUSING AND PRIMARY MORTGAGE MARKET DEVELOPMENTS

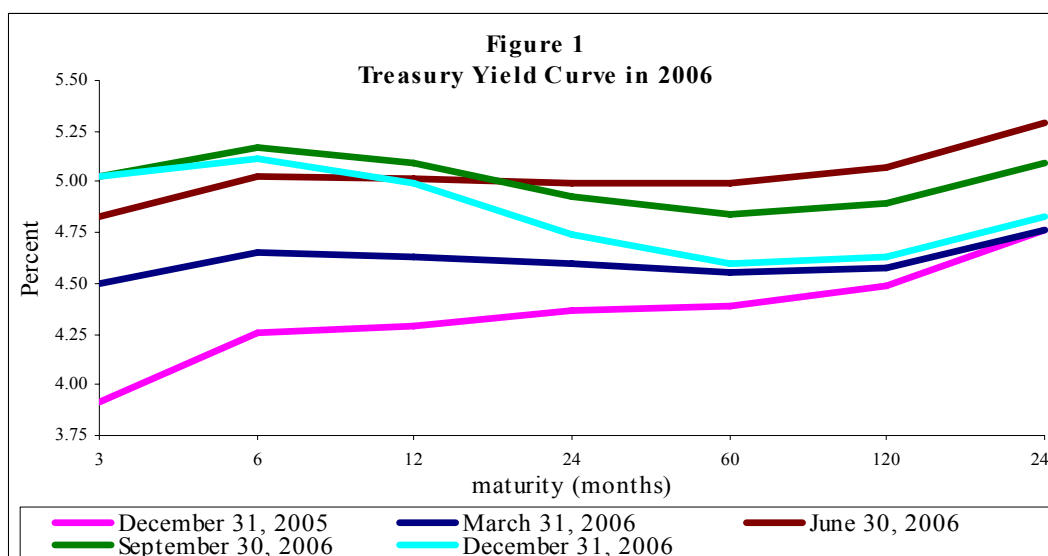
Economy Remains Strong; Core Inflation Rises Moderately

The economy continued to expand throughout 2006, making solid gains in employment despite rising energy prices. The pace of growth was quite strong in the first quarter and more moderate later in the year. Overall, real gross domestic product (GDP) grew 3.1 percent during 2006, the same as in 2005. Labor market conditions continued to strengthen, with employers adding nearly 2.7 million jobs during the year. The unemployment rate, which started 2006 at 4.9 percent, was 4.5 percent at year-end, falling as low as 4.4 percent in October, the lowest monthly level since May 2001. Inflation accelerated noticeably in 2006 because of a continuing increase in energy prices (11 percent), with core consumer price inflation (inflation excluding the direct

effects of food and energy prices) also rising from 2.2 percent to 2.6 percent. The housing services component of the Consumer Price Index rose 3.8 percent in 2006, up from 3.3 percent in 2005.

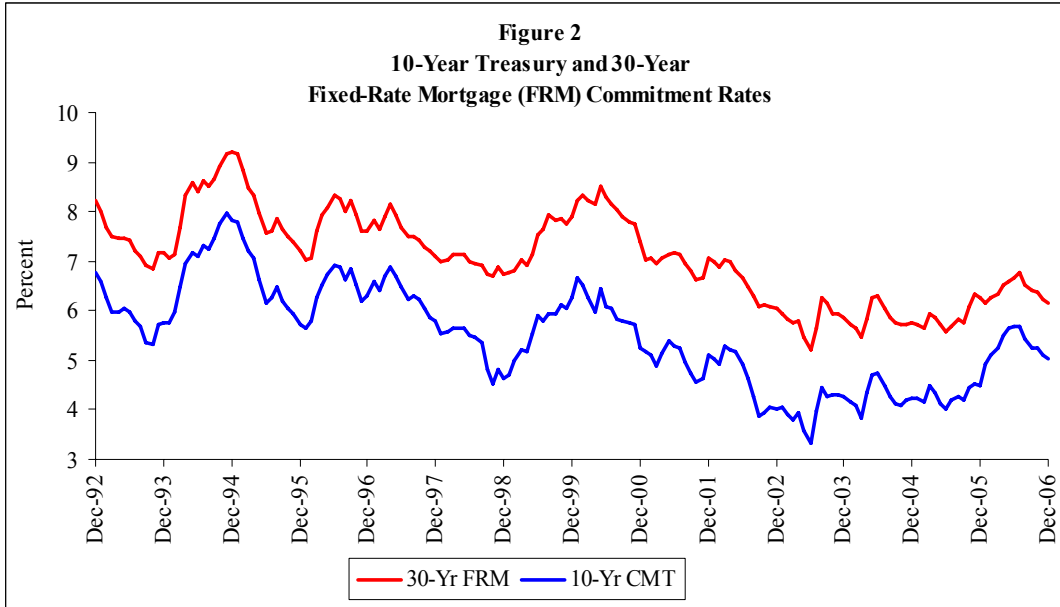
Federal Reserve Adopts Neutral Monetary Policy Stance at Mid-Year; Yield Curve Inverts

The Federal Reserve System, which had begun to raise its target for the federal funds rate aggressively in 2005, continued to raise that rate in the first half of 2006. In the first half of the year, the Fed increased the rate four times to 5.25 percent, the highest level since February 2001. After that, the continuing strength of the current economic expansion became more uncertain. The Fed halted its rate increases, and financial markets began increasingly to anticipate future reductions. The Treasury yield curve, which had become flatter in 2005 as short-term rates rose, continued to flatten through the first half of 2006 and inverted during the second half of the year (Figure 1). By the end of 2006, the yield on the 1-year Constant Maturity Treasury (CMT) was 4.99 percent, 70 basis points higher than at year-end 2005. The yield on the 10-year CMT was 4.63 percent at the end of 2006, up only 14 basis points from the end of 2005.

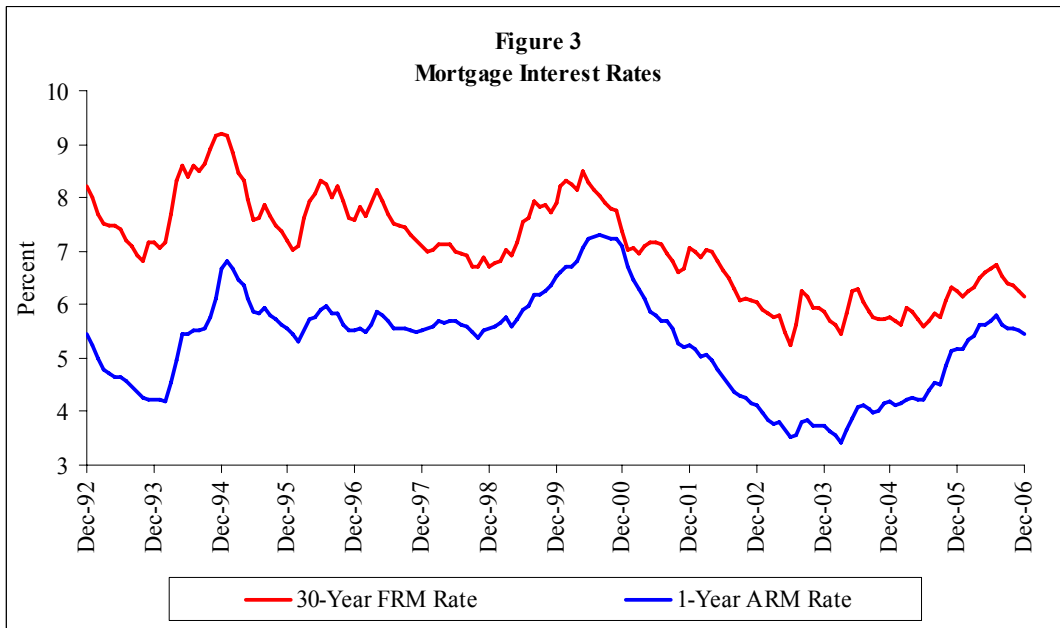


Source: Federal Reserve Board of Governors

The monthly average commitment rate on long-term fixed-rate mortgages (FRMs) fluctuated during 2006 but ended the year at 6.14 percent, only one basis point below the level in January. The FRM commitment rate followed the trend of long-term Treasury issues, rising through the first half of the year and peaking at 6.76 percent in July before declining consistently in the second half of the year. For the year, the commitment rate on 30-year FRMs averaged 6.42 percent, up significantly from 5.87 percent in 2005. Mortgage rates in 2006 still remain low by historical standards (Figure 2). The monthly average commitment rate on adjustable-rate mortgages (ARMs) indexed to the 1-year Treasury rate rose from 5.17 percent in January to 5.79 percent in July, before declining to 5.45 percent in December. That rate averaged 5.54 percent for the year, up more than a full percentage point from 2005 (Figure 3).



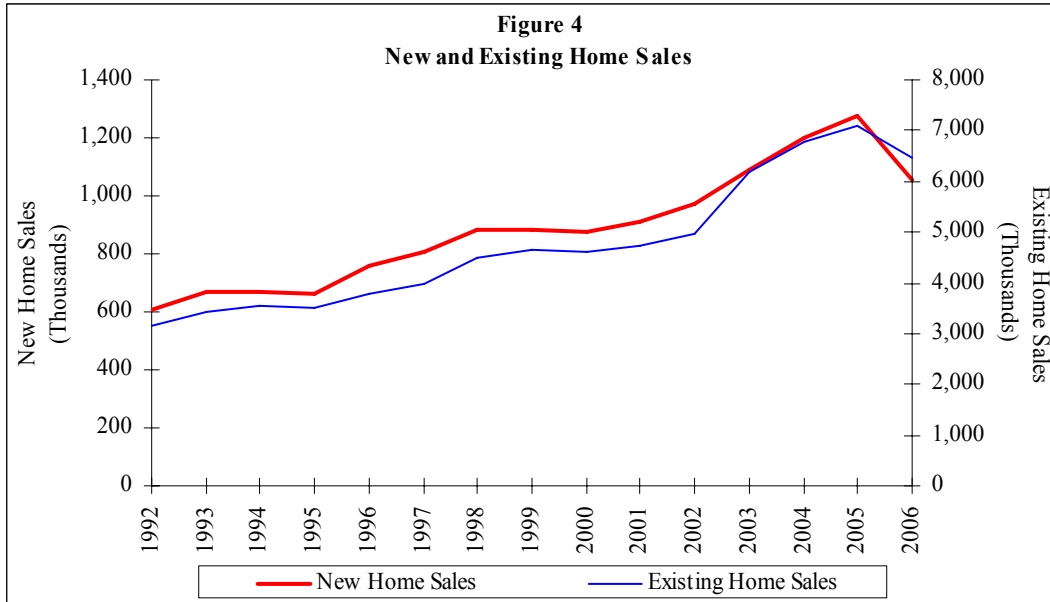
Sources: Federal Reserve Board of Governors and Freddie Mac Primary Mortgage Market Survey



Source: Freddie Mac Primary Mortgage Market Survey

Housing Markets Cool in 2006

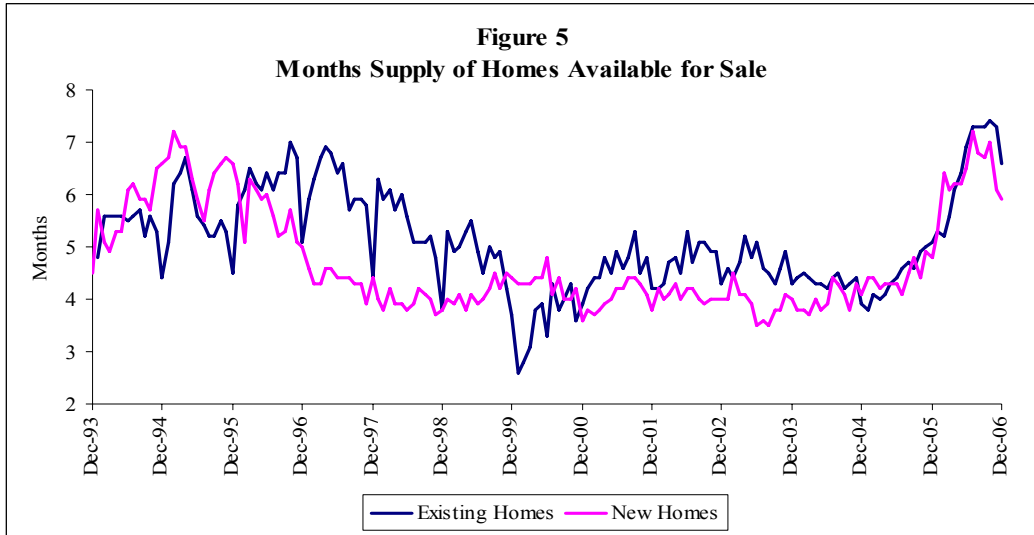
Higher interest rates contributed to housing market cooling in 2006, but activity in those markets remained at high levels by historical standards. Existing home sales volume declined nearly 8 percent from 2005, and new home sales fell by more than 17 percent. While significant, those decreases were from historic highs in 2005; existing home sales were at the third highest level ever in 2006 at 6.5 million units, whereas new home sales were at the fourth highest at 1.1 million units (Figure 4). Single-family housing starts averaged 1.5 million units in 2006, down 13.6 percent from 2005, the previous record year.



Sources: U.S. Bureau of the Census and National Association of Realtors

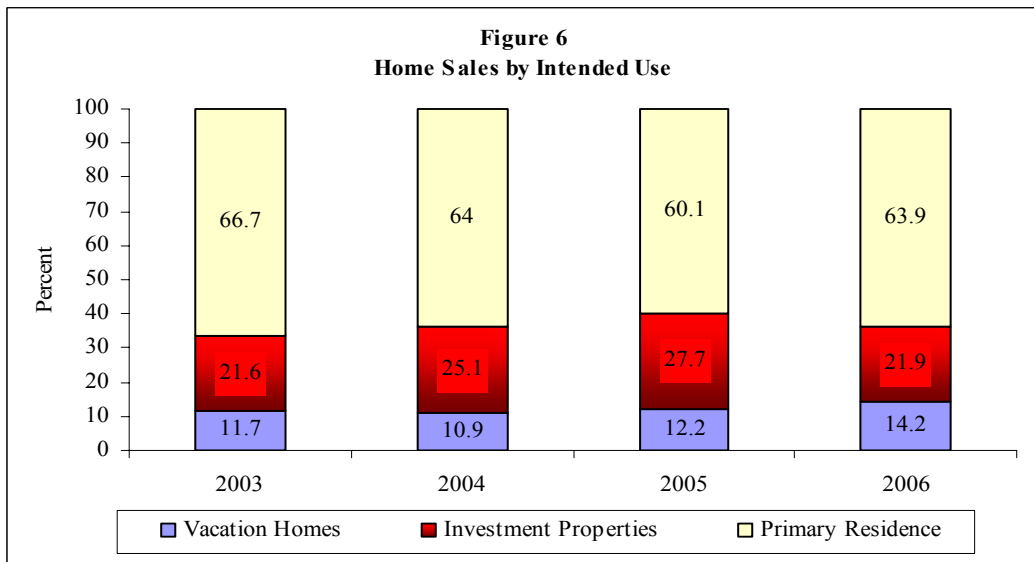
The housing market lost momentum throughout 2006. Existing home sales peaked in February at a seasonally-adjusted annual rate of 6.9 million units, whereas new home sales were at their highest rate—1.2 million units—in January. Both new and existing home sales volumes declined significantly from those levels during the year.

During much of the last six years, inventories of new and existing homes available for sale (expressed in months supply at current sales levels) were at historically low levels—demand was strong and supply was insufficient to meet that demand. Housing analysts view a 6-month supply of housing available for sale as the historical norm. As housing markets slowed beginning in 2005 and throughout 2006, the supply of homes available for sale began to rise significantly. From 2005 to 2006, the supply of existing homes available for sale rose from an average of 4.5 months to 6.5 months, an increase of nearly 29 percent. New homes available for sale rose from an average of 4.5 months to 6.4 months, an increase of nearly 40 percent (Figure 5).



Sources: U.S. Bureau of the Census and National Association of Realtors

Purchases of investment properties and vacation homes accounted for 36 percent of all home sales in 2006, down from 40 percent in 2005. Vacation-home sales rose nearly 5 percent, while investment-home sales fell sharply, declining nearly 29 percent, as the weaker markets generated less speculative fervor. Nearly 64 percent of all residential transactions in 2006 were sales of primary residences, up from 60 percent in 2005 (Figure 6).



Source: National Association of Realtors

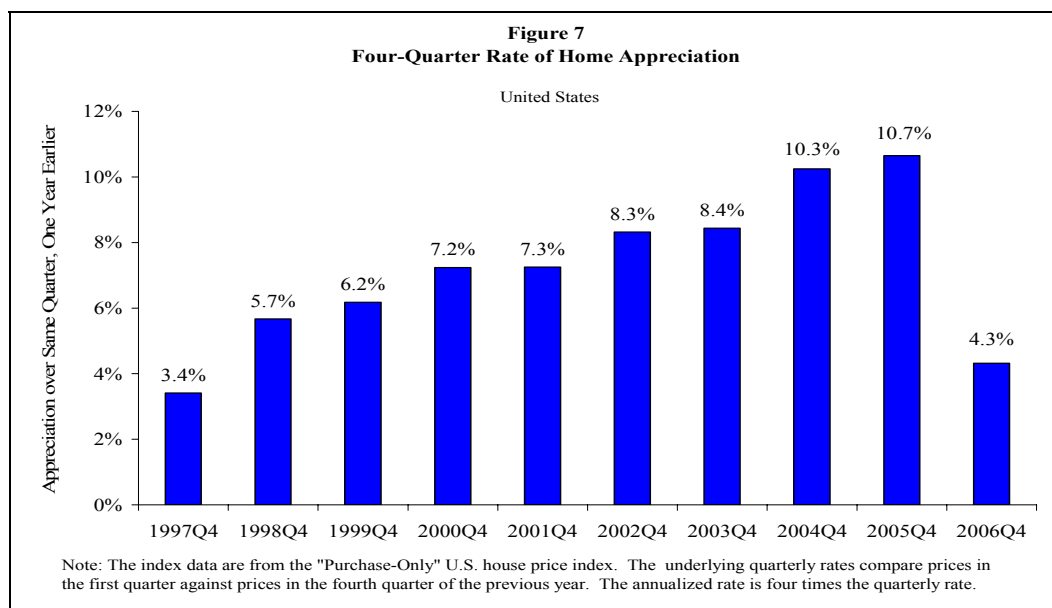
The market for multifamily (5+) units declined modestly in 2006, with 296,000 multifamily units started, down slightly more than five percent from 2005. The 2006 level was the lowest number of multifamily starts since 2001. The manufactured home market deteriorated markedly in 2006, with 117,300 new manufactured housing units shipped, down more than 20 percent from 2005, according to data compiled by the Bureau of the Census. The 2006 volume of manufactured homes shipped was the lowest since 1961.

The homeownership rate fell to 68.9 percent in the fourth quarter of 2006, down marginally from the 69.0 percent recorded a year earlier. Census Bureau data indicates that 600,000 more units were owner-occupied in the fourth quarter of 2006 than in the fourth quarter of the previous year. The rental vacancy rate rose from 9.6 percent in the fourth quarter of 2005 to 9.8 percent in the fourth quarter of 2006.

Sharp Slowdown in House Price Appreciation

After a striking run-up in home prices in the early part of the decade, price appreciation in U.S. housing markets slowed dramatically in 2006. The slowdown represents the sharpest deceleration in the period covered by OFHEO's house price index (HPI)¹, which extends back to 1975. It is also notable because, unlike previous slowdowns, this deceleration was not caused by marked deterioration in household incomes or employment.

Figure 7 illustrates the slowdown by comparing four-quarter appreciation rates for the most recent ten years using OFHEO's purchase-only house price index, which is constructed without using refinance transactions. That index estimates that prices grew just 4.3 percent between the fourth quarter of 2005 and the fourth quarter of 2006. That is less than half the rate for the previous year, when prices grew 10.7 percent. For most of 2006, quarterly appreciation rates hovered at about one-half of one percent. That quarterly rate is much closer to long-term historical norms than rates seen in recent years and broadly resembles inflation for other goods and services in the economy during 2006.

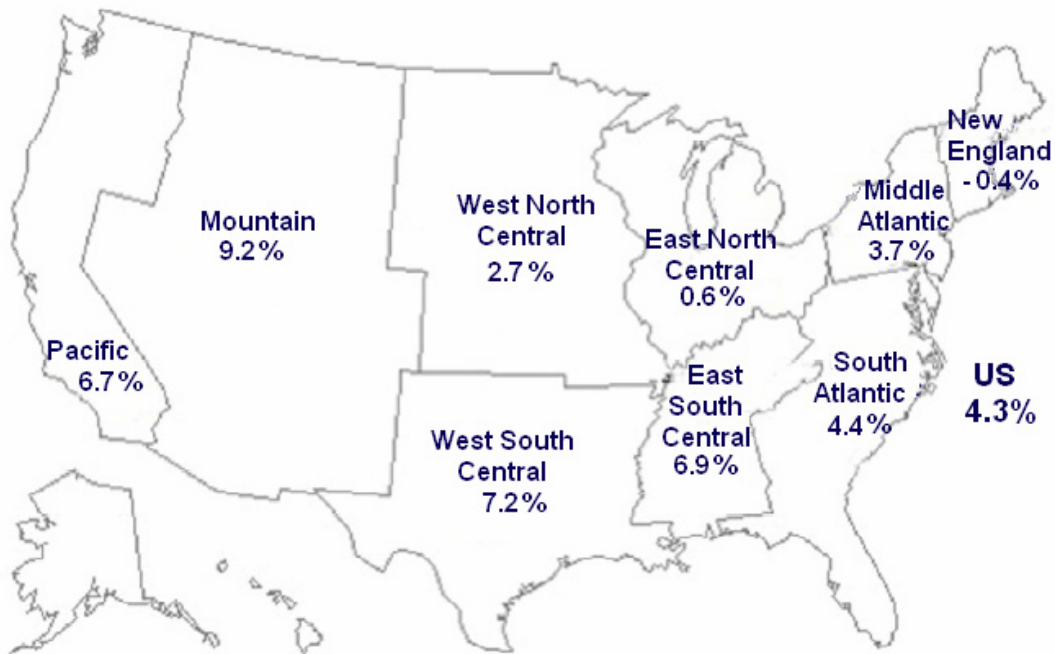


Source: OFHEO

¹ The OFHEO HPI is based on analysis of data obtained from Fannie Mae and Freddie Mac. The purchase-only house price index, a variant of the standard HPI, employs data from roughly 4.7 million repeat sales over the last 32 years. The index reflects price movements on a quarterly basis for sales of single-family homes whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac. OFHEO analyzes the combined mortgage records of these two government-sponsored enterprises, which form the nation's largest database of mortgage transactions.

Figure 8 shows price appreciation between the fourth quarter of 2005 and the fourth quarter of 2006 for each Census Division. Those appreciation rates, which are computed using only purchase prices, are all down dramatically from the rates reported for the prior year. As discussed in Box A on page 9, the geographic areas with the most significant decelerations in 2006 were those that saw the most dramatic price run-ups during the early part of the decade.

Figure 8
One-Year Change in House Prices by Census Division
Fourth Quarter 2005 to Fourth Quarter 2006
(Purchase-Only House Price Index)



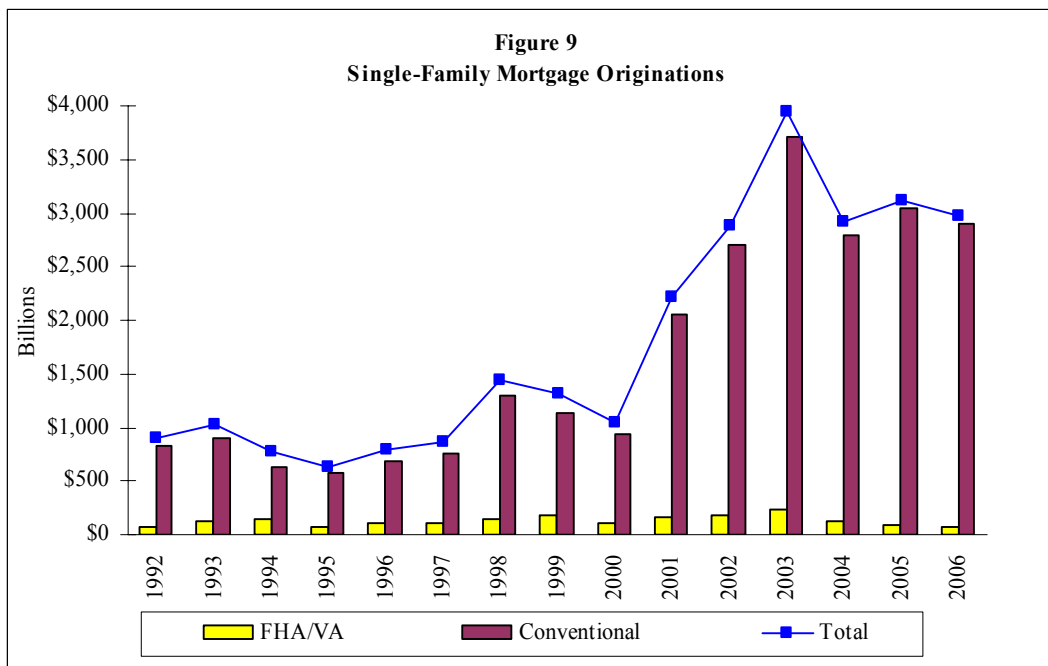
Four Census Divisions experienced price appreciation in excess of six percent in 2006, with the Mountain Division leading all others with a rate of 9.2 percent. Markets in the remaining Census Divisions exhibited much slower appreciation. The South Atlantic Division saw the most significant price increases among the remaining Divisions, with a price increase of 4.4 percent. By contrast, prices declined about 0.4 percent in the New England Division.

Although the range of appreciation rates reflected in Figure 8 is actually smaller than the ranges reported for the two prior years, there was some diversity in the underlying regional trends, particularly in the most recent quarters. For example, although the Pacific Division's four-quarter appreciation was only about 2.5 percentage points below the rate for the Mountain Division, appreciation in the second half of 2006 was much more robust for the Mountain Division. Prices actually fell about 0.3 percent between the third and the fourth quarters in the Pacific Division, while prices rose 1.7 percent in the Mountain Division over that same period.

Housing affordability, as measured by the composite index released by the National Association of Realtors (NAR),² decreased significantly in 2006 as the increase in mortgage interest rates and house prices more than offset the increase in median family income. That index was 106.1 in 2006, down from 111.8 the year before. The index implies that one-half of the nation's households had at least 106.1 percent of the income needed to purchase a dwelling with the national median existing-home price of \$221,900 in 2006.

Single-Family Mortgage Originations Fall Modestly

Single-family mortgage originations declined in 2006 to \$2.98 trillion, down 4.5 percent from the \$3.12 trillion originated in 2005. The 2006 level was 25 percent below the record level of 2003, but still the third highest volume ever (Figure 9). Single-family originations remained reasonably strong in 2006 because of relatively low interest rates and record volumes of Alternative-A (Alt-A)³ loans and home equity lending. Total single-family originations peaked at \$800 billion in the second quarter of 2006 before falling significantly in the fourth quarter.



Sources: Department of Housing and Urban Development and Inside Mortgage Finance Publications

² The NAR index measures affordability factors for all homebuyers making a 20 percent downpayment, with an index of 100 defined as the point where a median-income family has the exact amount of income needed to purchase a median-priced existing home.

³ Alternative-A (Alt-A) mortgages are made to borrowers who generally have limited income or asset verification or no employer.

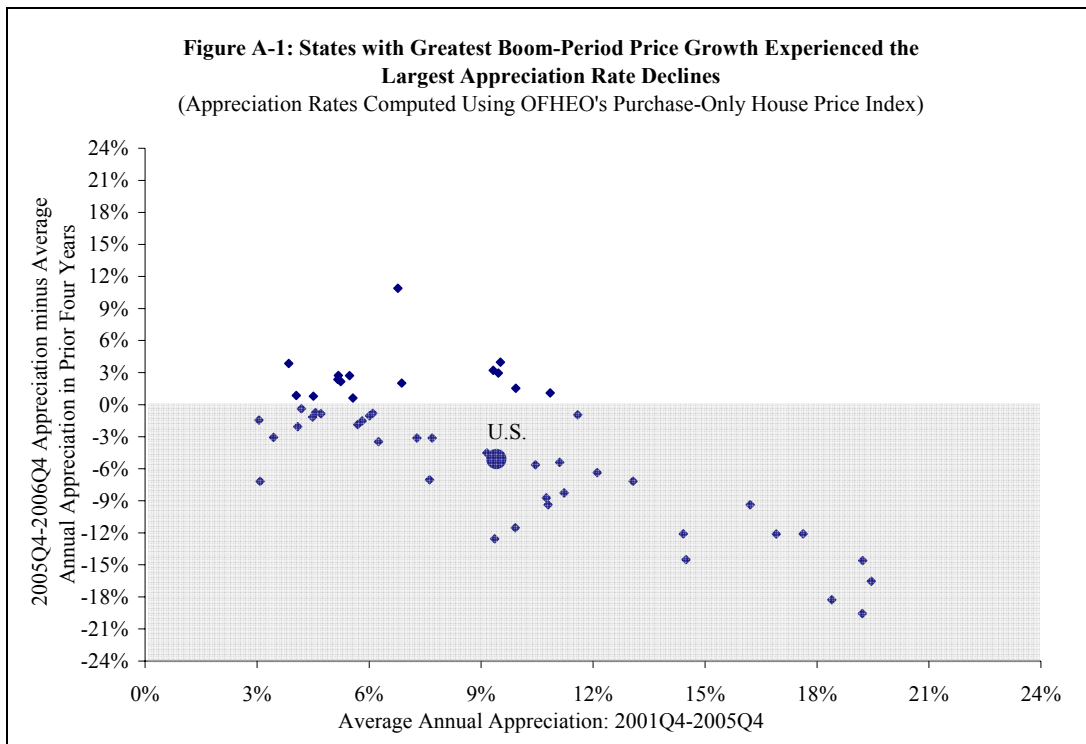
Box A

Regional Booms and Busts: Sharp Deceleration in Areas Where Appreciation Was Strong

With most housing markets weakening in 2006, some of the most dramatic deceleration occurred in areas that had exhibited the highest appreciation during the boom period. Housing markets in Florida, California, and Nevada, for example, were extremely strong in the early part of the decade, but cooled sharply last year. Indeed, OFHEO's purchase-only house price index suggests that prices actually fell in all three states between the third and fourth quarters.

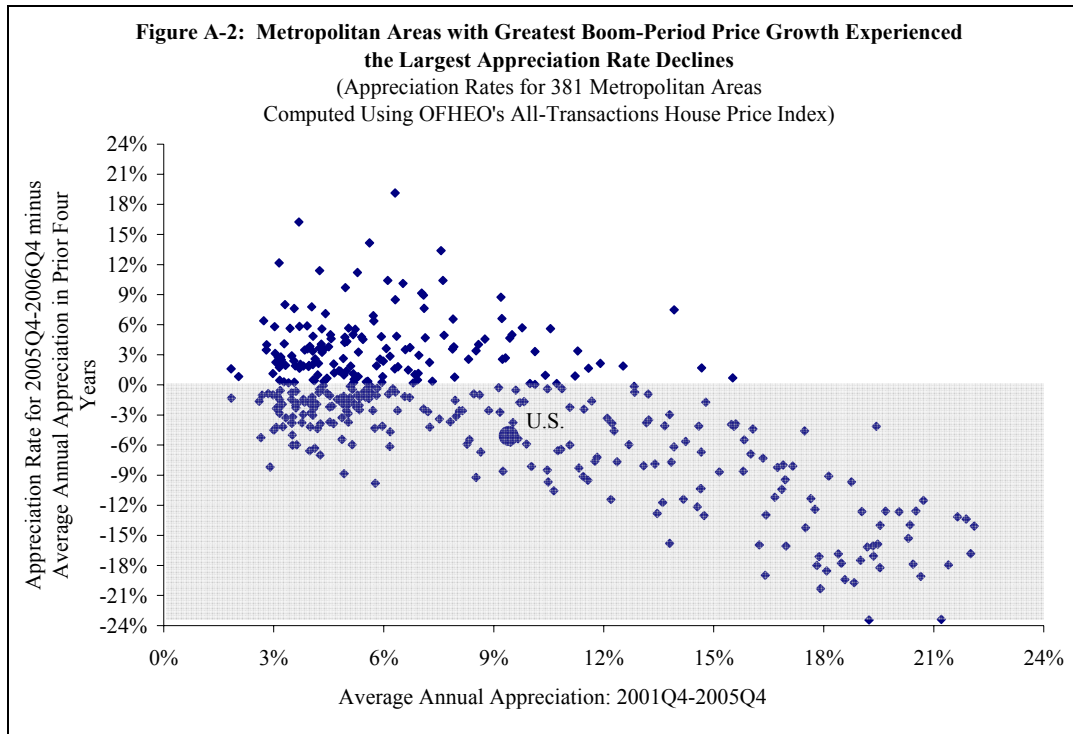
That the recent downturn has been relatively severe in states that once had the greatest appreciation rates is evident in Figure A-1. The horizontal axis of that figure reports the average annual appreciation rate during the height of the boom (2001 through 2005), whereas the vertical axis reports the difference between the four-quarter appreciation rate ending with the fourth quarter of 2006 and that boom-period average. The underlying index used in the calculations omits refinance appraisals in estimating house price changes. For example, average annual appreciation in the U.S. was 9.4 percent during the boom period, whereas U.S. appreciation between the fourth quarters of 2005 and 2006 was just 4.3 percent—5.1 percentage points below that boom-period average.

The figure clearly shows that higher boom-period appreciation rates are associated with larger declines in rates of price growth in 2006. Most states that had modest boom-period appreciation had lower appreciation in the most recent year, but the declines generally were small. By contrast, all states with boom-period average appreciation rates of more than 12 percent saw much lower appreciation in the most recent year. Indeed, all those states had appreciation rates that were more than six percentage points below the 2001-2005 average.



Source: OFHEO HPI

Figure A-2 reports the same statistics as are shown in Figure A-1 for the 381 cities (Metropolitan Statistical Areas and Metropolitan Divisions) covered by OFHEO's standard all-transactions house price index. The same pattern exists, although greater extremes are evident. For example, thirteen cities had boom-period appreciation rates that averaged more than 20 percent per year, a rate not reached by any state. The fall-off in appreciation that occurred was particularly sharp for some cities. For example, prices fell 4.2 percent in the Sacramento area over the latest year, far from that area's 19.2 percent average annual appreciation in the boom period. After years of tremendous price growth, other cities in inland California—for example, Madera, Fresno, Bakersfield, and Riverside—evidenced some of the sharpest slowdowns.

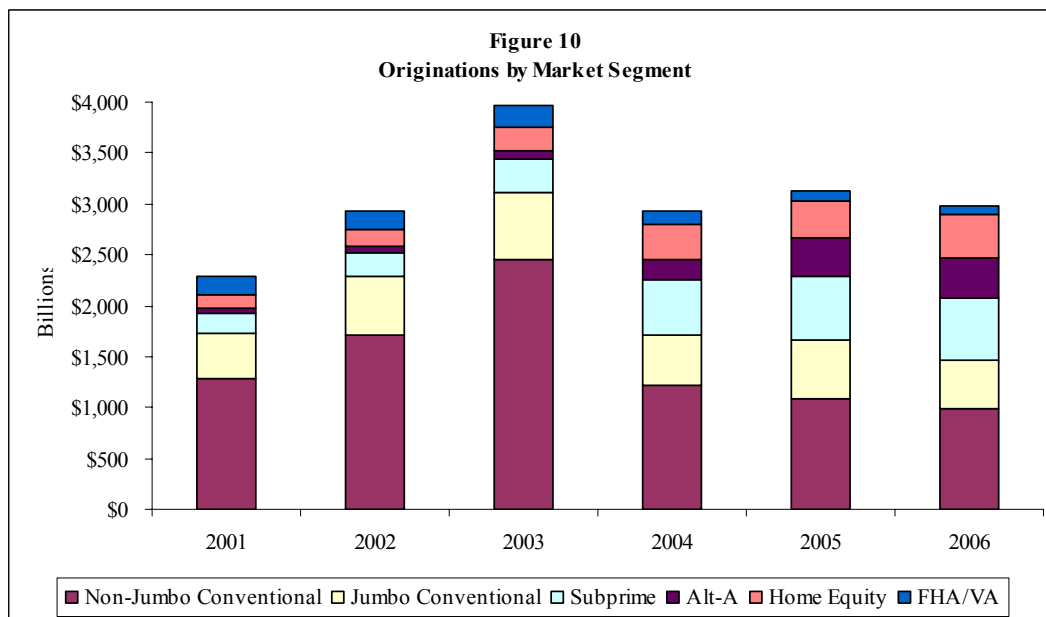


Source: OFHEO HPI

As noted above, the relative quickness of the turnaround in formerly fast-appreciating markets is remarkable given that factors usually associated with downturns in house price growth did not deteriorate markedly in 2006. Mortgage rates did rise about one-half of one percentage point relative to 2005, and the economy grew more slowly in the last three quarters of the year than in the first, but, for the year, growth was higher than in 2005 and the unemployment rate declined during 2006.

Investor activity is one likely but difficult-to-quantify cause of some of the deceleration. Investors were likely very active in many of the communities that saw tremendous price appreciation in the boom period. Once initial evidence of a slowdown became apparent, many highly-leveraged owners of investment properties began to sell their houses in those areas and the increasing inventory apparently put strong downward pressure on prices.

Despite the overall decline in origination volume, Alt-A lending rose 5.3 percent to \$400 billion and home equity lending increased nearly 18 percent to \$430 billion (Figure 10). Originations of non-jumbo, prime conventional mortgages—those with balances below the conforming loan limit, which was \$417,000 in 2006—fell 9 percent to \$990 billion in 2006 and represented only 33 percent of total originations. Originations of loans insured by the Federal Housing Administration (FHA) and guaranteed by the Department of Veterans Affairs (VA) fell sharply to their lowest level in years. The combined volume of mortgages with FHA and VA backing, which has been declining since 2000, fell to \$80 billion, roughly 2.7 percent of all single-family originations in 2006. The jumbo market appeared to be hit hard by the housing slowdown, as prime jumbo originations dropped nearly 16 percent from 2005 levels to \$480 billion.



Source: Inside Mortgage Finance Publications

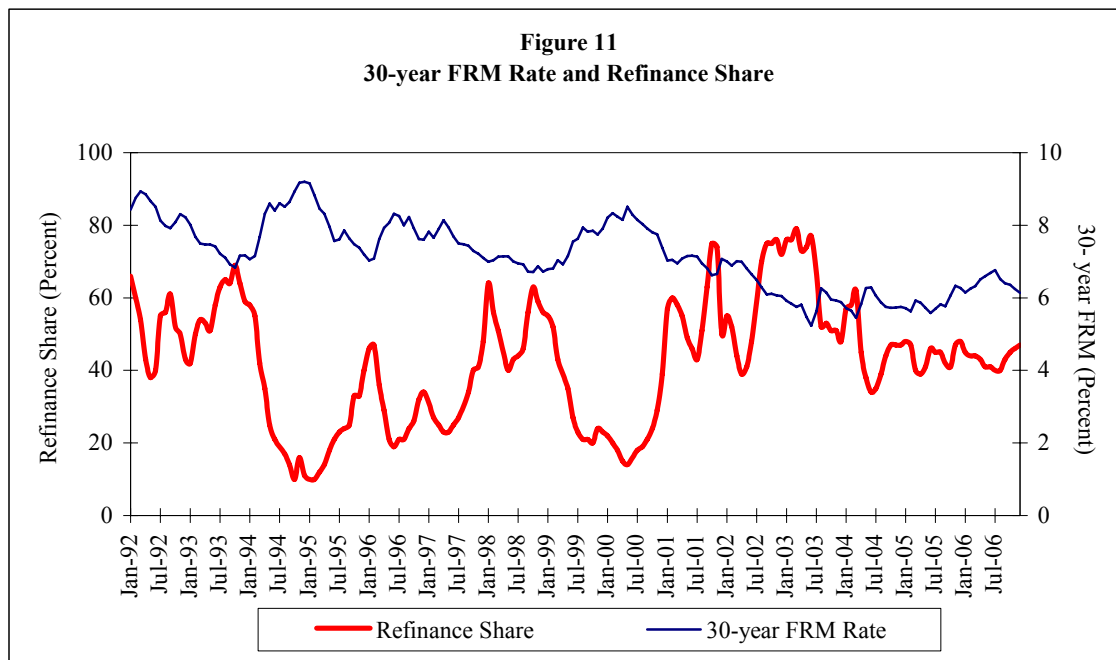
The subprime share of single-family originations increased slightly in 2006. According to Inside Mortgage Finance Publications, subprime loans accounted for 20.1 percent of total single-family mortgages originated, up slightly from 2005 but two and one-half times the 8.0 percent share recorded in 2002. Originations of Alt-A loans represented 13.4 percent of 2006 total originations, whereas home equity originations represented 14.4 percent. Beginning in the late fall of 2006, the subprime market experienced a significant contraction in origination volume, with many of the top subprime originators leaving the business. More regulatory scrutiny, decelerating house price appreciation, and diminished investor appetite for subprime loans were also major factors contributing to declining activity. In the fourth quarter lenders began to tighten underwriting standards significantly for non-prime mortgages after early defaults of loans made in 2005 and 2006 began to place financial stress on subprime originators.

Residential mortgage debt outstanding grew 8.7 percent to \$10.9 trillion in 2006, breaking a five-year string of double-digit growth. Mortgage debt owed by households reached \$9.7 trillion at year-end 2006, up 101.5 percent since the beginning of 2000. Higher interest rates and a slower pace of home sales reduced the growth of mortgages last year, but the deceleration was limited

by the continued ability and willingness of consumers to tap their home equity through refinancing.

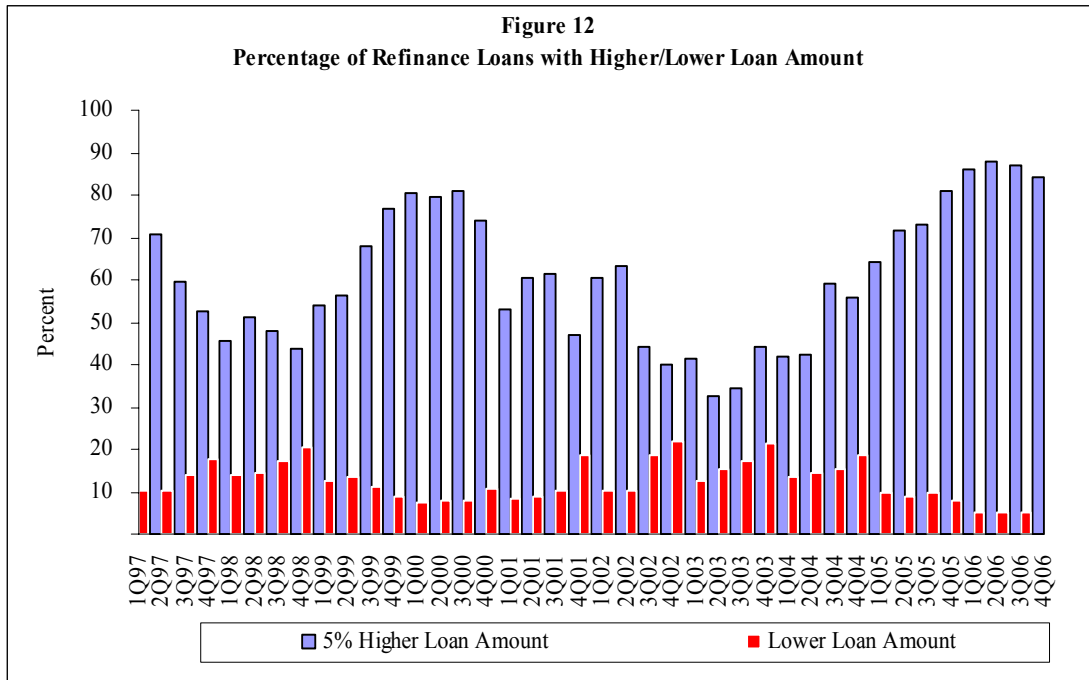
Refinancing Activity Strong Despite Rising Mortgage Rates

The increase in average mortgage rates in 2006 led to only a small drop in refinancing activity, which had surged in 2001 through 2003 as rates declined. According to Freddie Mac's Primary Mortgage Market Survey (PMMS), refinance loans accounted for 43.3 percent of originations in 2006, down only slightly from 44 percent in 2005 and 46 percent in 2004 (Figure 11). Refinancing activity declined during the first half of 2006 as interest rates rose, before increasing modestly in the second half of the year as mortgage interest rates trended downward.



Source: Freddie Mac Primary Mortgage Market Survey

According to Freddie Mac's PMMS, more than 86 percent of refinance mortgages in 2006 had loan amounts at least five percent higher than the original loans, up from 72 percent in 2005 (Figure 12). The amount of equity cashed-out through the refinancing of prime, first-lien conventional mortgages totaled \$322 billion in 2006, up from \$242 billion in 2005. Homeowners who refinanced in 2006 increased their mortgage rates by 6 percent on average, compared to a decrease of 7 percent in 2005. The median age of loans refinanced increased from 2.6 years in 2005 to 3.2 years in 2006. The median price appreciation of the property from the time the original loan was made to the time it was refinanced increased from 23 percent in 2005 to 31 percent in 2006.

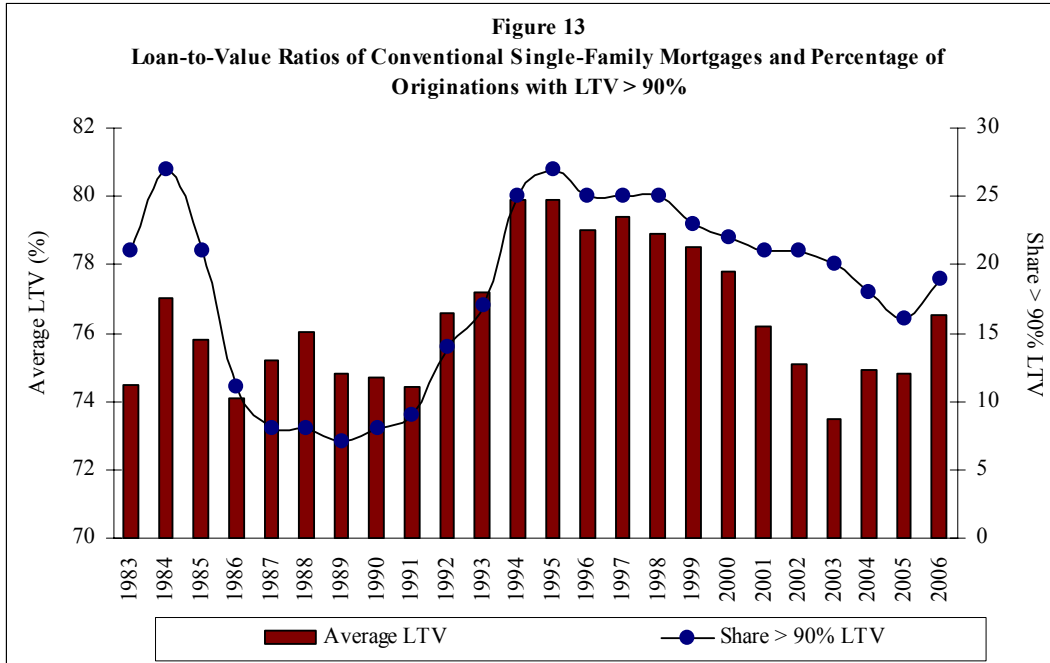


Source: Freddie Mac

Mix of Purchase-Money Originations Continues to Change

The Monthly Interest Rate Survey (MIRS) of the Federal Housing Finance Board, which tracks the terms of single-family, conventional, purchase-money originations, provides further information on the terms of newly originated mortgages. The survey also permits comparison of purchase-money loans with balances small enough to make them eligible for purchase by Fannie Mae and Freddie Mac (non-jumbo mortgages) and loans that have balances too large to make them eligible for purchase by the Enterprises (jumbo loans). According to MIRS, the non-jumbo share of total purchase-money originations, based on the total dollar volume of loans, was 76 percent in 2006, up from 73 percent in 2005.

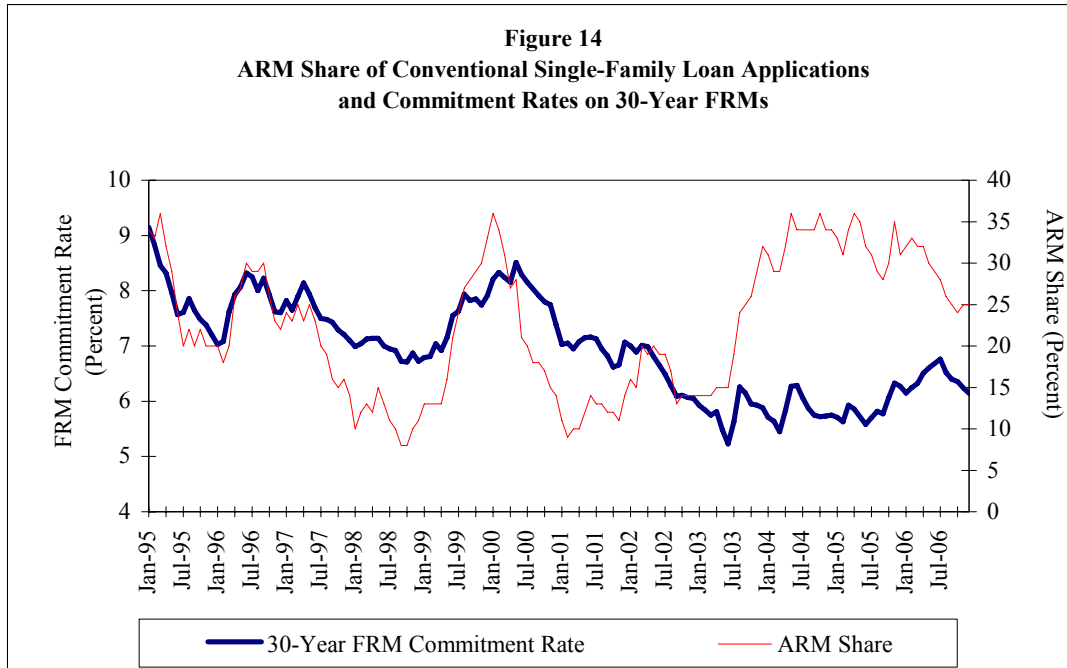
According to MIRS, the average loan-to-value (LTV) ratio of single-family conventional, purchase-money mortgages, which had declined steadily since reaching about 80 percent in 1994 and 1995, was 76.5 percent in 2006, up from 75 percent in 2005 (Figure 13). The proportion of such loans with LTV ratios greater than 90 percent, which had peaked at 27 percent in 1984 and 1995, rose to 19 percent in 2006, up significantly from 16 percent in 2005. Jumbo and non-jumbo loans had average LTV ratios of 77 and 75 percent, respectively, in 2006 compared to 76 and 75 percent, respectively, in 2005.



Source: Federal Housing Finance Board Mortgage Interest Rate Survey

Adjustable-Rate Origination Volume Strong

Adjustable-rate mortgage production declined slightly in 2006, with the composition of the ARM market continuing to change. ARM volume peaked in the second quarter of 2006 and declined modestly through the second half of the year. Despite the inverted Treasury yield curve during much of 2006, ARM originations, according to Inside Mortgage Finance Publications, were \$1.34 trillion, the third highest volume historically. Adjustable-rate loans represented nearly 45 percent of all single-family mortgages originated, down from 47.8 percent in 2005 and 50.1 percent in 2004. The high volumes of adjustable-rate originations in recent years were driven by the continued popularity of hybrid and interest-only ARMs. Statistics on conforming conventional loan applications from Freddie Mac's PMMS provide a lower estimate of ARM share because that survey does not cover the subprime market (nearly 75 percent of subprime mortgages in 2006 were ARMs) or the jumbo market (nearly 67 percent of jumbo mortgages were ARMs in 2006). The PMMS indicates that the ARM share of conventional single-family loan applications was 28 percent in 2006, down from 32 percent in 2005 (Figure 14).



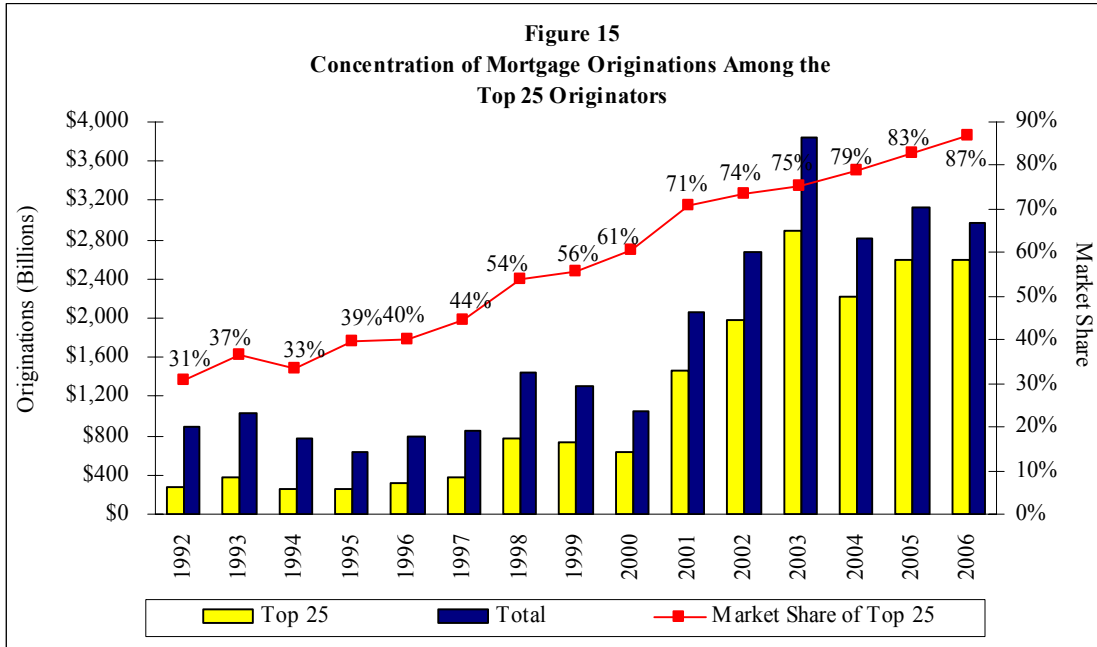
Source: Freddie Mac Primary Mortgage Market Survey

Industry Consolidation Continues and Multiple Origination Channels Persist

The mortgage industry continued to consolidate in 2006 for the twelfth straight year. According to Inside Mortgage Finance Publications, large lenders continued to expand their share of the origination market in 2006. The top 25 lenders were responsible for 87 percent of single-family mortgages originated, up from 83 percent in 2005. In 1994, the top 25 lenders accounted for only one-third of mortgage originations (Figure 15).

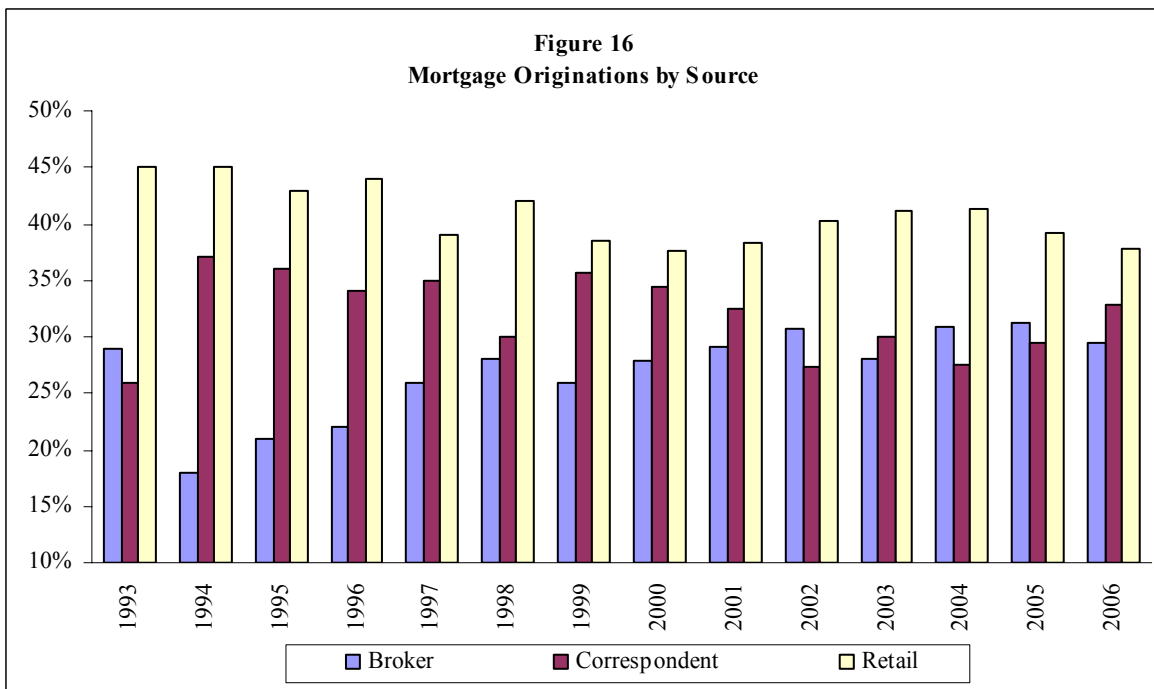
Those numbers might suggest that only a handful of lenders were involved in originating most loans, but that impression would be incorrect. The top lenders use three channels to produce loans—retail, broker and correspondent—and two of those channels involve other firms.⁴ For example, the top single-family originator in 2006, Countrywide Financial, produced \$463 billion in loans. Of that total, \$156 billion was generated by the firm’s retail channel and \$307 billion was purchased from mortgage brokers or correspondent lenders. Stated another way, nearly two-thirds of Countrywide’s production in 2006 was sourced to it by other originators. Wells Fargo, the nation’s second largest lender in 2005, originated \$158 billion in its retail channel, and purchased \$239 billion, or 60 percent, of its total mortgage production.

⁴ In the **Retail** channel, lenders make loans directly to consumers, whether through a branch office, a call center, the Internet, or some other direct means. In the **Broker** channel, a mortgage broker intermediates between the borrower and the lender, facilitates the loan closing in the lender’s name, and uses the lender’s money to fund the loan. In the **Correspondent** channel, the lender buys a loan after it has been closed and funded by another, correspondent lender.



Source: Inside Mortgage Finance Publications

All three single-family origination channels remained important in 2006. The retail channel continued to have the largest share, accounting for 37.8 percent of total single-family originations, but its share was down further from the 41 percent recorded in 2003 and 2004 (Figure 16). Within the wholesale market, the share of correspondent lenders rose to 32.8 percent in 2006, topping broker originations for the first time in three years. The broker share of originations fell to 29.4 percent in 2006 from 31.3 percent in 2005.

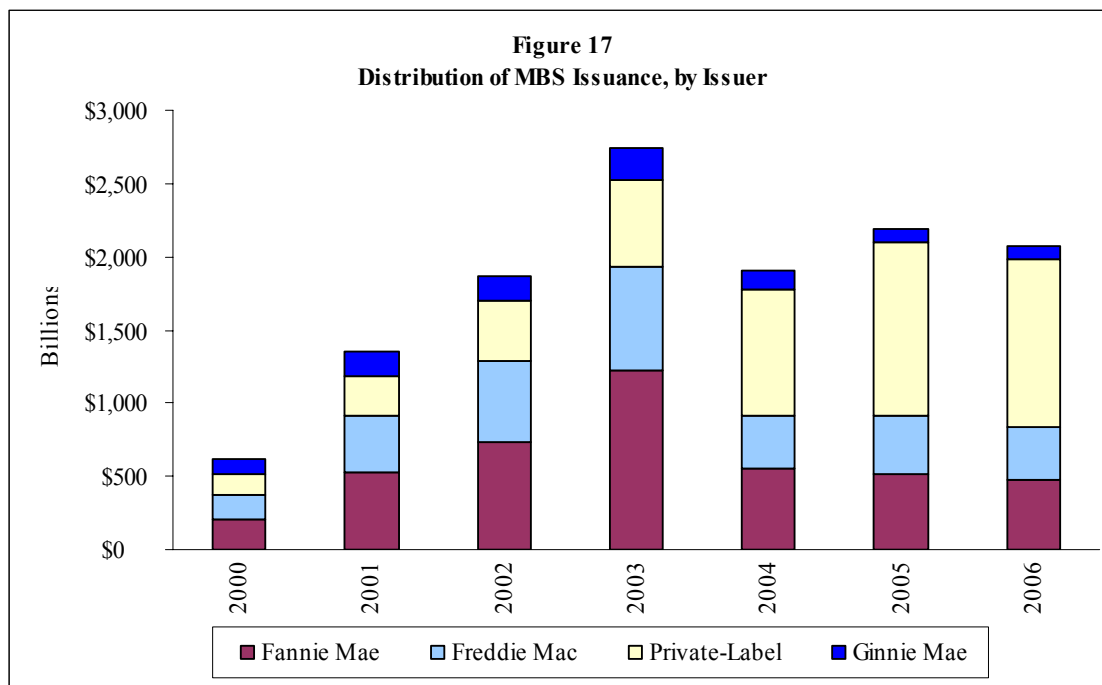


Source: Inside Mortgage Finance Publications

SECONDARY MORTGAGE MARKET DEVELOPMENTS

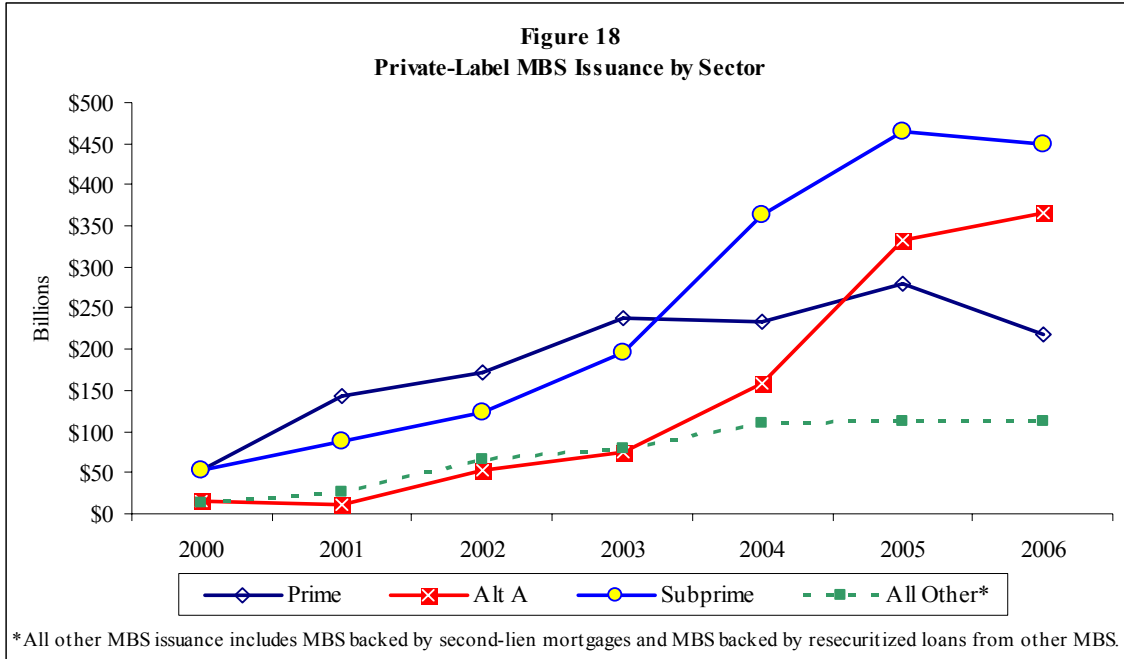
Enterprise Share of MBS Issuance Declines Slightly; Private-Label Alt-A Issuance Jumps

The volume of residential mortgages securitized in 2006 fell by 5 percent to \$2.1 trillion, reflecting the decline in single-family mortgage originations. Fannie Mae's and Freddie Mac's combined share of single- and multi-class MBS issuance fell slightly to 40.7 percent from 41.6 percent in 2005 (Figure 17). The Enterprises' combined share held relatively steady due to a decline in private-label MBS issuance, which fell 4 percent from the record high of 2005, to \$1.1 trillion. That decline represented the first drop in private-label activity since 2000. Issuance of private-label securities comprised 50 percent of all MBS issuance in 2006, however, up slightly from 49 percent in 2005. Ginnie Mae's market share, after declining for five consecutive years, rose slightly to 4.0 percent in 2006.



Sources: Fannie Mae, Freddie Mac, and Inside Mortgage Finance Publications

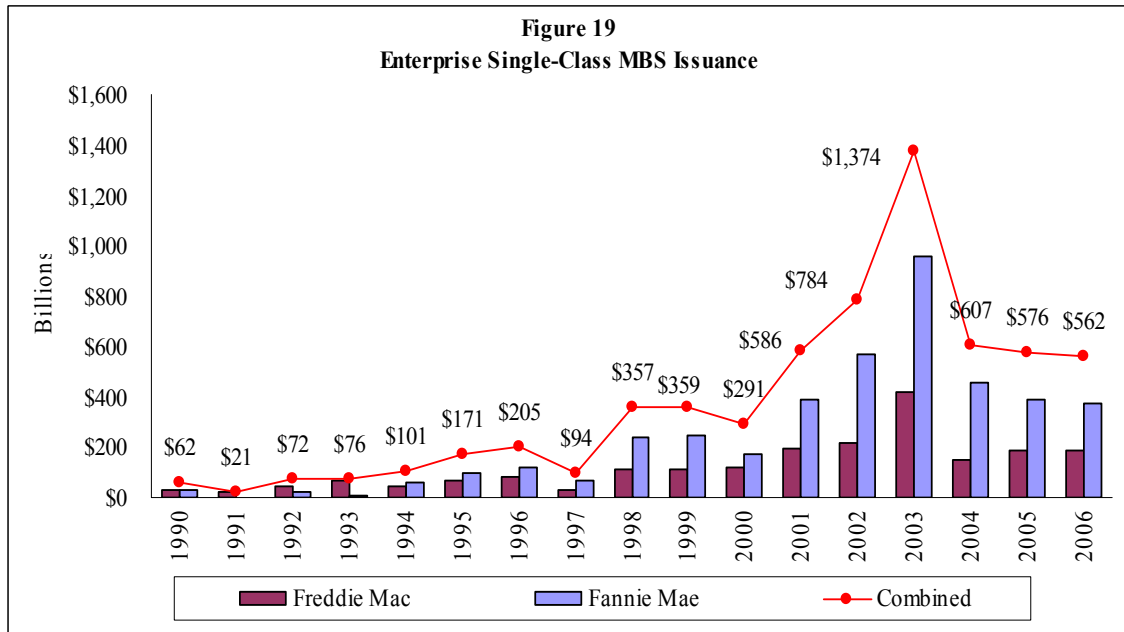
Issuance of private-label MBS backed by Alt-A mortgages increased to \$365.7 billion, 32 percent of total private-label mortgage securitization (Figure 18). The share of private-label MBS backed by prime single-family mortgages, mostly jumbos, dropped to 19 percent in 2006, down from 24 percent in 2005. Private-label subprime MBS issuance declined 4 percent to \$449 billion, or 39 percent of total private-label issuance volume. MBS issuance by Ginnie Mae declined slightly in 2006 to \$83 billion after a sharp drop in 2005.



Source: Inside Mortgage Finance Publications

Enterprise MBS Issuance Volume Declines

The decline in primary market originations led to a slight decrease in issuance of single-class MBS by Fannie Mae and Freddie Mac in 2006. The Enterprises' combined single-class MBS issuance fell 2 percent to \$562 billion, the lowest level since 2000 (Figure 19). Fannie Mae's single-class MBS issuance volume fell 4 percent in 2006 to \$371 billion, while Freddie Mac's volume rose 1 percent to \$191 billion.

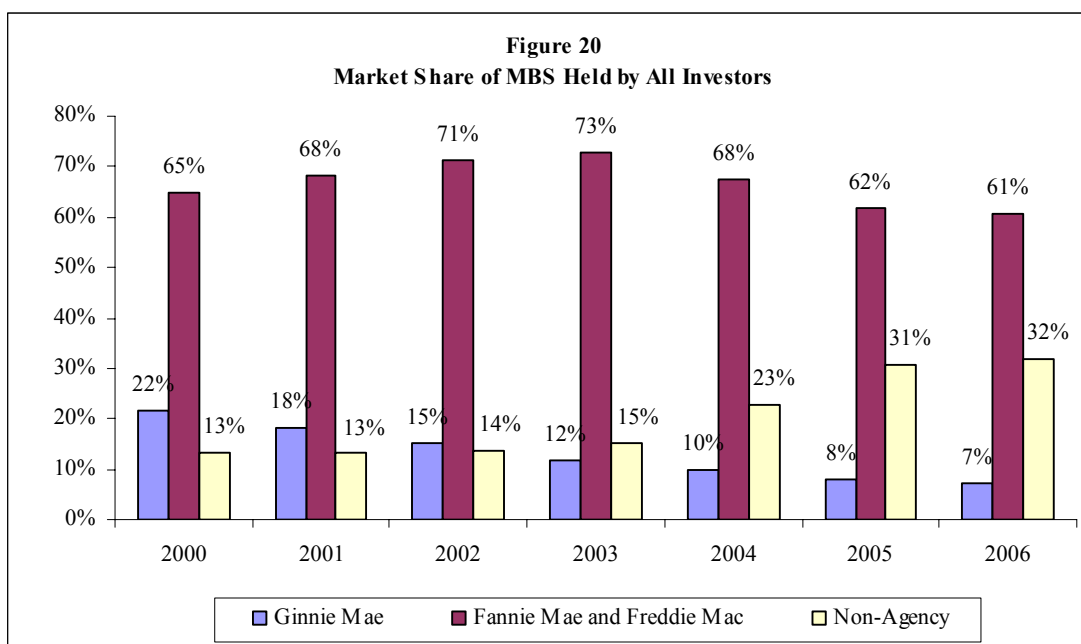


Sources: Fannie Mae and Freddie Mac

Enterprise issuance of multiclass MBS, mostly Real Estate Mortgage Investment Conduit (REMIC) securities, fell 19 percent at Freddie Mac and 11 percent at Fannie Mae in 2006. The Enterprises issued a combined \$280 billion in multiclass MBS in 2006.

Private-Label Share of MBS Held by All Investors

After two years of rapid growth in 2004 and 2005, the private-label share of Enterprise and private-label MBS held by all investors, including the Enterprises, rose very little in 2006. The private-label share was 32 percent at year-end 2006, up slightly from 31 percent at the end of 2005 (Figure 20). The Enterprise share of MBS held by all investors fell slightly to 61 percent at year-end 2006.

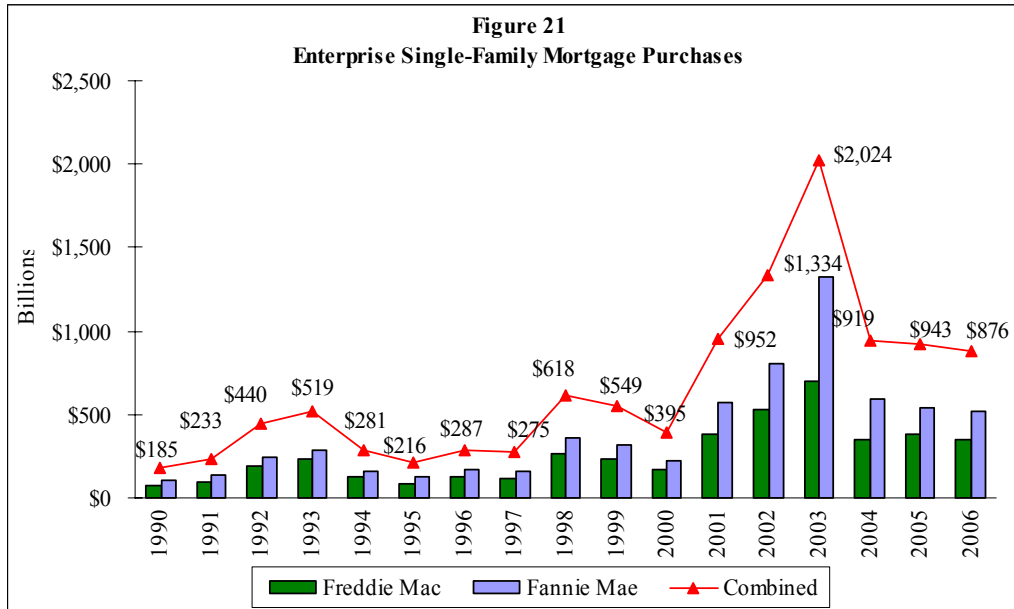


Source: Inside Mortgage Finance Publications

Enterprise Single-Family Purchase Volume Falls Slightly

Lower single-class MBS issuance by Fannie Mae and Freddie Mac reduced the Enterprises' combined mortgage purchases (defined to include cash purchases from lenders and swaps of whole loans for MBS). In 2006, those purchases totaled \$909 billion, down 4 percent from 2005. Fannie Mae's purchase volume decreased 2 percent to \$545 billion in 2006, while Freddie Mac's total mortgage purchases declined 7 percent to \$364 billion.

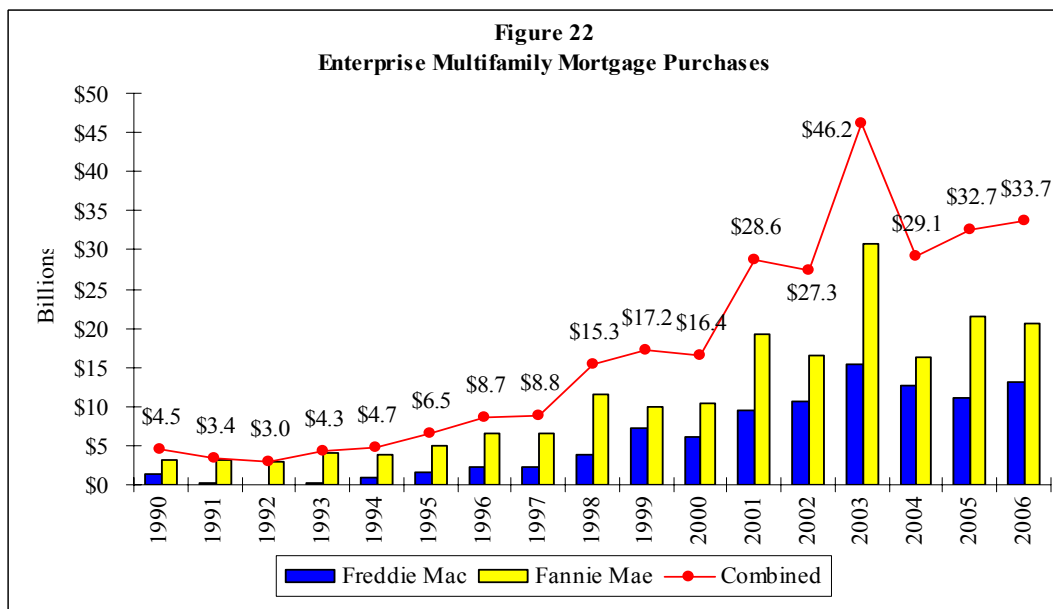
Purchases by the Enterprises of single-family mortgages fell to \$876 billion in 2006, a decrease of 5 percent from their combined purchases in 2005 (Figure 21). Freddie Mac's purchases of single-family mortgages in 2006 were \$351 billion, down 8 percent from 2005, while Fannie Mae's purchases were \$524 billion, down 2 percent. Those totals represented the lowest single-family purchase volumes by the Enterprises since 2000.



Sources: Fannie Mae and Freddie Mac

Multifamily Mortgage Purchases Increase at Freddie Mac but Decline at Fannie Mae

Multifamily market activity rose for Freddie Mac but declined for Fannie Mae in 2006. Freddie Mac purchased \$13 billion in multifamily mortgages, up 17 percent from 2005 (Figure 22). Fannie Mae purchased \$21 billion in multifamily loans, down 4 percent from the previous year. Most of the units financed with multifamily loans purchased by the Enterprises count toward the affordable housing goals established by the Secretary of Housing and Urban Development (HUD).

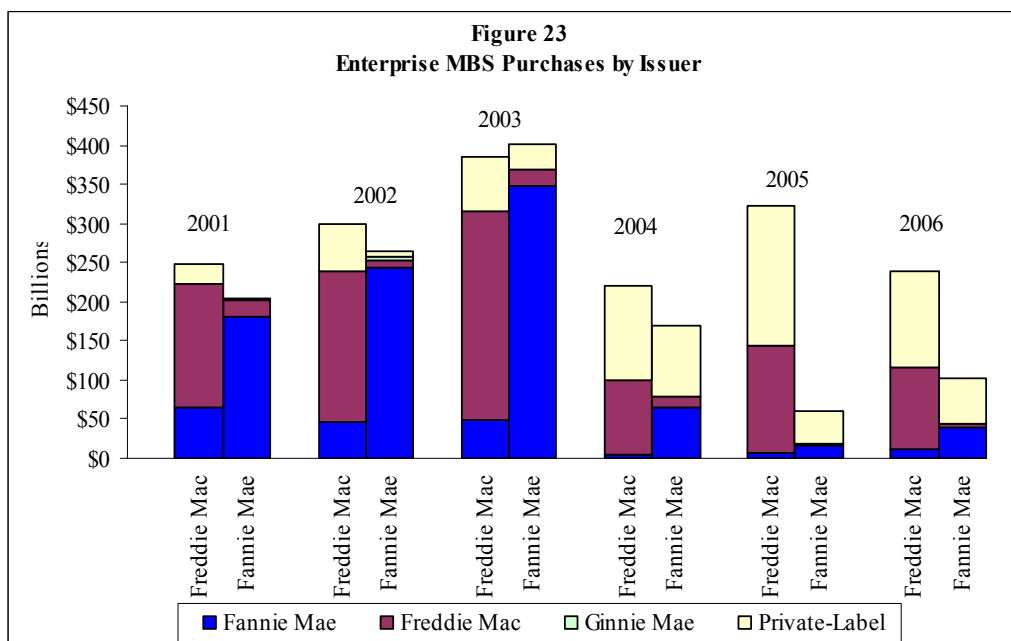


Sources: Fannie Mae and Freddie Mac

Purchases for the Retained Portfolio Increase at Fannie Mae But Drop at Freddie Mac

Purchases of mortgage securities and unsecuritized mortgages for the retained mortgage portfolio increased at Fannie Mae in 2006, but fell at Freddie Mac. However, at each Enterprise, retained mortgage portfolio purchases were offset by sales and liquidations out of the retained portfolio, leading to slight declines in the end-of-year dollar values of each portfolio. Fannie Mae, which had reduced its purchases for the retained portfolio in 2005 to raise its capital ratios, increased those purchases in 2006 to \$196 billion, up 34 percent from 2005. Freddie Mac's retained portfolio purchases decreased 23 percent to \$245 billion in 2006. Those changes were driven by shifts in the composition and volume of Enterprise purchases of their own MBS and private-label securities, which returned in 2006 to levels closer to those of 2004 after an unusual year in 2005 (Figure 23). In addition, Fannie Mae bought \$93 billion of unsecuritized mortgages for its retained portfolio in 2006, up from \$84 billion in 2005, while Freddie Mac continued to acquire primarily its own and others' MBS for its retained portfolio.

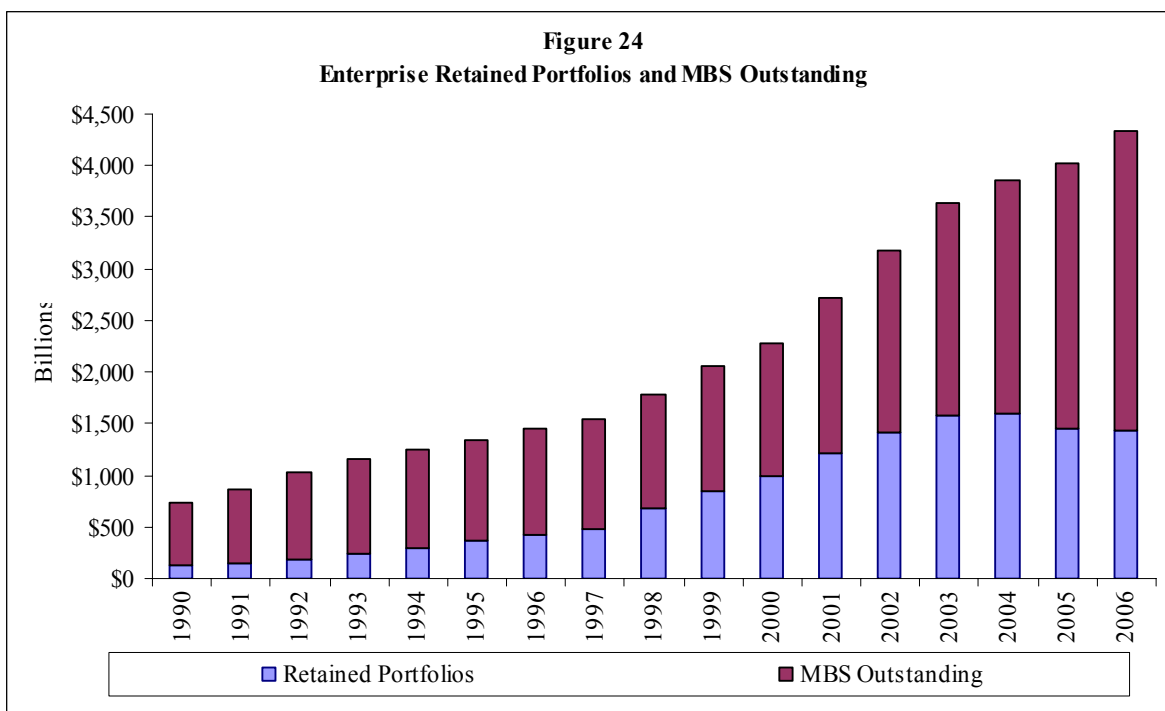
Fannie Mae purchased \$38 billion of its own MBS in 2006, compared to \$16 billion in 2005 and \$65 billion in 2004. Freddie Mac purchased \$104 billion of its MBS, compared to \$136 billion and \$96 billion in 2005 and 2004, respectively. Similarly, Fannie Mae increased its purchases of private-label securities in 2006, but Freddie Mac decreased its purchases of those securities by a larger dollar amount. Private-label MBS purchases by Fannie Mae rose 40 percent to \$58 billion, while purchases by Freddie Mac fell 32 percent to \$122 billion. Combined Enterprise private-label MBS purchases fell 19 percent to \$180 billion in 2006. The private-label share of Enterprise MBS purchases declined to 53 percent in 2006, down from 58 and 54 percent in 2005 and 2004, respectively.



Sources: Fannie Mae and Freddie Mac

Size of Enterprise Retained Portfolios Steady, Enterprise MBS Outstanding Increases

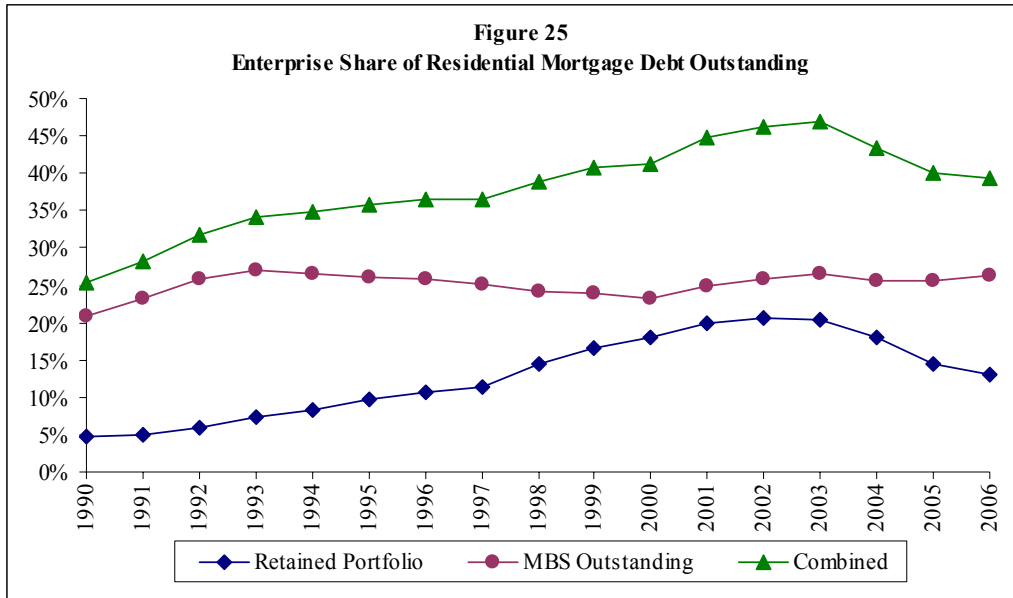
The growth of Fannie Mae's retained portfolio was constrained by OFHEO's Consent Order in May 2006, whereas Freddie Mac voluntarily agreed with OFHEO's recommendation to limit the growth of the Enterprise's retained portfolio starting in August. The Enterprises' guarantee businesses were not constrained, however, and the volume of Enterprise MBS outstanding held by other investors jumped 13 percent to \$2.9 trillion (outstanding principal balance) by the end of the year (Figure 24). The Enterprises' combined books of business (MBS held by other investors plus mortgages and MBS held by each Enterprise, including MBS guaranteed by the other Enterprise) rose 8 percent in 2006 to \$4.3 trillion, up from \$4.0 trillion at the end of 2005. Total residential mortgage debt outstanding grew 9 percent in 2006 to \$11.0 trillion.



Sources: Fannie Mae and Freddie Mac

Enterprise Share of Mortgage Debt Outstanding Holds Steady

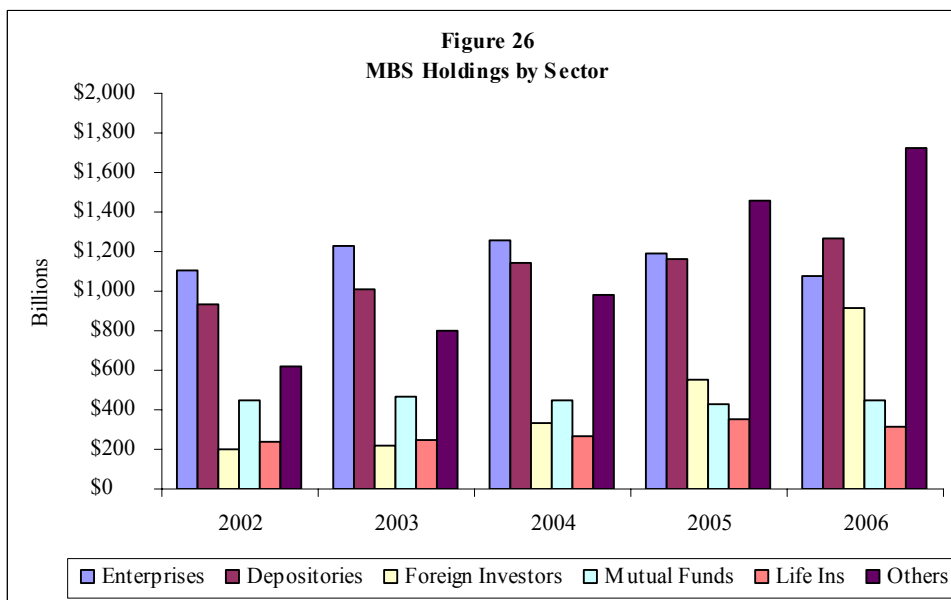
At the end of 2006, the Enterprises' combined books of business represented 39.3 percent of the total residential mortgage debt outstanding (\$11.0 trillion), down slightly from 39.9 percent at the end of 2005 (Figure 25).



Sources: Fannie Mae, Freddie Mac, Federal Reserve Board of Governors

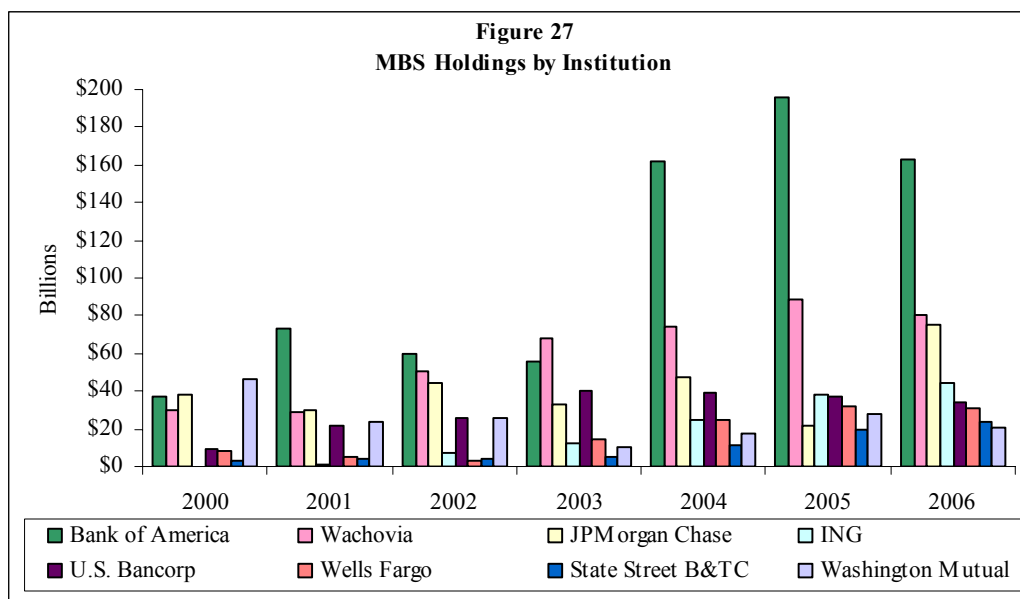
Foreign Investors Increase Share of MBS Outstanding

Foreign investors held 20 percent of all Enterprise and Ginnie Mae MBS outstanding at year-end 2006, up from 14 percent at the end of 2005. Since 2000, the share of all MBS issued by U.S. firms and held by foreign investors has increased from 6 percent to 16 percent (Figure 26). Depository institutions held 22 percent of MBS outstanding at year-end 2006, down slightly from 23 percent at the end of 2005, despite an increase in the absolute value of depository holdings. Other investors—a category that includes hedge funds, nonprofits, and other groups for which detailed data are not available—held 30 percent of MBS outstanding, up from 28 percent at year-end 2005.



Source: Inside Mortgage Finance Publications

The concentration of MBS holdings in the largest U.S. banks' portfolios decreased in 2006. The MBS portfolios of the top two bank MBS investors fell to 4.3 percent of all MBS outstanding, down from 5.5 percent in 2005 and 5.3 percent in 2004 (Figure 27).



Source: OFHEO based on data from the FDIC

Enterprises Remain Active in Subprime, A-, and Alt-A Markets

Fannie Mae and Freddie Mac continued to be active in the markets for subprime, A-⁵, and Alt-A mortgages and MBS backed by those loans in 2006, but the Enterprises shifted away from subprime loans towards Alt-A and A- mortgages. According to Inside Mortgage Finance Publications, the Enterprises purchased \$90 billion in private-label MBS backed by subprime mortgages in 2006, which represented 20 percent of those securities issued, down from \$169 billion in purchases in 2005, which represented 33 percent of 2005 subprime private-label MBS issuances. Freddie Mac reported purchasing approximately \$68 billion of private-label MBS backed by A- loans in 2006, up from \$50 billion in 2005.

Freddie Mac also purchased approximately \$35 billion of Alt-A whole loans (mortgages not backing MBS) in 2006, up from \$21 billion in 2005. Fannie Mae does not report Alt-A and A- loans, but the Enterprise purchased approximately \$113 billion of low-documentation loans in 2006, up sharply from \$56 billion in 2005.

⁵ A- mortgages are loans made to borrowers with slightly impaired credit.

Enterprise Purchases of Interest-Only Loans Increase, Acquisitions of Hybrid ARMs Fall

Reflecting the increasing popularity of fixed-rate interest-only (IO) mortgages⁶ in the primary market in 2006, both Enterprises increased the interest-only share of their single-family purchases. Fifteen percent of Fannie Mae's single-family loan acquisitions were IO mortgages, up from 10 percent in 2005. Sixteen percent of Freddie Mac's single-family purchases were interest-only loans, up sharply from 6 percent in 2005. About one-eighth of Freddie Mac's 2006 interest-only mortgage purchases were IO fixed-rate mortgages, while the remainder were IO hybrid ARMs.⁷

Purchases of nontraditional mortgages other than interest-only loans declined at Fannie Mae and Freddie Mac in 2006. Non-IO hybrid ARM purchases declined to 5 percent of each Enterprise's total single-family purchases, down from 9 percent in 2005. Option ARM⁸ purchases declined to 2 percent of Freddie Mac's purchase volume in 2006, down from 5 percent in 2005, while that product comprised 3 percent of Fannie Mae's purchases, the same share as last year.

Enterprise Loan-to-Value Ratios Increase as Refinance Share of Purchases Declines

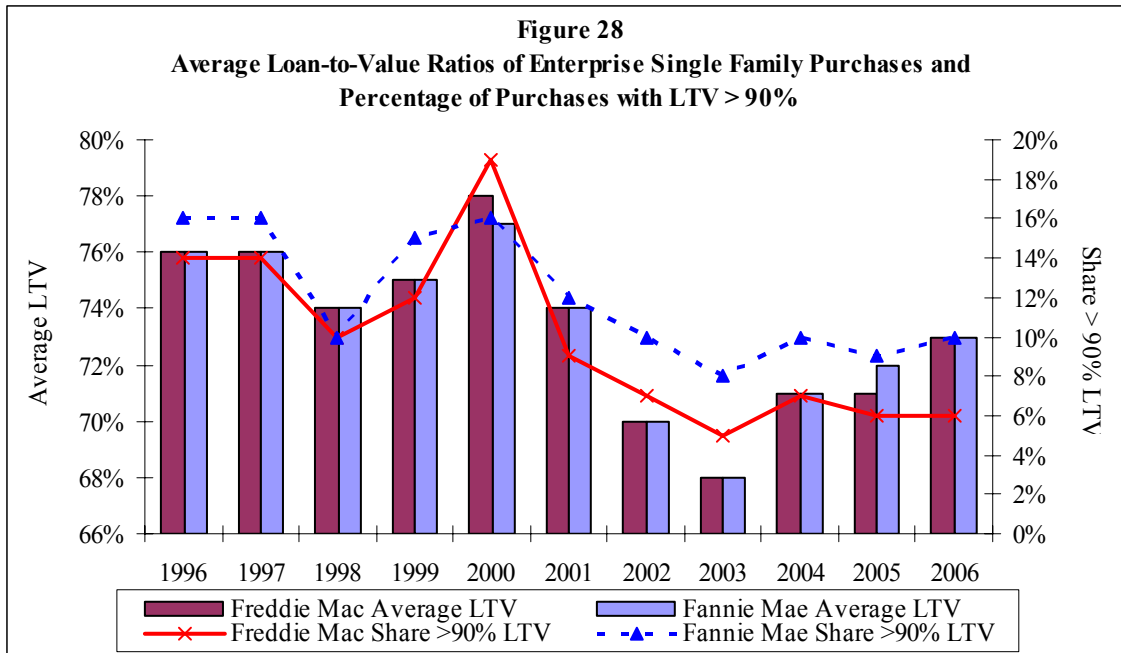
The refinance share of single-family mortgages purchased by the Enterprises fell in 2006. Fannie Mae's refinance share of purchases fell to 48 percent, down from 53 percent in 2005, whereas Freddie Mac's share fell to 47 percent from 56 percent the previous year. Refinance mortgages tend to be of higher credit quality than purchase loans.

As the refinance share of Enterprise single-family purchases declined, the average loan-to-value ratios of the purchases increased. The weighted average LTV ratio of single-family mortgages purchased by the Enterprises rose to 73 percent for both Fannie Mae and Freddie Mac in 2006 (Figure 28), up from 72 and 71 percent, respectively, in 2005. The proportion of loans with LTV ratios greater than 90 percent rose slightly to 10 percent of Fannie Mae's single-family purchases and remained at 6 percent of Freddie Mac's purchases.

⁶ An IO mortgage is a loan on which the monthly payments only consist of interest for some period. During that period, the loan balance remains unchanged. After the interest-only period ends, the payment is reset to amortize the unpaid principal balance over the remaining term to maturity. The interest rate may adjust based on a particular index if the loan is an ARM.

⁷ A hybrid ARM starts with a fixed rate for a number of years and then turns into an adjustable-rate loan for the remaining term to maturity. Originally a conforming conventional mortgage (5- or 7-year fixed rate) with a 30-year term, the hybrid ARM has increasingly been originated in the subprime and Alt-A markets with much shorter fixed-rate periods and with a greater than 30-year term to maturity, e.g., 2/38 or 3/37.

⁸ Option ARMs offer payment flexibility so consumers can afford larger loans. Each month there typically are four payment options: a minimum monthly payment, an interest-only payment, and payments based on 15- and 30-year amortization schedules. If an option ARM borrower chooses to make the 15-year, 30-year, or interest-only payments, the principal declines or stays constant. Making only the minimum monthly payment, however, results in negative amortization. Negative amortization is capped at 110 to 125 percent, and the loan is recast if the principal balance grows above a specific ratio. Otherwise, after the initial 5 years the loan is reset to amortize over the remaining 25 years.



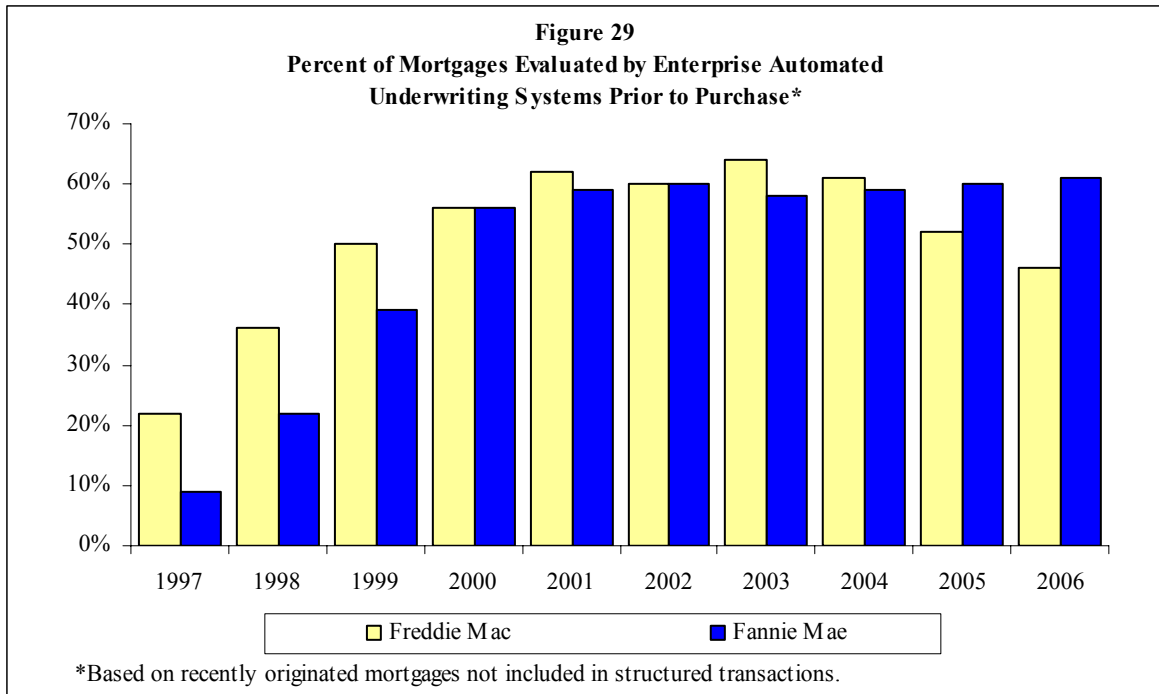
Sources: Fannie Mae and Freddie Mac

ARM Share of Purchases Declines at Fannie Mae, Increases at Freddie Mac

While the adjustable-rate share of Fannie Mae's single-family purchases declined in 2006, the ARM share of Freddie Mac's purchases increased. Adjustable-rate loans represented 17.7 percent of Fannie Mae's purchases, down from 22.0 percent in 2005. The reverse was true for Freddie Mac—ARMs represented 22.0 percent of Freddie Mac's 2006 purchases, up from 17.8 percent in 2005. Adjustable-rate loans generally have a higher default rate than fixed-rate loans partly because the rates on ARMs, while originally low, may change over time and because ARMs are frequently used to qualify marginal buyers who could not qualify for the same mortgage with a FRM. If payments rise as interest rates increase, the risk of default also increases.

Enterprises Continue Management of Single-Family Mortgage Credit Risk

Fannie Mae and Freddie Mac continued to manage the credit risk of single-family mortgages by using automated underwriting systems (AUS) to evaluate the credit quality of new purchases and obtaining credit enhancements on higher-risk loans. Such systems combine LTV ratios, credit scores, debt-to-income ratios, and other loan and borrower characteristics to classify loans in terms of their relative risk of default. The percentage of loans processed through Freddie Mac's Loan Prospector (LP) dropped to 46 percent in 2006, down from 52 percent in 2005. Sixty-one percent of Fannie Mae's 2006 single-family purchases were evaluated prior to purchase through its Desktop Underwriter (DU), up slightly from 60 percent in 2005 (Figure 29).



Sources: Fannie Mae and Freddie Mac

As part of its post-purchase quality control review process, Fannie Mae and Freddie Mac each uses its respective AUS to evaluate the credit quality of virtually all single-family mortgages that were not evaluated by the system prior to purchase. Particular focus is placed on performing quality control reviews of purchases identified as high-risk mortgages. Additionally, each Enterprise allows some large lenders to use their own or the other Enterprise's AUS to evaluate mortgages prior to purchase. As a result, the data in Figure 29 understate the proportion of loans purchased by the Enterprises that were evaluated using automated underwriting prior to origination.

Fannie Mae and Freddie Mac also reduce their credit risk exposure by obtaining credit enhancements on higher-risk single-family mortgages. Credit enhancements include primary mortgage insurance on loans with original LTV ratios greater than 80 percent, and agreements in which lenders or other third parties pledge collateral or agree to accept losses on loans that default. In addition, a portion of the mortgages purchased by each Enterprise are insured by FHA or guaranteed by VA. Credit enhancements transform a portion of the credit risk associated with individual loans into counterparty risk. The Enterprises manage counterparty risk by establishing eligibility requirements for and monitoring the condition of counterparties.

The share of Freddie Mac's new business purchases with credit enhancements was 17 percent in 2006, unchanged from 2005. The percentage of new Fannie Mae MBS issuances with lender-only and shared-risk credit enhancements was 8 percent in 2006, down from 11 percent in 2005.

The share of Fannie Mae's outstanding mortgage credit book with primary mortgage insurance or other credit enhancements was about 19 percent at year-end 2006, unchanged from year-end

2005. The credit-enhanced portion of Freddie Mac's book declined slightly to 16 percent at year-end 2005 from 17 percent at year-end 2005.

Estimated Enterprise Credit Loss from House Price Shock Remains Low

The credit losses each Enterprise incurs on its single-family credit book of business are sensitive to the prices of single-family homes. Freddie Mac estimated that, as of the end of 2006, an immediate 5 percent decline in home values would increase credit losses over the life of its loans by \$770 million, net of the beneficial effect of credit enhancements, compared with \$564 million at the end of 2005. Without credit enhancements, the lifetime loss sensitivity was \$1.1 billion in 2006, up from \$873 million at the end of 2005. The net credit loss sensitivity at the end of 2006, \$770 million, represented about 2.1 percent of Freddie Mac's core capital as of year-end and about 0.04 percent of the Enterprise's conventional single-family mortgage credit book of business.

Fannie Mae estimated that, as of the end of 2006, an immediate 5 percent decline in home values would increase credit losses over the life of its loans by \$1.4 billion, net of the beneficial effect of credit enhancements, compared with \$1.1 billion at the end of 2005. Without credit enhancements, the lifetime loss sensitivity was \$3.0 billion, up from \$2.3 billion at the end of 2005. The net credit loss sensitivity at the end of 2006, \$1.4 billion, represented about 3.3 percent of Fannie Mae's core capital as of that date and about 0.07 percent of the Enterprise's conventional single-family mortgage credit book of business.

FINANCIAL PERFORMANCE AND CONDITION OF THE ENTERPRISES

Fannie Mae and Freddie Mac both continued to work on issues related to their accounting, systems, and internal control problems in 2006, and some progress was made. Fannie Mae made progress in its restatement efforts with the December release of its 2004 10-K reflecting restated financials for 2002, 2003 and 2004 financial results. As a result of the restatement, Fannie Mae recorded a decrease in retained earnings of \$6.3 billion. Fannie Mae's financial statements for 2005 were released on May 2, 2007, and it plans to release financials for 2006 later this year. Freddie Mac released 2005 results in May 2006. Although the Enterprise did not issue quarterly reports in 2006, it released full-year 2006 results to the public on March 23, 2007, and first-quarter 2007 results on June 14, 2007.

In May 2006, Fannie Mae agreed to a Consent Order with OFHEO to, among other things, limit the growth of its net mortgage portfolio assets to the level held as of December 31, 2005 (\$727.7 billion), until OFHEO approves an increase. Fannie Mae also paid a \$400 million fine to the government as part of the Consent Order settlement. In August 2006, in response to OFHEO's recommendation, Freddie Mac announced that it had volunteered to limit the growth of its mortgage portfolio assets to no more than one-half percent each quarter above the level at June 30, 2006 (\$710.3 billion). Freddie Mac agreed to keep the voluntary growth limit in place until it returned to producing and publicly releasing timely quarterly financial statements prepared in conformity with Generally Accepted Accounting Principles (GAAP).

Enterprises Continue to Achieve Reasonable Levels of Profitability

After declining for three consecutive years, Freddie Mac's net income, measured in accordance with GAAP, increased 3.8 percent to \$2.2 billion in 2006 (Table A). The higher net income booked in 2006 reflects higher guarantee fee income, increased gains on early debt retirement, lower mark-to-market losses on derivatives and the guarantee asset, and a decrease in tax expenses. Freddie Mac incurred higher credit losses and administrative expenses in 2006.

Freddie Mac also showed an improvement in its financial performance on a fair value basis in 2006. Fair value of net assets attributable to common stockholders, before capital transactions, increased by \$2.5 billion compared to a \$1.0 billion increase the year before. That gain reflected an increase in fair value from the Enterprise's investment activities of \$1.3 billion (pre-tax). That increase included a decrease in fair value, due to a net widening of mortgage-to-debt option-adjusted spreads (OAS), of approximately \$0.9 billion (pre-tax), down from approximately \$2.7 billion in 2005. As shown in recent years, the fair value of net assets can be significantly affected by period-to-period changes in OAS. However, because Freddie Mac generally holds a substantial portion of its mortgage assets for the long term, the periodic fluctuation in OAS is likely to have only limited effects on the long-term return on those assets.

There was a modest improvement in Freddie Mac's profitability in 2006, as measured by the return on average common equity (ROE), on both a GAAP and fair value basis. However, those returns continued to register in the single digits. Under GAAP, ROE was 8.6 percent, up from 7.7 percent in 2005, whereas the return on fair value common equity improved to 9.5 percent from 3.7 percent the previous year.

Fannie Mae reported continued profitability in 2004 and 2005, despite a decline in net interest income and high levels of derivatives fair value losses. Net income declined 39 percent in 2004 to \$5.0 billion and rose 28 percent in 2005 to \$6.3 billion. Despite higher capital requirements, the Enterprise achieved an ROE of more than 16 percent in both years (Table B).

Based on current estimates, Fannie Mae also was profitable in 2006, although earnings continued to be affected negatively by declining net interest income, driven by a decrease in the Enterprise's net interest margin. In addition, Fannie Mae continued to incur higher administrative expenses as a result of restatement costs, other remediation efforts, and higher staff levels and compensation.⁹

Both Fannie Mae and Freddie Mac continued to experience variability in their quarterly GAAP earnings. Fannie Mae showed a loss in the third quarter while Freddie Mac showed losses in the third and fourth quarters of 2006. Those losses reflect, in part, GAAP requirements to mark some balance sheet items to market but not others, and, in the case of Freddie Mac, accounting for the guarantee asset associated with its guarantee business. Such accounting inconsistencies make GAAP earnings a less reliable measure of Enterprise profitability.

⁹ Information discussed herein is based upon unaudited and preliminary estimates that are subject to revision upon completion and audit of Fannie Mae's financial statements for 2006.

The detailed analysis of Enterprise financial results provided below focuses on Freddie Mac, since Fannie Mae has not released results for 2006. However, Fannie Mae does release information about its business activities and expenses that will be mentioned in the appropriate sections.

Revenues and Net Interest Income Continue to Decline at Freddie Mac

Total revenues (net interest income plus non-interest income) fell again at Freddie Mac in 2006, by 7.5 percent, to \$5.2 billion. Net interest income, while still providing the bulk of the Enterprise's revenues, was down sharply in 2006, by 21.1 percent, to \$4.2 billion—less than one-half the 2004 level. The decline in net interest income was driven by a continued decline in Freddie Mac's net interest margin, which fell 18 basis points to 0.58 percent (on a fully taxable-equivalent basis). Several factors put pressure on the net interest margin. The cost of interest-bearing liabilities rose 70 basis points due to increases in both short- and long-term interest rates. The Enterprise's decision to rely more heavily on higher-cost callable debt helped to place upward pressure on its funding costs. The yield on total interest-earning assets increased during the period by 55 basis points, which was less than the increase in the cost of interest-bearing liabilities of 70 basis points. Box B on page 33 examines the relationship between the shape of the yield curve and the net interest margins of the Enterprises.

With the decline in net interest income, guarantee fee income continues to comprise a greater share of Freddie Mac's total revenues. Income from the Enterprise's guarantee business increased 15.3 percent in 2006, to \$1.7 billion. That increase was driven primarily by a 15.0 percent increase in the average outstanding MBS balance and higher amortization of deferred fees. Freddie Mac's average guarantee fee rate increased only slightly, to 16.0 basis points from 15.9 basis points the year before. However, the Enterprise's average contractual guarantee fee rate continued to decline. New MBS issuances with guarantee fees had lower fees than those on MBS liquidated in the period which, in turn, reflected continued competitive pricing pressures.

Losses related to the guarantee asset declined by \$264 million in 2006 due to increases in the fair value of that asset arising from the increase in mortgage interest rates during the year, which extended the life of the asset. The increase in interest rates reduced liquidations on outstanding MBS and structured securities and lowered amortization rates, resulting in a \$53 million decline in income on the guarantee obligation.

Freddie Mac's other non-interest income improved from a loss of \$1.1 billion in 2005 to a loss of \$0.8 billion in 2006. The lower loss reflects lower hedge accounting losses and higher gains on debt retirement. Those were partially offset by, among other things, lower gains on sales of available-for-sale securities, \$22 million in 2006 compared to \$546 million the year before.

Table A. Freddie Mac Financial Highlights
SELECTED FINANCIAL HIGHLIGHTS ¹
(Dollars in Billions)

EARNINGS PERFORMANCE:	2006	2005	2004	2003	2002
Net Income (\$)	2.2	2.1	2.9	4.8	10.1
Net Interest Income (\$)	4.2	5.4	9.1	9.5	9.5
Guarantee Fees (\$)	1.7	1.4	1.4	1.7	1.5
Net Interest Margin (%) ²	0.6	0.8	1.2	1.3	1.5
Average Guarantee Fee (bps) ³	16.0	15.9	17.5	23.3	22.0
Return on Common Equity (%) ⁴	8.7	7.7	10.2	17.2	47.2
Dividend Payout Ratio (%) ⁵	67.7	56.4	30.7	15.6	6.2
BALANCE SHEET POSITION:					
Total Assets (\$)	813.1	806.2	795.3	803.4	752.2
Outstanding Debt (\$)	753.9	748.8	731.7	739.6	665.7
Mortgages:					
Mortgage Assets (\$)	700.6	709.5	664.6	660.5	589.9
MBS (\$) (excluding Freddie Mac MBS held in Portfolio)	1122.8	974.2	852.3	752.2	729.8
Mortgage Assets as % of Total Mortgage Portfolio	38.2	42.1	43.8	46.8	44.7
Capital:					
Core Capital ⁶ /MBS plus Total Assets (%)	1.9	2.0	2.1	2.1	2.0
Core Capital/Total Assets (%)	4.5	4.5	4.4	4.1	3.9

Source: Freddie Mac

¹ For years 2002 and 2003, data are based on restated and revised financial results.

² Taxable equivalent net interest income divided by average earning assets.

³ Guarantee fees divided by average MBS outstanding net of MBS held in portfolio.

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).

⁵ Paid common dividends as a percentage of net income available to common stockholders.

⁶ 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.

Table B. Fannie Mae Financial Highlights
SELECTED FINANCIAL HIGHLIGHTS
(Dollars in Billions)

EARNINGS PERFORMANCE:	2006	2005	2004	2003	2002
Net Income (\$)	N/A	6.3	5.0	8.1	3.9
Net Interest Income (\$)	N/A	11.5	18.1	19.5	18.4
Guarantee Fees (\$)	N/A	3.8	3.6	3.3	2.5
Net Interest Margin (%) ¹	N/A	1.3	1.9	2.1	2.2
Average Guarantee Fee (bps) ²	N/A	21.0	20.8	21.0	19.3
Return on Common Equity (%) ³	N/A	19.5	16.6	27.6	15.2
Dividend Payout Ratio (%) ⁴	N/A	17.2	42.1	20.8	34.5
BALANCE SHEET POSITION:					
Total Assets (\$)	N/A	834.2	1020.9	1022.3	904.7
Outstanding Debt (\$)	N/A	764.0	953.1	961.3	841.3
Mortgages:					
Mortgage Assets (\$)	N/A	736.8	925.2	919.6	820.6
MBS (\$) (excluding Fannie Mae MBS held in Portfolio)	1783.9	1598.9	1408.0	1300.5	1040.4
Mortgage Assets as % of Total Mortgage Portfolio	N/A	31.5	39.7	41.4	44.1
Capital:					
Core Capital ⁵ /MBS plus Total Assets (%)	N/A	1.6	1.4	1.2	1.1
Core Capital/Total Assets (%)	N/A	4.7	3.4	2.6	2.3

Source: Fannie Mae
N/A = Not Available

¹ Taxable equivalent net interest income divided by average earning assets.

² Guarantee fees divided by average MBS outstanding net of MBS held in portfolio.

³ Calculated as annualized net income available to common stockholders divided by average common stockholders' equity.

⁴ Paid common dividends as a percentage of net income available to common stockholders.

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.

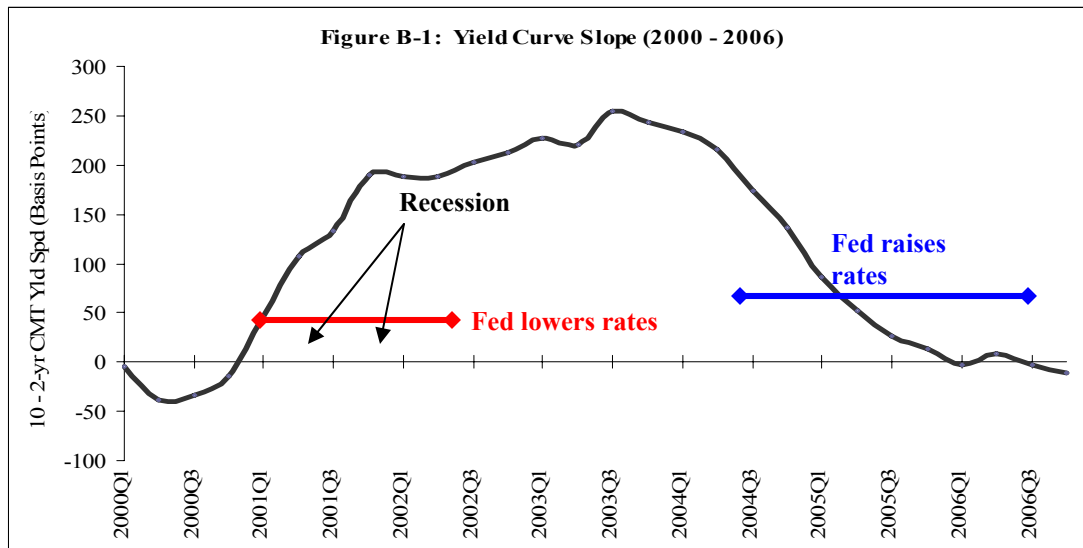
Box B
Changes in the Yield Curve and Enterprise Net Interest Margins

The net interest margins (NIMs) of Fannie Mae and Freddie Mac have come under considerable pressure in recent years. Commercial bank NIMs have also shown signs of deterioration, although not to the degree of those of the Enterprises. The changing shape of the yield curve, in particular the prolonged period of yield curve flatness, has been a major contributor to the recent downward pressure on NIMs at financial institutions.

Yield Curve Changes Since 2000

Normally, the yield curve slopes upward; that is, long-term interest rates are higher than short-term rates. However, since the start of the new millennium, the economy has experienced major yield curve shifts, ranging from major tightening, extreme steepness, and outright inversion. Between 2000 and the end of 2006, changes in the slope of the yield curve, as measured by the difference between the 10- and 2-year constant maturity Treasury (CMT) yields, ranged from negative 38 basis points to a positive 255 basis points. Those changes primarily reflected shifts in the monetary policy stance of the Federal Reserve System in response to changing economic conditions.

Between January 2001 and June 2003, the Fed lowered the federal funds target rate 13 times, by a total of 550 basis points, to 1.0 percent. During that period, the yield curve shifted from an inverted state to its normal upward slope, then became very steep and subsequently became slightly flatter. One year later, the Fed began a tightening cycle and, between June 2004 and June 2006, raised the federal funds target rate 17 times—by a total of 425 basis points—to 5.25 percent. The yield curve began a gradual downward shift in 2004, declined rapidly in 2005, and fluctuated between flat and inverted in 2006, ending the year slightly inverted (Figure B-1).



Sources: Haver Analytics and OFHEO

Behavior of Enterprise Net Interest Margins Since 2001

The net interest margin is broadly defined as net interest income as a percentage of average interest-bearing assets. For Fannie Mae and Freddie Mac, net interest income generally represents the

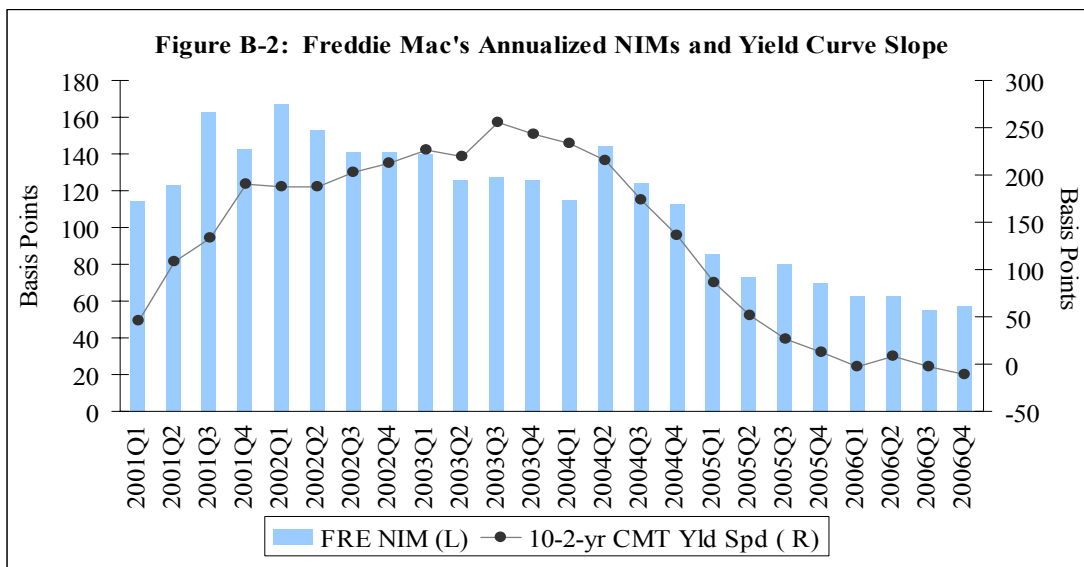
Box B (Continued)

difference between interest income on interest-earning assets and interest expense on debt used to fund those assets. The Enterprises' NIMs also incorporate the cost of non-interest bearing funding (equity) and, historically, certain derivative costs. Enterprise NIMs are generally stated on a fully tax-equivalent basis.

A number of factors affect NIMs at Fannie Mae and Freddie Mac, including the volume and mix of interest-earning assets and interest-bearing liabilities and the yields of those liabilities. In recent years, changes in the NIM of the Enterprises have been associated with the shape of the yield curve. In particular, recent flatness in the yield curve may have caused spreads between the yields of interest-earnings assets and the yields of interest-bearing liabilities to narrow. Mortgages are properly funded by a mix of short-term and long-term debt to match the expected payment streams over the lives of the assets. Changes in yield curve shapes can have a dramatic effect on near-term profits without greatly affecting expected profits over the lives of the assets. The steeper the yield curve, the lower are current funding costs compared to average expected funding costs over the lives of the mortgages. Thus, with a steep yield curve, profits are concentrated earlier in the lives of the loans.

Both Fannie Mae and Freddie Mac have experienced a significant decline in their NIMs in recent years. Their earnings have suffered as a result. Freddie Mac's NIMs, for example, were high from mid-2001 to mid-2004, when the slope of the yield curve was normal to steep. Beginning in the second quarter of 2004 and continuing generally through 2006, the NIM of Freddie Mac fell to very low levels. During that period, the yield curve gradually flattened and eventually inverted.

Figure B-2 illustrates the relationship between Freddie Mac's NIM and the slope of the yield curve during the period 2001 to 2006. (A similar time series is not available for Fannie Mae, which has not released 2006 financials or restated quarterly results for 2002 and 2003, but Freddie Mac's experience is broadly representative of that of both Enterprises.) That figure shows that the Enterprise's NIM was highest during periods when the yield curve was normal to steep, and lowest during periods of yield curve flattening.



Sources: Freddie Mac, Haver Analytics, and OFHEO

Box B (Continued)

Statistical Analysis of Enterprise NIMs and Yield Curve Changes

To help in evaluating those relationships, we examined a simple bi-variate regression model to assess their statistical significance and directional effects. The test examines annualized quarterly NIMs for the 6-year period 2001 to 2006 and corresponding spread between the quarterly average yields of the 10- and 2-year CMT, lagged two quarters. A two-quarter lag was used to allow for the gradual way in which the Enterprise's balance sheet adjusts to changes in interest rates.

The results show that, in the case of Freddie Mac, during the period 2001 and 2006, a 100 basis point quarterly change in the slope of the yield curve, on average, was associated with a change of 19 basis points, in the same direction, in the Enterprise's net interest margin. That association is statistically significant at the 95 percent confidence level.

$$\text{NIM}_{\text{FRE}} = 88.6 + 0.19 \text{YLDCRV}_{\text{Lag2}}$$

(8.1) (2.7) ('t' values are shown in parentheses)

$$R^2 = 0.50 \text{ and } N = 24 \text{ where}$$

NIM_{FRE} = Freddie Mac's net interest margin and

$\text{YLDCRV}_{\text{Lag2}}$ = the slope of the yield curve, as measured by the spread between the yields of the 10- and 2-year CMT, lagged two quarters.

With the tightening of monetary policy that began in the first quarter of 2004, the yield curve began to flatten steadily. In addition, in 2004 Freddie Mac discontinued hedge accounting for certain of its derivatives instruments. That had the effect of removing from the net interest income calculation certain interest expenses related to interest rate swaps.

To account for those discontinuities in the data, a similar model was estimated for the 11-quarter interval ending in December of 2006. The results show that a 100 basis point decline in the slope of the yield curve was associated with a decline in Freddie Mac's net interest margin of 29 basis points.

$$\text{NIM}_{\text{FRE}} = 53.4 + 0.29 \text{YLDCRV}_{\text{Lag2}}$$

(10.0) (7.6) ('t' values are shown in parentheses)

$$R^2 = 0.93 \text{ and } N = 11$$

Those estimated relationships are illustrative in nature, showing the strength of the relationships in past data, but not necessarily predictive of the effects of future yield curve changes. As noted earlier, other factors influence changes in an Enterprise's net interest margin, including the volume and mix of interest-earning assets and liabilities and the yields of those liabilities. However, the analysis suggests that unusually steep yield curves, such as those in 2002 and 2003, are associated with unsustainably high GAAP profits, while unusually flat curves, such as those in 2005 and 2006, may be associated with temporarily depressed profits.

Credit Losses Increase at Freddie Mac; Credit Loss Rate Remains Relatively Low

Credit losses for Freddie Mac, which include charge-offs and foreclosed property expenses and real-estate owned (REO) expenses/income, increased to \$207 million in 2006, up from \$149 million the year before. The increase reflected higher gross charge-offs and lower recoveries. Freddie Mac's credit loss rate (credit losses as a percentage of the average total mortgage portfolio, excluding non-Freddie Mac securities) rose to 1.4 basis points from 1.1 basis points the year before.

During 2006, Freddie Mac increased its total loan loss reserves to reflect incurred losses related to its single-family portfolio. The increase was partly offset by an \$82 million reversal to the provision for credit losses associated with Hurricane Katrina recorded in 2005. Reserves increased to \$420 million, from \$414 million the year before. The Enterprise's ratio of loan loss reserves to net charge-offs declined to 2.9 from 3.8 in 2005.

Single-Family Delinquency Rates Fall After Rise in Late 2005

The performance of single-family mortgages at Fannie Mae and Freddie Mac improved in 2006, but recent purchase trends may lead to weaker future performance. At Freddie Mac, the single-family delinquency rate, which rose in the fourth quarter of 2005 following hurricanes Katrina and Rita, declined during most of 2006 and ended the year at 0.53 percent, 16 basis points lower than the year-end 2005 level. The experience at Fannie Mae was similar. The Enterprise's single-family delinquency rate at year-end was 0.65 percent, 14 basis points lower than at the end of the previous year. While the Enterprises' delinquency rates remain relatively low, their increased investment in ARMs and non-traditional mortgages may expose them to higher levels of credit losses in the future.

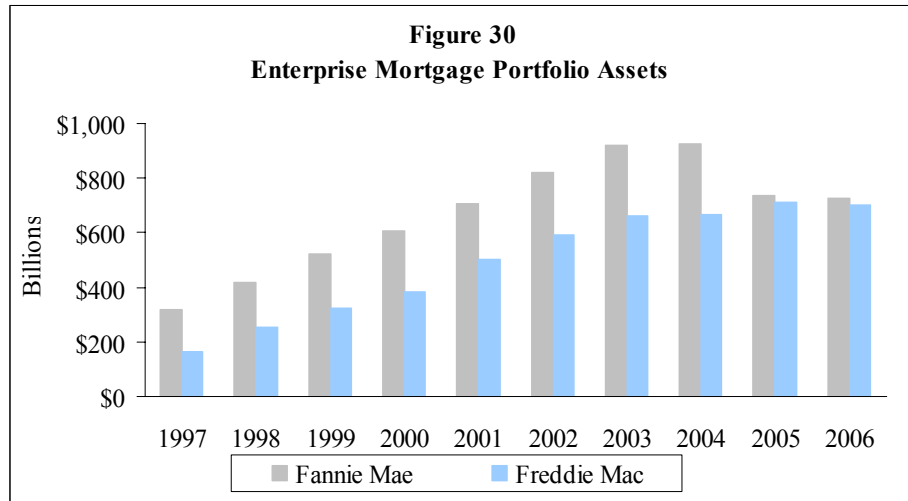
Administrative Expenses Rise Sharply at Fannie Mae and Moderately at Freddie Mac

Fannie Mae estimated its administrative expenses at \$3.1 billion in 2006, up 41 percent from \$2.2 billion the year before. The increase reflects costs associated with the restatement process and other remediation expenses, investigations, and litigation defense. The Enterprise's administrative expenses increased to 12.8 basis points of its average total mortgage portfolio from 9.5 basis points in 2005.

Freddie Mac's administrative expenses increased 6.9 percent in 2006, to \$1.6 billion. That increase was driven by higher salaries and employee benefits and professional services expense. Freddie Mac continued to increase staff to support its financial reporting and infrastructure. The increase in professional services expense was driven by continued improvements in the Enterprise's financial accounting systems and remediation activities. Despite higher administrative expenses, Freddie Mac's administrative expenses declined as a percent of its average total mortgage portfolio to 9.3 basis points from 9.7 basis points the year before.

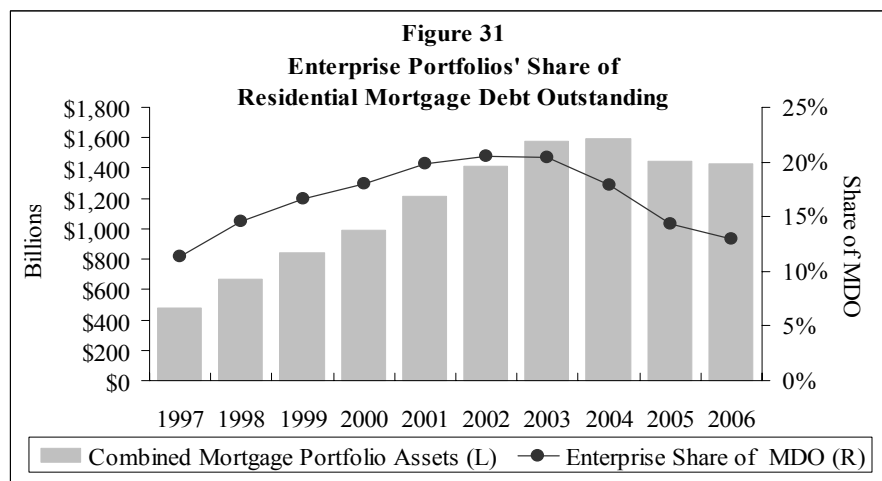
Mortgage Portfolio Assets Shrink; Portfolios' Share of Residential Mortgage Debt Outstanding Declines to Lowest Level in a Decade

The limits on portfolio growth and continued competition for mortgage assets, which compressed spreads and limited investment opportunities, resulted in a slight shrinkage in the mortgage portfolio assets of both Enterprises in 2006 (Figure 30). That was the second consecutive annual decline in Fannie Mae's portfolio assets, but the first annual decline experienced at Freddie Mac since 1987.



Sources: Fannie Mae and Freddie Mac

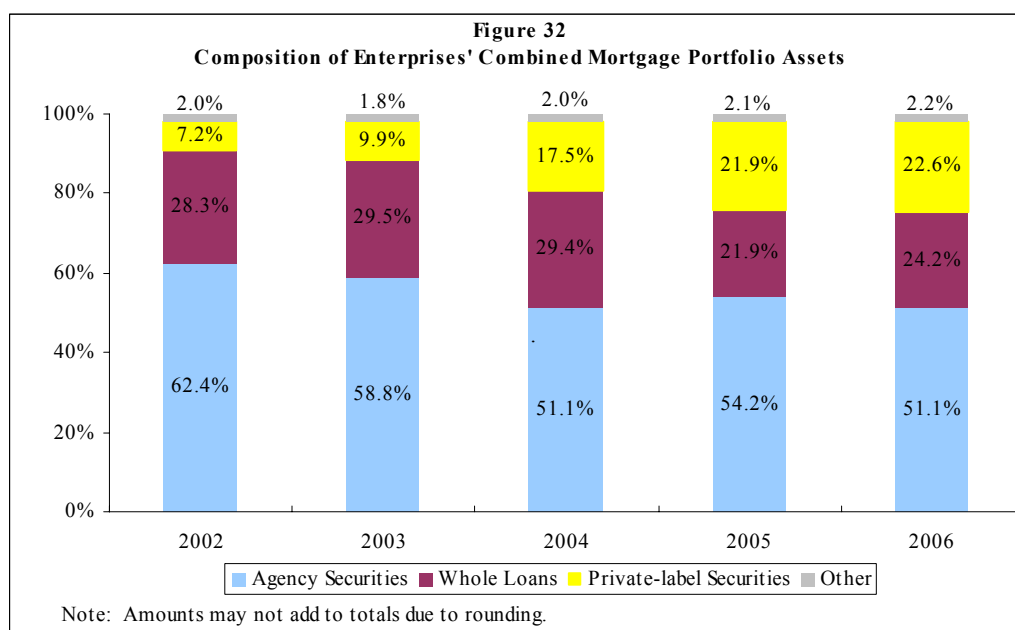
The combined mortgage portfolio assets of Fannie Mae and Freddie Mac also fell for the second consecutive year, although only marginally. With that decline, however, came a further decline in the mortgage portfolios' share of total mortgage debt outstanding (MDO). Their combined on-balance-sheet share of MDO was 18.0 percent at the start of the decade and increased to over 20.5 percent in 2002. However, by 2006, the mortgage portfolios' combined share of that debt had declined to about 12.9 percent, the lowest level since 1997 (Figure 31).



Sources: Fannie Mae, Freddie Mac and the Board of Governors of the Federal Reserve

The composition of the combined mortgage portfolio assets of Fannie Mae and Freddie Mac continues to change. Perhaps the most notable change to occur in the past five years is the increase in private-label securities. Their share increased from 7.2 percent of the combined portfolios' unpaid principal balance (UPB) in 2002 to 22.6 percent or \$332.2 billion in 2006. That was more than three times the level held in 2002. Freddie Mac accounted for approximately 70 percent of private-label securities held by the Enterprises at the end of 2006. Those securities typically consist of highly-rated (e.g., AAA/Aaa) tranches and are backed by adjustable-rate loans.

Of additional note is the declining share of agency (Enterprise and Ginnie Mae) securities held on the balance sheet. From 2002 to 2006, those securities declined from 62.4 percent of the combined portfolios' UPB to 51.1 percent or \$730.4 billion (UPB). That change was driven by reductions at Fannie Mae. Finally, the Enterprises' combined holdings of whole loans have declined since the high reached in 2004, a trend also driven primarily by reductions at Fannie Mae (Figure 32).



Sources: Fannie Mae and Freddie Mac

The Enterprises' combined holdings of multifamily mortgage debt increased in 2006. At the end of that year, the Enterprises carried \$157.5 billion (UPB) of multifamily mortgage debt on their combined balance sheets. That represented an increase of 19.8 percent or \$26.0 billion from the previous year, and accounted for 11.0 percent of the UPB of the combined mortgage portfolios, compared to 9.1 percent the year before.

Enterprise Total Funding Volume Decreases; Freddie Mac Resumes Issuance of Subordinated Debt

The amount and types of funding used by Fannie Mae and Freddie Mac depend, among other things, on the relative cost of alternative debt and derivative combinations and the amount and types of assets they acquire for their respective mortgage portfolios. Changes in the amount and

type of debt issued by the Enterprises in 2006 reflect changes in their portfolio purchase activities, portfolio management strategies, their liquid investment portfolios, and other assets.

Total new debt issuance volume decreased at both Enterprises in 2006. Combined, Fannie Mae and Freddie Mac issued \$3.2 trillion of new debt, down 18.0 percent or \$709.8 billion from the previous year. That decline was driven by a sharp decline in short-term debt issuance at both Enterprises. Short-term issuance totaled \$2.9 trillion in 2006, down 20.7 percent from the \$3.6 trillion volume issued in 2005. The Enterprises' issuance of long-term debt rose 12.2 percent in 2006, to \$364.1 billion. That increase was driven by increased issuance of callable debt. According to the Securities Industry and Financial Markets Association (SIFMA), callable debt issuance by Fannie Mae, Freddie Mac, and the Federal Home Loan Banks increased 21.2 percent in 2006, to \$390.0 billion, compared to \$321.7 billion in 2005. Fannie Mae and Freddie Mac combined accounted for approximately 60 percent of that total, with each Enterprise issuing a similar volume. Despite the decline in total debt issuance, the combined outstanding debt of Fannie Mae and Freddie Mac increased about one percent in 2006, to \$1.5 trillion.

After more than three years away from the subordinated debt market, Freddie Mac resumed issuing subordinated debt in 2006. The Enterprise issued approximately \$3.3 billion of non-callable subordinated debt in June and December 2006, including \$1.5 billion issued in December in exchange for previously issued subordinated debt. The June issue carries a coupon rate of 5.75 percent, whereas the December issue carries a coupon rate of 5.00 percent. At the end of the year, Freddie Mac's subordinated debt was rated AA- and Aa2 by Standard & Poor's and Moody's, respectively. At year's end, Freddie Mac had \$6.4 billion of subordinated debt outstanding.

Fannie Mae has not issued subordinated since 2003, but still had \$11.0 billion of subordinated debt outstanding at the end of 2006. The Enterprise's subordinated debt carried the same ratings as the subordinated debt of Freddie Mac.

During 2006, Freddie Mac repurchased \$2.0 billion of its outstanding common stock and issued \$1.5 billion of non-cumulative, perpetual preferred stock in connection with a plan to replace that common stock with an equal amount of preferred stock. During the first quarter of 2007, Freddie Mac issued \$1.1 billion of non-cumulative, perpetual preferred stock, including \$500 million to complete the planned common/preferred stock exchange.

Enterprises Continue to Manage Interest Rate Risk

Fannie Mae and Freddie Mac rely on a mixture of callable debt and derivatives to mitigate their exposure to interest rate risk. Those cash market and financial derivative instruments allow the Enterprises to reduce the effects of movements in the level of interest rates, changes in the shape of the yield curve, and changes in interest rate volatility. The Enterprises also manage their exposure to interest rate risk through asset selection. For instance, increased investment in ARM products in recent years has helped to reduce their exposure to convexity risk. Derivative instruments used by the Enterprises to manage their exposure to interest rate risk include primarily interest rate swaps, options (e.g., swaptions, caps and floors), and futures contracts.

Interest rates rose in the first half of 2006, generally causing prepayment speeds to slow and the duration of Enterprise mortgage portfolio assets to lengthen. Interest rates declined in the second half of the year, generally causing prepayment speeds to rise and the duration of Enterprise portfolio assets to shorten. In response to those and other changes, both Fannie Mae and Freddie Mac adjusted their hedging strategies. Those strategies resulted in higher derivative notional amounts outstanding at both Enterprises. As previously noted, both Fannie Mae and Freddie Mac also increased their use of callable debt in 2006 as callable debt continues to be an integral part of their asset/liability management strategies.

According to Fannie Mae's Form 12b-25 for the period ended December 31, 2006, the notional amount of its derivative contracts used to hedge interest rate risk increased by 15.8 percent, or \$101.5 billion, to \$745.7 billion in 2006. That increase reflects higher balances of both pay- and receive-fixed interest rate swaps, partially offset by a reduction in swaptions.

Freddie Mac increased the notional amount of its total derivatives portfolio by 10.8 percent, or \$73.8 billion, to \$757.2 billion in 2006. That increase reflects primarily an increase in interest rate swaps and call swaptions, partially offset by a decrease in futures contracts. The fair value of Freddie Mac's derivative contracts increased to \$7.7 billion from \$6.5 billion at year-end 2005. Interest rate swaps had a negative fair value of \$1.7 billion, whereas option-based and futures contracts had a combined fair value of \$9.4 billion. Approximately 25 percent of the total fair value was for contracts with maturities greater than 5 years, compared to 39.3 percent the year before.

Both Fannie Mae and Freddie Mac make monthly disclosures of their exposure to interest rate risk using various risk measurement tools that indicate the extent of some but not all aspects of their interest rate risks. Currently, Fannie Mae discloses information on its effective duration gap, which measures the difference between the duration of portfolio assets and liabilities. A positive duration gap indicates a greater exposure to declining interest rates, whereas a negative duration gap signals a greater exposure to rising rates. Freddie Mac's monthly risk disclosures are the duration gap and portfolio market value sensitivity (PMVS). PMVS measures the sensitivity of the Enterprise's portfolio market value attributable to common shareholders to adverse parallel (50 basis points) and non-parallel (25 basis points) shifts in the LIBOR yield curve. Results are expressed as a percentage of the fair value of net assets attributable to common shareholders. The lower the level of PMVS, the better protected the Enterprise is against the assumed changes in interest rate levels or the shape of the yield curve.

Risks, as measured by those indicators, were reasonably well contained in 2006. The duration gap at Fannie Mae and Freddie Mac averaged zero months, while Freddie Mac's monthly PMVS results for parallel and non-parallel interest rate shifts averaged one and zero percent, respectively. Those results fell well within the Enterprises' operating guidelines. Freddie Mac also estimates the sensitivity of its portfolio market value at the end of the year assuming an immediate, 100- basis-point parallel shift in the LIBOR yield curve. Those results show a pre-tax loss in portfolio market value of \$560 million, or 2 percent. That was down from a pre-tax loss of \$798 million, or 3 percent, the year before.

Enterprises Found to be Adequately Capitalized Throughout 2006; 30 Percent Capital Surplus Requirements Remain in Effect

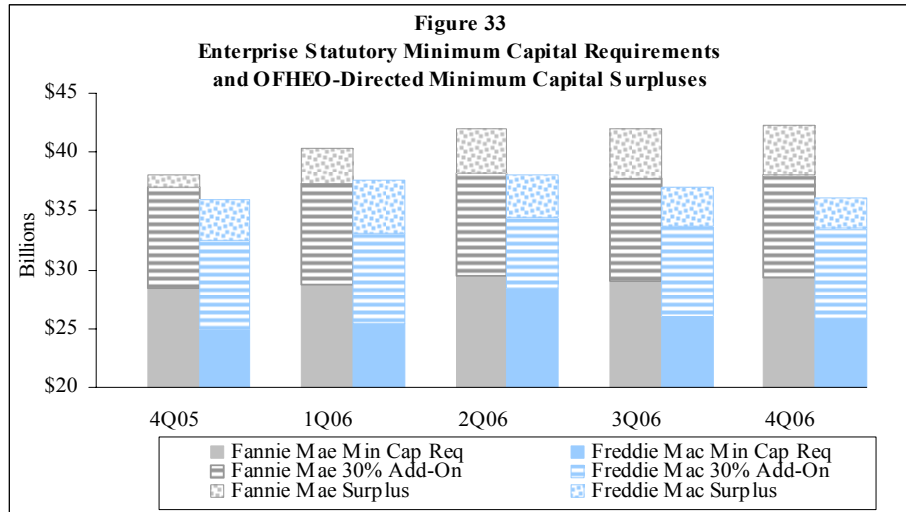
Fannie Mae and Freddie Mac are subject to capital adequacy standards established by the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (the Act). The regulatory framework incorporates two quantitative assessments of capital: a minimum and risk-based capital (RBC) standard. The Act requires the OFHEO Director to determine the capital level and classification of the Enterprises not less than quarterly, and to report the results to Congress. OFHEO classifies the Enterprises as adequately capitalized, undercapitalized, significantly undercapitalized, or critically undercapitalized. Federal statute requires the Enterprises to meet both the minimum capital and RBC standards to be classified as adequately capitalized.

Minimum capital represents an essential amount of capital needed to protect an Enterprise against broad categories of business risk. For purposes of minimum capital, an Enterprise is considered adequately capitalized if core capital equals or exceeds its minimum capital requirement. That requirement equals 2.5 percent of assets plus 0.45 percent of adjusted off-balance sheet obligations. OFHEO imposed a 30 percent surcharge of the minimum capital requirement on Freddie Mac in 2004 and Fannie Mae in 2005 because of elevated operational risk.

Each Enterprise's RBC requirement is the amount of total capital—core capital plus a general allowance for loan losses less specific reserves—that the Enterprise must hold to absorb projected losses resulting from adverse interest rate and credit risk conditions specified by statute, plus 30 percent mandated by statute to cover management and operations risk. The RBC standard is based on stress test results calculated for the two statutorily prescribed interest rate scenarios, one in which 10-year Treasury yields rise 75 percent (up-rate scenario) and another in which they fall 50 percent (down-rate scenario). The interest rate movements in both scenarios are generally capped at 600 basis points. Each Enterprise's RBC requirement is the amount of total capital that would enable it to survive the stress test in whichever scenario is more adverse for that Enterprise, plus 30 percent of that amount to cover management and operations risk.

Combined, Fannie Mae and Freddie Mac were required to hold \$2.2 billion more core capital at year-end 2006 than at the end of the previous year. That increase, which includes the 30 percent capital surcharge, was driven largely by expansion of the Enterprises' off-balance sheet obligations as their balance sheets showed little growth in 2006. At year-end, Fannie Mae's estimated core capital of \$42.3 billion exceeded its OFHEO-directed minimum requirement by \$4.2 billion. That represented a 10.9 percent surplus over the OFHEO-directed capital requirement.¹⁰ Freddie Mac's core capital of \$36.2 billion exceeded its OFHEO-directed minimum requirement by \$2.6 billion as of the end of the year. That represented a 7.7 percent surplus over the OFHEO-directed capital requirement (Figure 33).

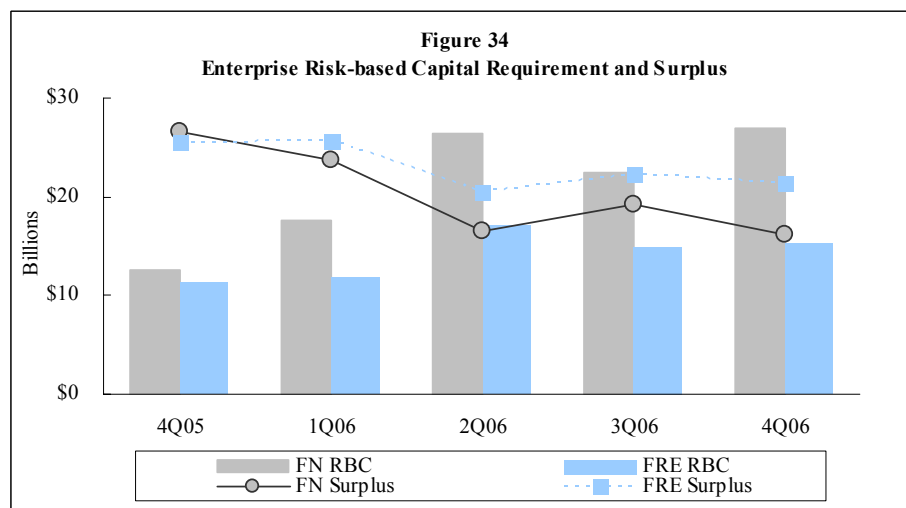
¹⁰ Fannie Mae's minimum, core, and RBC capital are adjusted for accounting errors identified to date. Those values are subject to revision based upon results of ongoing financial restatement and audit processes.



Sources: OFHEO, Fannie Mae, and Freddie Mac

Fluctuations in interest rates in 2006 caused the RBC requirements of Fannie Mae and Freddie Mac to vary widely. Fannie Mae’s requirement ranged from a low of \$17.5 billion in the first quarter to a high of \$26.9 billion in the fourth quarter. The Enterprise had estimated total capital of \$43.0 billion at the end of 2006, exceeding the RBC requirement in that quarter by \$16.2 billion, a factor of more than one-half. Fannie Mae’s RBC requirement was determined by the up-rate stress test in all but the second quarter.

Freddie Mac’s RBC requirement ranged from \$11.9 billion in the first quarter of 2006 to \$17.0 billion in the second quarter—its highest RBC requirement ever. Freddie Mac had total capital of \$36.7 billion at the end of 2006, about the same level as the end of 2005. That capital exceeded the Enterprise’s RBC requirement by \$21.4 billion, or more than 100 percent. Freddie Mac’s RBC requirement was due to the down-rate stress test in the first half of the year and the up-rate stress test in the second half of 2006 (Figure 34).



Sources: OFHEO, Fannie Mae, and Freddie Mac

Both Fannie Mae and Freddie Mac were classified as adequately capitalized throughout 2006.

HISTORICAL DATA TABLES

TABLE 1. FANNIE MAE MORTGAGE PURCHASES1

TABLE 1A. FANNIE MAE MORTGAGE PURCHASES DETAIL, BY TYPE OF LOAN2

TABLE 1B. FANNIE MAE PURCHASES OF MORTGAGE-RELATED SECURITIES -
PART 13

TABLE 1B. FANNIE MAE PURCHASES OF MORTGAGE-RELATED SECURITIES -
PART 2, PRIVATE-LABEL DETAIL.....4

TABLE 2. FANNIE MAE MBS ISSUANCES5

TABLE 3. FANNIE MAE EARNINGS6

TABLE 4. FANNIE MAE BALANCE SHEET7

TABLE 4A. FANNIE MAE TOTAL MBS OUTSTANDING DETAIL.....8

TABLE 5. FANNIE MAE RETAINED MORTGAGE PORTFOLIO DETAIL9

TABLE 5A. FANNIE MAE RETAINED MORTGAGE PORTFOLIO DETAIL - WHOLE
LOANS10

TABLE 5B. FANNIE MAE RETAINED MORTGAGE PORTFOLIO DETAIL - PART 1,
MORTGAGE-RELATED SECURITIES.....11

TABLE 5B. FANNIE MAE RETAINED MORTGAGE PORTFOLIO DETAIL - PART 2,
MORTGAGE-RELATED SECURITIES PRIVATE-LABEL DETAIL12

TABLE 5B. FANNIE MAE RETAINED MORTGAGE PORTFOLIO DETAIL - PART 3,
MORTGAGE-RELATED SECURITIES.....13

TABLE 6. FANNIE MAE FINANCIAL DERIVATIVES14

TABLE 7. FANNIE MAE NON-MORTGAGE INVESTMENTS.....15

TABLE 8. FANNIE MAE MORTGAGE ASSET QUALITY16

TABLE 9. FANNIE MAE CAPITAL17

TABLE 10. FREDDIE MAC MORTGAGE PURCHASES18

TABLE 10A. FREDDIE MAC MORTGAGE PURCHASES DETAIL, BY TYPE OF LOAN..19

TABLE 10B. FREDDIE MAC PURCHASES OF MORTGAGE-RELATED SECURITIES -
PART 120

TABLE 10B. FREDDIE MAC PURCHASES OF MORTGAGE-RELATED SECURITIES -
PART 2, PRIVATE-LABEL DETAIL.....21

TABLE 11. FREDDIE MAC MBS ISSUANCES22

TABLE 12. FREDDIE MAC EARNINGS23

TABLE 13. FREDDIE MAC BALANCE SHEET24

TABLE 13A. FREDDIE MAC TOTAL MBS OUTSTANDING DETAIL25

TABLE 14. FREDDIE MAC RETAINED MORTGAGE PORTFOLIO DETAIL.....26

TABLE 14A. FREDDIE MAC RETAINED MORTGAGE PORTFOLIO DETAIL – WHOLE
LOANS27

TABLE 14B. FREDDIE MAC RETAINED MORTGAGE PORTFOLIO DETAIL - PART 1,
MORTGAGE-RELATED SECURITIES.....28

TABLE 14B. FREDDIE MAC RETAINED MORTGAGE PORTFOLIO DETAIL - PART 2,
MORTGAGE-RELATED SECURITIES PRIVATE-LABEL DETAIL29

TABLE 14B. FREDDIE MAC RETAINED MORTGAGE PORTFOLIO DETAIL - PART 3,
MORTGAGE-RELATED SECURITIES.....30

TABLE 15. FREDDIE MAC FINANCIAL DERIVATIVES.....31

HISTORICAL DATA TABLES

TABLE 16. FREDDIE MAC NON-MORTGAGE INVESTMENTS	32
TABLE 17. FREDDIE MAC MORTGAGE ASSET QUALITY	33
TABLE 18. FREDDIE MAC CAPITAL	34
TABLE 19. COMBINED PURCHASES	35
TABLE 19A. COMBINED MORTGAGE PURCHASES DETAIL, BY TYPE OF LOAN	36
TABLE 19B. COMBINED PURCHASES OF MORTGAGE-RELATED SECURITIES	37
TABLE 20. COMBINED MBS ISSUANCES	38
TABLE 21. COMBINED EARNINGS	39
TABLE 22. COMBINED BALANCE SHEET	40
TABLE 22A. COMBINED MBS OUTSTANDING DETAIL	41
TABLE 23. COMBINED FINANCIAL DERIVATIVES	42
TABLE 24. COMBINED NON-MORTGAGE INVESTMENTS	43
TABLE 25. COMBINED CAPITAL	44
TABLE 26. LOAN LIMITS	45
TABLE 27. MORTGAGE INTEREST RATES	46
TABLE 28. HOUSING MARKET ACTIVITY	47
TABLE 29. WEIGHTED REPEAT SALES HOUSE PRICE INDEX	48

Table 1. Fannie Mae Mortgage Purchases¹

Period	Business Activity (\$ in Millions)			
	Purchases			
	Single-Family (\$)	Multifamily (\$)	Total Mortgages ² (\$)	Mortgage-Related Securities ³ (\$)
4Q06	133,335	5,852	139,187	21,039
3Q06	139,918	4,868	144,786	24,594
2Q06	128,690	4,592	133,282	39,357
1Q06	122,391	5,362	127,753	17,673
Annual Data				
2006	524,334	20,674	545,008	102,663
2005	537,004	21,485	558,489	60,821
2004	588,119	16,386	604,505	176,385
2003	1,322,193	31,196	1,353,389	408,606
2002	804,192	16,772	820,964	268,574
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 Applicable
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 Information included in the table and footnotes for 2006 is subject to change pending the preparation and completion of Fannie Mae's 2006 financial statements and required audits.

² Lender-originated MBS issuances and cash purchases.

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

Purchases (\$ in Millions) ²															
Period	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 (\$)								
4Q06	115,922	15,469	68	131,459	482	1,394	1,876	133,335	5,579	274	5,852	139,187			
3Q06	111,448	27,098	8	138,554	64	1,300	1,364	139,918	4,659	209	4,868	144,786			
2Q06	107,255	18,717	25	125,997	371	2,322	2,693	128,690	4,343	249	4,592	133,282			
1Q06	95,306	23,983	29	119,318	659	2,414	3,073	122,391	5,028	334	5,362	127,753			
Annual Data															
2006	429,931	85,267	130	515,328	1,576	7,430	9,006	524,334	19,609	1,065	20,674	545,008			
2005	416,720	111,935	116	528,771	2,285	5,948	8,232	537,004	21,343	142	21,485	558,489			
2004	527,456	46,772	51	574,279	9,967	3,873	13,840	588,119	13,684	2,702	16,386	604,505			
2003	1,236,045	64,980	93	1,301,118	18,032	3,043	21,075	1,322,193	28,071	3,125	31,196	1,353,389			
2002	738,177	48,617	40	786,834	15,810	1,548	17,358	804,192	15,089	1,683	16,772	820,964			
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	326,148			
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	166,455			
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	293,961			
1992	226,332	21,001	136	247,469	1,055	79	1,134	248,603	2,845	111	2,956	251,559			
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	10	25,939			
1981	4,260	107	176	4,543	2,284	0	2,284	6,827	0	2	2	6,829			
1980	2,802	0	0	2,802	5,272	0	5,272	8,074	0	27	27	8,101			
1979	5,410	0	0	5,410	5,388	0	5,388	10,798	0	9	9	10,807			
1978	5,682	0	0	5,682	6,620	0	6,620	12,302	0	3	3	12,305			
1977	2,366	0	0	2,366	2,284	0	2,284	4,650	0	134	134	4,784			
1976	2,513	0	0	2,513	824	0	824	3,337	0	295	295	3,632			
1975	547	0	0	547	3,099	0	3,099	3,646	0	674	674	4,320			
1974	1,128	0	0	1,128	3,618	0	3,618	4,746	0	2,273	2,273	7,019			
1973	939	0	0	939	3,231	0	3,231	4,170	0	2,082	2,082	6,252			
1972	55	0	0	55	2,541	0	2,541	2,596	0	1,268	1,268	3,864			
1971	0	0	0	0	2,742	0	2,742	2,742	0	1,298	1,298	4,040			

Source: Fannie Mae

¹ Information included in the table and footnotes for 2006 is subject to change pending the preparation and completion of Fannie Mae's 2006 financial statements and required audits.

² Lender-originated MBS issuances and cash purchases.

³ Includes balloons/resets.

⁴ Includes loans guaranteed by the Rural Housing Service.

Table 1b. Fannie Mae Purchases of Mortgage-Related Securities - Part 1¹

Period	Purchases (\$ in millions) ²															
	Fannie Mae Securities				Others' Securities										Mortgage Revenue Bonds	Total Mortgage-Related Securities
	Single-Family		Multi-Family	Total Fannie Mae	Freddie Mac				Ginnie Mae				Total Private-Label			
	Single-Family				Total Freddie Mac	Single-Family		Total Ginnie Mae								
	Fixed-Rate	Adjustable-Rate				Fixed-Rate	Adjustable-Rate									
(\$)	(\$)	(\$)				(\$)										
4Q06	4,132	915	81	5,128	217	107	0	324	0	0	0	0	0	15,573	14	21,039
3Q06	8,775	2,451	226	11,452	518	536	0	1,054	0	0	0	0	0	12,005	83	24,594
2Q06	9,534	7,806	-	17,340	92	2,736	0	2,828	0	0	0	0	0	19,147	42	39,357
1Q06	736	3,654	122	4,512	217	1,729	0	1,946	77	0	0	77	11,062	76	17,673	
Annual Data																
2006	23,177	14,826	429	38,432	1,044	5,108	0	6,152	77	0	0	77	57,787	215	102,663	
2005	8,035	5,285	877	14,197	121	3,450	0	3,571	0	0	0	0	41,265	1,788	60,821	
2004	42,300	21,281	1,159	64,740	6,546	8,228	0	14,774	0	0	0	0	90,747	6,124	176,385	
2003	341,461	5,842	1,225	348,528	19,340	502	0	19,842	36	0	0	36	34,032	6,168	408,606	
2002	238,711	4,219	1,572	244,502	7,856	101	0	7,957	4,425	0	0	4,425	7,416	4,273	268,574	
2001	Not Available	Not Available	Not Available	180,582	Not Available	Not Available	Not Available	20,072	Not Available	Not Available	Not Available	333	3,513	4,624	209,124	
2000	Before 2002	Before 2002	Before 2002	104,904	Before 2002	Before 2002	Before 2002	10,171	Before 2002	Before 2002	Before 2002	2,493	8,466	3,682	129,716	
1999				125,498				6,861				17,561	16,511	3,474	169,905	
1998				104,728				21,274				2,738	15,721	2,799	147,260	
1997				39,033				2,119				3,508	4,188	1,469	50,317	
1996				41,263				779				2,197	777	1,727	46,743	
1995				30,432				2,832				20	752	2,222	36,258	
1994				21,660				571				2,321	0	1,353	25,905	
1993				6,275				0				0	0	331	6,606	
1992				4,930				0				0	0	498	5,428	
1991				2,384				0				0	0	696	3,080	
1990				977				0				0	0	474	1,451	

Source: Fannie Mae

¹ Information included in the table and footnotes for 2006 is subject to change pending the preparation and completion of Fannie Mae's 2006 financial statements and required audits.

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

Table 1b. Fannie Mae Purchases of Mortgage-Related Securities - Part 2, Private-Label Detail¹

Period	Purchases (\$ in millions) ²					
	Private-Label					
	Single-Family				Multi-Family (\$)	Total Private-Label (\$)
	Manufactured Housing (\$)	Other ³		Total Other (\$)		
Fixed-Rate (\$)		Adjustable-Rate (\$)				
4Q06	0	0	11,369	11,369	4,204	15,573
3Q06	0	0	10,382	10,382	1,623	12,005
2Q06	0	485	16,520	17,005	2,142	19,147
1Q06	0	1,688	7,653	9,341	1,721	11,062
Annual Data						
2006	0	2,173	45,924	48,097	9,690	57,787
2005	0	3,642	37,623	41,265	-	41,265
2004	0	7,154	83,492	90,646	101	90,747
2003	0	7,832	26,139	33,971	61	34,032
2002	56	1,980	5,344	7,324	36	7,416
2001	Not Available	Not Available	Not Available	3,513	Not Available	3,513
2000	Before 2002	Before 2002	Before 2002	8,466	Before 2002	8,466
1999				16,511		16,511
1998				15,721		15,721
1997				4,188		4,188
1996				777		777
1995				752		752
1994				0		0
1993				0		0
1992				0		0
1991				0		0
1990				0		0

Source: Fannie Mae

¹ Information included in the table and footnotes for 2006 is subject to change pending the preparation and completion of Fannie Mae's 2006 financial statements and required audits.

² Not included in total mortgage purchases.

³ Includes mortgage-related securities collateralized by first lien loans to credit-impaired borrowers and may include some underlying loans which are home equity or second lien.

Table 2. Fannie Mae MBS Issuances¹

Period	Business Activity (\$ in Millions)			
	MBS Issuances ²			
	Single-Family MBS (\$)	Multifamily MBS (\$)	Total MBS (\$)	Multiclass MBS ³ (\$)
4Q06	123,303	921	124,224	18,119
3Q06	122,924	1,095	124,019	17,883
2Q06	117,739	1,163	118,902	45,247
1Q06	112,149	2,392	114,541	29,422
Annual Data				
2006	476,115	5,571	481,686	110,671
2005	500,759	9,379	510,138	123,813
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 Information included for 2002, 2003, 2004 and 2005 has been restated to reflect changes in Fannie Mae's accounting policies as described in Fannie Mae's Annual Reports on Form 10-K for the years ended December 31, 2004 and December 31, 2005.

² Includes unpaid principal balance of MBS issued and guaranteed by Fannie Mae, including mortgage loans held in the Enterprise's portfolio that Fannie Mae securitizes and MBS issues during the period that the Enterprise acquires for its portfolio.

³ Beginning in 2006, includes Grantor Trusts and REMICs as well as stripped MBS backed by Fannie Mae certificates.

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)	(\$)	(\$)	(\$)	(\$)	
4Q06	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
3Q06	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2Q06	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
1Q06	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Annual Data								
2006	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2005	11,505	3,779	21.0	2,115	428	6,347	19.5	
2004	18,081	3,604	20.8	1,656	363	4,967	16.6	
2003	19,477	3,281	21.0	1,454	353	8,081	27.6	
2002	18,426	2,516	19.3	1,156	273	3,914	15.2	
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 Information included for 2002, 2003, 2004 and 2005 has been restated to reflect changes in Fannie Mae's accounting policies as described in Fannie Mae's Annual Reports on Form 10-K for the years ended December 31, 2004 and December 31, 2005.

² Interest income net of interest expense.

³ Credit-related expenses include the provision for credit losses and foreclosed property expense (income).

⁴ Net income available to common stockholders divided by average outstanding common 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 (\$)
4Q06	N/A	N/A	N/A	N/A	N/A	42,295	N/A	1,783,928	453,022
3Q06	N/A	N/A	N/A	N/A	N/A	42,008	N/A	1,736,912	449,854
2Q06	N/A	N/A	N/A	N/A	N/A	42,037	N/A	1,683,335	436,983
1Q06	N/A	N/A	N/A	N/A	N/A	40,333	N/A	1,649,384	424,325
Annual Data									
2006	N/A	N/A	N/A	N/A	N/A	42,295	N/A	1,783,928	453,022
2005	834,168	736,803	46,016	764,010	39,302	39,433	42,199	1,598,918	388,905
2004	1,020,934	925,194	47,839	953,111	38,902	34,514	40,094	1,408,047	368,567
2003	1,022,275	919,589	59,518	961,280	32,268	26,953	28,393	1,300,520	398,516
2002	904,739	820,627	39,376	841,293	31,899	20,431	22,130	1,040,439	401,406
2001	799,948	706,347	65,982	763,467	18,118	25,182	22,675	863,445	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 Issued
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 and OFHEO

N/A = not available

¹ Information included for 2002, 2003, 2004 and 2005 has been restated to reflect changes in Fannie Mae's accounting policies as described in Fannie Mae's Annual Reports on Form 10-K for the years ended December 31, 2004 and December 31, 2005. Information included in the table and footnotes for 2006 is subject to change pending the preparation and completion of Fannie Mae's 2006 financial statements and required audits.

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

³ Gross retained portfolio net of unamortized purchase premium, discounts and cost basis adjustments, and, beginning in 2002, fair value adjustments on available-for-sale and trading securities.

The amounts for 1999 through 2001 include certain loans held for investment that were previously classified as non-mortgage investments.

⁴ Data reflects unpaid principal balance net of unamortized purchase premium, discounts and cost basis adjustments and fair value adjustment on available-for-sale securities. Values for years 1999 through 2001 excludes investments designated for securitization and resale. Prior to 1982, the majority of non-mortgage investments consisted of U.S. government securities and agency securities.

⁵ The sum of (a) the stated value of outstanding common stock (common stock less treasury stock); (b) the stated value of outstanding noncumulative perpetual preferred stock; (c) Fannie Mae's paid-in capital; and (d) retained earnings, less treasury stock. Core capital excludes accumulated other comprehensive income.

⁶ Unpaid principle balance of Fannie Mae MBS held by third party investors. The principal balance of resecuritized Fannie Mae MBS is included only once.

⁷ Beginning in 2006, includes securities guaranteed by Fannie Mae that are backed by Ginne Mae collateral and Grantor Trusts and REMICs as well as stripped MBS backed by Fannie Mae certificates.

Table 4a. Fannie Mae Total MBS Outstanding Detail¹

End of Period	Single-Family Mortgages ² (\$ in Millions)								Multifamily Mortgages ² (\$ 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 (\$)					
4Q06	1,487,172	230,333	0	1,717,505	17,428	453	17,881	41,897	6,645	48,542	1,783,928	
3Q06	1,430,836	231,374	0	1,662,210	18,160	491	18,651	49,308	6,743	56,051	1,736,912	
2Q06	1,381,087	224,219	0	1,605,306	19,487	543	20,030	50,882	7,117	57,999	1,683,335	
1Q06	1,338,908	229,698	0	1,568,606	20,636	596	21,232	52,211	7,335	59,546	1,649,384	
Annual Data												
2006	1,487,172	230,333	0	1,717,505	17,428	453	17,881	41,897	6,645	48,542	1,783,928	
2005	1,290,353	232,689	0	1,523,043	23,065	668	23,733	50,346	1,796	52,142	1,598,918	
2004	1,243,343	75,722	0	1,319,065	31,387	949	32,336	47,386	9,260	56,646	1,408,047	
2003	1,112,849	87,373	0	1,200,222	36,139	1,268	37,407	53,720	9,171	62,891	1,300,520	
2002	875,260	75,430	0	950,690	36,057	1,247	37,304	47,025	5,420	52,445	1,040,439	
2001	752,211	60,842	772	813,825	4,519	1,207	5,726	42,713	1,181	43,894	863,445	
2000	599,999	61,495	1,165	662,659	6,778	1,298	8,076	35,207	780	35,987	706,722	
1999	586,069	51,474	1,212	638,755	7,159	1,010	8,169	31,518	703	32,221	679,145	
1998	545,680	56,903	98	602,681	5,340	587	5,927	28,378	157	28,535	637,143	
1997	483,982	70,106	7	554,095	3,872	213	4,085	20,824	134	20,958	579,138	
1996	460,866	65,682	9	526,557	4,402	191	4,593	16,912	111	17,023	548,173	
1995	431,755	63,436	13	495,204	5,043	91	5,134	12,579	313	12,892	513,230	
1994	415,692	55,780	18	471,490	5,628	0	5,628	8,908	319	9,227	486,345	
1993	405,383	49,987	28	455,398	7,549	0	7,549	8,034	325	8,359	471,306	
1992	360,619	45,718	43	406,380	9,438	0	9,438	8,295	331	8,626	424,444	
1991	290,038	45,110	89	335,237	11,112	0	11,112	8,599	336	8,935	355,284	
1990	225,981	42,443	121	268,545	11,380	0	11,380	7,807	343	8,150	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 Information included for 2002, 2003, 2004 and 2005 has been restated to reflect changes in Fannie Mae's accounting policies as described in Fannie Mae's Annual Reports on Form 10-K for the years ended December 31, 2004 and December 31, 2005. Information included in the table and footnotes for 2006 is subject to change pending the preparation and completion of Fannie Mae's 2006 financial statements and required audits.

² Unpaid principle balance of Fannie Mae MBS held by third party investors. The principal balance of resecutitized Fannie Mae MBS is included only once.

Table 5. Fannie Mae Retained Mortgage Portfolio Detail¹

(\$ in Millions)						
End of Period	Whole Loans ^{2,3,4} (\$)	Fannie Mae Securities ^{2,5} (\$)	Other Mortgage-Related Securities ^{2,5} (\$)	Unamortized Premiums, Discounts, Deferred Adjustments, and Fair Value Adjustments on Securities ⁶ (\$)	Total Retained Mortgage Portfolio (\$)	
4Q06	279,146	298,756	146,498	N/A	N/A	
3Q06	273,732	310,219	141,582	N/A	N/A	
2Q06	262,625	325,436	142,849	N/A	N/A	
1Q06	258,104	328,206	135,253	N/A	N/A	
Annual Data						
2006	279,146	298,756	146,498	N/A	N/A	
2005	366,680	234,451	136,758	(1,086)	736,803	
2004	400,157	344,404	172,648	7,985	925,194	
2003	397,633	405,922	105,313	10,721	919,589	
2002	323,244	380,383	96,152	20,848	820,627	
2001	167,405	431,776	109,270	(2,104)	706,347	
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 Information included for 2002, 2003, 2004 and 2005 has been restated to reflect changes in Fannie Mae's accounting policies as described in Fannie Mae's Annual Reports on Form 10-K for the years ended December 31, 2004 and December 31, 2005. Information included in the table and footnotes for 2006 is subject to change pending the preparation and completion of Fannie Mae's 2006 financial statements and required audits.

² Unpaid principal balance.

³ For 1999, 2000, and 2001 includes certain loans held for investment that were classified as nonmortgage investments.

⁴ Includes mortgage-related securities that were consolidated as loans as of December 31, 2005, 2004, 2003 and 2002.

⁵ Excludes mortgage-related securities that were consolidated as loans as of December 31, 2005, 2004, 2003 and 2002.

⁶ Beginning in 2002, amounts include fair value adjustments on mortgage-related securities and securities commitments classified as trading and available-for-sale.

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

End of Period	Whole Loans (\$ in Millions) ^{2,3,4}									Total Whole Loans (\$)
	Single-Family					Multifamily				
	Conventional				Total	Total FHA/VA ⁶	Conventional	FHA/RHS	Total	
	Fixed-Rate ^{3,4,5}	Adjustable-Rate	Seconds	Total						
(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
4Q06	191,907	18,991	288	211,186	20,023	47,348	589	47,937	279,146	
3Q06	192,429	18,144	235	210,808	19,221	43,077	626	43,703	273,732	
2Q06	186,183	17,079	242	203,504	18,460	40,000	661	40,661	262,625	
1Q06	186,265	16,958	234	203,457	16,807	37,142	697	37,839	258,103	
Annual Data										
2006	191,907	18,991	288	211,186	20,023	47,348	589	47,937	279,146	
2005	261,214	38,331	220	299,765	15,036	50,731	1,148	51,879	366,680	
2004	307,048	38,350	177	345,575	10,112	43,396	1,074	44,470	400,157	
2003	335,812	19,155	233	355,200	7,284	33,945	1,204	35,149	397,633	
2002	282,899	12,142	416	295,457	6,404	19,485	1,898	21,383	323,244	
2001	140,454	10,427	917	151,798	5,069	8,987	1,551	10,538	167,405	
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 Information included for 2002, 2003, 2004 and 2005 has been restated to reflect changes in Fannie Mae's accounting policies as described in Fannie Mae's Annual Reports on Form 10-K for the years ended December 31, 2004 and December 31, 2005. Information included in the table and footnotes for 2006 is subject to change pending the preparation and completion of Fannie Mae's 2006 financial statements and required audits.

² Unpaid principal balance.

³ For 1999, 2000, and 2001 includes certain loans held for investment that were classified as nonmortgage investments.

⁴ Includes mortgage-related securities that were consolidated as loans as of December 31, 2005, 2004, 2003 and 2002.

⁵ Includes balloon/reset loans.

⁶ Includes loans guaranteed by the Rural Housing Service.

Table 5b. Fannie Mae Retained Mortgage Portfolio Detail - Part 1, Mortgage-Related Securities¹

End of Period	Mortgage-Related Securities (\$ in Millions) ^{2,3}														Total Private Label (\$)	Total Others' Securities (\$)
	Fannie Mae Securities					Others' Securities										
	Single-Family		Multi-Family (\$)	Total Fannie Mae (\$)	Freddie Mac					Ginnie Mae						
	Fixed-Rate (\$)	Adjustable-Rate (\$)			Single-Family		Multi-Family (\$)	Total Freddie Mac (\$)	Single-Family		Multi-Family (\$)	Total Ginnie Mae (\$)				
					Fixed-Rate (\$)	Adjustable-Rate (\$)			Fixed-Rate (\$)	Adjustable-Rate (\$)						
4Q06	256,745	33,976	8,035	298,756	17,304	12,773	0	30,077	1,837	0	56	1,893	97,530	129,500		
3Q06	265,822	36,052	8,345	310,219	17,716	13,226	0	30,942	1,935	0	56	1,991	91,245	124,178		
2Q06	280,678	36,356	8,402	325,436	17,891	13,362	0	31,253	2,052	0	57	2,109	91,747	125,109		
1Q06	288,463	31,022	8,721	328,206	18,448	11,184	0	29,632	2,193	0	57	2,250	85,009	116,891		
Annual Data																
2006	256,745	33,976	8,035	298,756	17,304	12,773	0	30,077	1,837	0	56	1,893	97,530	129,500		
2005	230,546	3,030	875	234,451	18,850	9,861	0	28,711	2,273	0	57	2,330	86,915	117,956		
2004	339,138	3,869	1,397	344,404	29,328	8,235	0	37,563	4,131	1	68	4,200	108,809	150,572		
2003	400,863	3,149	1,910	405,922	30,356	558	0	30,914	6,993	0	68	7,061	46,979	84,954		
2002	373,958	3,827	2,598	380,383	32,617	207	0	32,824	15,436	0	85	15,521	28,157	76,502		
2001	417,796	5,648	8,332	431,776	42,516	287	26	42,829	18,779	1	109	18,889	29,175	90,893		
2000	Not Available	Not Available	Not Available	351,066	Not Available	Not Available	Not Available	33,290	Not Available	Not Available	Not Available	23,768	34,266	91,324		
1999	Before 2001	Before 2001	Before 2001	281,714	Before 2001	Before 2001	Before 2001	25,577	Before 2001	Before 2001	Before 2001	23,701	31,673	80,951		
1998				197,375				23,453				8,638	19,585	51,676		
1997				130,444				5,262				7,696	5,554	18,512		
1996				102,607				3,623				4,780	1,486	9,889		
1995				69,729				3,233				2,978	747	6,958		
1994				43,998				564				3,182	1	3,747		
1993				24,219				Not Available				972	2	974		
1992				20,535				Before 1994				168	3	171		
1991				16,700								180	93	273		
1990				11,758								191	352	543		
1989				11,720								202	831	1,033		
1988				8,153								26	810	836		
1987				4,226								Not Available	1,036	1,036		
1986				1,606								Before 1988	1,591	1,591		
1985				435									Not Available	Not Available		
1984				477									Before 1986	Before 1986		
1983				Not Available										Before 1986		

Source: Fannie Mae

¹ Information included for 2002, 2003, 2004 and 2005 has been restated to reflect changes in Fannie Mae's accounting policies as described in Fannie Mae's Annual Reports on Form 10-K for the years ended December 31, 2004 and December 31, 2005. Information included in the table and footnotes for 2006 is subject to change pending the preparation and completion of Fannie Mae's 2006 financial statements and required audits.

² Unpaid principal balance.

³ Excludes mortgage related securities consolidated to loan at December 31, 2002, 2003, 2004 and 2005.

Table 5b. Fannie Mae Retained Mortgage Portfolio Detail - Part 2, Mortgage-Related Securities, Private-Label Detail¹

End of Period	Mortgage-Related Securities (\$ in Millions) ^{2,3}						
	Private-Label						
	Single-Family					Multi-Family (\$)	Total Private Label (\$)
	Manufactured Housing (\$)	Other ⁴			Total Other (\$)		
Fixed-Rate (\$)		Adjustable-Rate (\$)					
4Q06	4,589	12,111	70,738	82,849	10,092	97,530	
3Q06	4,778	13,212	67,365	80,577	5,890	91,245	
2Q06	4,981	14,373	68,121	82,494	4,272	91,747	
1Q06	5,200	14,591	63,085	77,676	2,133	85,009	
Annual Data							
2006	4,589	12,111	70,738	82,849	10,092	97,530	
2005	4,622	12,743	69,507	82,250	43	86,915	
2004	5,461	14,811	88,478	103,289	59	108,809	
2003	6,522	11,812	28,549	40,361	96	46,979	
2002	9,583	10,551	7,879	18,430	144	28,157	
2001	10,708	13,432	4,736	18,168	299	29,175	
2000	Not Available	Not Available	Not Available	24,794	Not Available	34,266	
1999	Before 2001	Before 2001	Before 2001	31,673	Before 2001	31,673	
1998				19,585		19,585	
1997				5,554		5,554	
1996				1,486		1,486	
1995				747		747	
1994				1		1	
1993				2		2	
1992				3		3	
1991				93		93	
1990				352		352	
1989				831		831	
1988				810		810	
1987				1,036		1,036	
1986				1,591		1,591	
1985				Not Available		Not Available	
1984				Before 1986		Before 1996	
1983							

Source: Fannie Mae

¹ Information included for 2002, 2003, 2004 and 2005 has been restated to reflect changes in Fannie Mae's accounting policies as described in Fannie Mae's Annual Report on Form 10-K for the year ended December 31, 2004 and December 31, 2005. Information included in the table and footnotes for 2006 is subject to change pending the preparation and completion of Fannie Mae's 2006 financial statements and required audits.

² Unpaid principal balance.

³ Excludes mortgage related securities consolidated to loan at December 31, 2002, 2003, 2004 and 2005.

⁴ Include mortgage-related securities collateralized by first lien loans to credit-impaired borrowers and may include some underlying loans which are home equity or second lien.

Table 5b. Fannie Mae Retained Mortgage Portfolio Detail - Part 3, Mortgage-Related Securities¹

End of Period	Mortgage-Related Securities (\$ in Millions)		(\$ in Millions)	
	Mortgage Revenue Bonds ² (\$)	Total Mortgage-Related Securities ² (\$)	Unamortized Premiums, Discounts, Deferred Adjustments, and Fair Value Adjustments on securities ³ (\$)	Total Retained Mortgage Portfolio (\$)
4Q06	16,999	445,254	N/A	N/A
3Q06	17,404	451,801	N/A	N/A
2Q06	17,739	468,285	N/A	N/A
1Q06	18,362	463,459	N/A	N/A
Annual Data				
2006	16,999	445,254	N/A	N/A
2005	18,802	371,209	(1,086)	736,803
2004	22,076	517,052	7,985	925,194
2003	20,359	511,235	10,721	919,589
2002	19,650	476,535	20,848	820,627
2001	18,377	541,046	(2,104)	706,347
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 Before 1986	(3,710)	94,123
1985	Not Available Before 1985	Not Available Before 1986	(4,040)	95,250
1984	Not Available Before 1985	Not Available Before 1986	(3,974)	84,695
1983	Not Available Before 1985	Not Available Before 1986	(3,009)	75,782
1982	Not Available Before 1985	Not Available Before 1986	(2,458)	69,842
1981	Not Available Before 1985	Not Available Before 1986	(1,783)	59,949
1980	Not Available Before 1985	Not Available Before 1986	(1,738)	55,878
1979	Not Available Before 1985	Not Available Before 1986	(1,320)	49,777
1978	Not Available Before 1985	Not Available Before 1986	(1,212)	42,103
1977	Not Available Before 1985	Not Available Before 1986	(1,125)	33,252
1976	Not Available Before 1985	Not Available Before 1986	(1,162)	31,775
1975	Not Available Before 1985	Not Available Before 1986	(1,096)	30,821
1974	Not Available Before 1985	Not Available Before 1986	(1,042)	28,665
1973	Not Available Before 1985	Not Available Before 1986	(870)	23,579
1972	Not Available Before 1985	Not Available Before 1986	(674)	19,650
1971	Not Available Before 1985	Not Available Before 1986	(629)	17,886

Source: Fannie Mae

N/A = not available

¹ Information included for 2002, 2003, 2004 and 2005 has been restated to reflect changes in Fannie Mae's accounting policies as described in Fannie Mae's Annual Report on Form 10-K for the year ended December 31, 2004 and December 31, 2005. Information included in the table and footnotes for 2006 is subject to change pending the preparation and completion of Fannie Mae's 2006 financial statements and required audits.

² Unpaid principal balance.

³ Beginning in 2002, amounts include fair value adjustments on mortgage-related securities and securities commitments classified as trading and available-for-sale.

Table 6. Fannie Mae Financial Derivatives^{1, 2}

End of Period	Financial Derivatives - Notional Amount Outstanding (\$ in Millions)							Total (\$)
	Interest Rate Swaps ³ (\$)	Interest Rate Caps, Floors, and Corridors (\$)	Foreign Currency Contracts (\$)	OTC Futures, Options, and Forward Rate Agreements (\$)	Mandatory Mortgage Purchase & Sell Commitments (\$)	Other (\$)		
4Q06	513,952	14,000	4,190	210,271	N/A	0	N/A	
3Q06	462,344	18,200	5,932	214,520	N/A	0	N/A	
2Q06	432,128	23,400	5,981	241,040	N/A	0	N/A	
1Q06	347,649	26,600	4,905	269,780	N/A	0	N/A	
Annual Data								
2006	513,952	14,000	4,190	210,271	N/A	0	N/A	
2005	306,984	33,000	5,485	298,685	39,194	0	N/A	
2004	256,216	104,150	11,453	318,275	40,600	0	730,694	
2003	598,288	130,350	5,195	305,175	43,560	0	1,082,568	
2002	253,211	122,419	3,932	275,625	Not Available	0	655,187	
2001	299,953	75,893	8,493	148,800	Before 2003	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 Before	50		1,050	10,200	
1990	4,800	0	1992	25		1,700	6,525	

Source: Fannie Mae

N/A = not available

¹ Information included for 2002, 2003, 2004 and 2005 has been restated to reflect changes in Fannie Mae's accounting policies as described in Fannie Mae's Annual Report on Form 10-K for the year ended December 31, 2004 and December 31, 2005. Information included in the table and footnotes for period 2006 is subject to change pending the preparation and completion of Fannie Mae's 2006 financial statements and required audits.

² Beginning in 2002, derivatives are accounted for on a settlement-date basis. For the periods prior to 2002, derivatives are accounted for on a trade-date basis.

³ Beginning in 2002, includes MBS options, swap credit enhancements and the fair value of mortgage insurance contracts that are accounted for as derivatives.

Table 7. Fannie Mae Non-Mortgage Investments¹

End of Period	Non-Mortgage Investments (\$ in Millions) ^{2,3}						Total (\$)
	Federal Funds and Eurodollars ⁴ (\$)	Asset Backed Securities	Repurchase Agreements ³	Commercial Paper and Corporate Debt ⁵ (\$)	Other ⁶ (\$)		
4Q06	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3Q06	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2Q06	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1Q06	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Annual Data							
2006	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2005	8,900	19,190	0	16,979	947		46,016
2004	3,860	25,644	70	16,435	1,829		47,839
2003	12,575	26,862	111	17,700	2,270		59,518
2002	150	22,312	181	14,659	2,074		39,376
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	9	0	0	0	227		236
1982	1,799	0	0	0	631		2,430
1981	Not Available Before 1982	Not Available Before 1982	Not Available Before 1982	Not Available Before 1982	Not Available Before 1982		1,047
1980	Not Available Before 1982	Not Available Before 1982	Not Available Before 1982	Not Available Before 1982	Not Available 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 Information included for 2002, 2003, 2004 and 2005 has been restated to reflect changes in Fannie Mae's accounting policies as described in Fannie Mae's Annual Reports on Form 10-K for the years ended December 31, 2004 and December 31, 2005.

² Data reflects unpaid principal balance net of unamortized purchase premium, discounts and cost basis adjustments and fair value adjustment on available-for-sale securities. 1999 through 2001 excludes investments designated for securitization and resale.

³ Prior to 1982, the majority of non-mortgage investments consisted of U.S. government securities and agency securities. As of 1999, Repurchase Agreements consist primarily of overnight investments that mature daily. 2002 through 2004 repurchase agreements consisted of advances to lenders.

⁴ Includes tri-party repo.

⁵ Includes commercial paper, floating rate notes, taxable auction notes, corporate bonds and auction rate preferred.

⁶ Includes US treasuries- defeasance, medium term notes, yankee CD's and domestic CD's and MetLife equity.

Table 8. 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 (%)	
4Q06	0.65	0.08	N/A	N/A	N/A	N/A
3Q06	0.61	0.11	N/A	N/A	N/A	N/A
2Q06	0.60	0.19	N/A	N/A	N/A	N/A
1Q06	0.67	0.26	N/A	N/A	N/A	N/A
Annual Data						
2006	0.65	0.08	N/A	N/A		N/A
2005	0.79	0.32	0.02	0.08		20.5
2004	0.63	0.11	0.01	0.07		20.5
2003	0.60	0.29	0.01	0.06		22.6
2002	0.57	0.08	0.01	0.05		26.8
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		
1988	0.88	6.60	0.11	0.15		Not Available Before 1990
1987	1.12	Not Available Before 1988	0.11	0.18		
1986	1.38		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 Before 1974		0.00	0.61		
1972			0.02	0.98		
1971			0.01	0.59		

Source: Fannie Mae

N/A = not available

¹ Information included for 2002, 2003, 2004 and 2005 has been restated to reflect changes in Fannie Mae's accounting policies as described in Fannie Mae's Annual Reports on Form 10-K for the year ended December 31, 2004 and December 31, 2005. Information included in the table and footnotes for 2006 is subject to change pending the preparation and completion of Fannie Mae's 2006 financial statements and required audits.

² Beginning with 1998, data include all seriously delinquent conventional loans with and without primary mortgage insurance and/or credit enhancement. Prior to 1988, data include all seriously delinquent loans for which Fannie Mae has primary risk of loss. Data prior to 1992 include loans in relief or bankruptcy, even if the loans are less than 90 days delinquent.

³ Beginning in 2002, data includes all loans and securities 60 days or more past due and is calculated based on UPB of delinquent multifamily loans owned by Fannie Mae or underlying Fannie Mae guaranteed securities. Beginning in 1998, data include all loans and securities 60 days or more past due and is calculated based on mortgage credit book of business. Data prior to 1998 include loans for which Fannie Mae has primary risk of loss. 2006 data has been updated to reflect new methodology.

⁴ Credit losses are charge-offs, net of recoveries and foreclosed property expense(income); 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 9. 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 (\$)	Minimum Capital Requirement (\$)	Minimum Capital Surplus (Deficit) ² (\$)	Total Capital ³ (\$)	Risk-Based Capital Requirement ⁴ (\$)	Risk-Based Capital Surplus (Deficit) ⁵ (\$)					
4Q06	42,295	29,332	12,963	43,046	26,870	16,176	57,735	N/A	N/A	N/A	
3Q06	42,008	29,010	12,998	41,820	22,524	19,296	54,325	N/A	N/A	N/A	
2Q06	42,037	29,419	12,618	42,888	26,330	16,558	46,730	N/A	N/A	N/A	
1Q06	40,333	28,708	11,625	41,174	17,533	23,641	49,932	N/A	N/A	N/A	
Annual Data											
2006	42,295	29,332	12,963	43,046	26,870	16,176	57,735	N/A	N/A	N/A	
2005	39,433	28,233	11,200	40,091	12,636	27,455	47,373	4.73	1.62	17.2	
2004	34,514	32,121	2,393	35,196	10,039	25,157	69,010	3.38	1.42	42.1	
2003	26,953	31,816	(4,863)	27,487	27,221	266	72,838	2.64	1.16	20.8	
2002	20,431	27,688	(7,257)	20,831	17,434	3,397	63,612	2.26	1.05	34.5	
2001	25,182	24,182	1,000	25,976	Not Applicable Before 2002	Not Applicable Before 2002	79,281	3.09	1.50	23.0	
2000	20,827	20,294	533	21,634			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 Before 1993	Not Applicable Before 1993	Not Applicable Before 1993	Not Applicable Before 1993			20,874	Not Applicable Before 1993	Not Applicable Before 1993	23.2	
1991							18,836			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 Before 1980			45.7	
1978										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 Information included for 2002, 2003, 2004 and 2005 has been restated to reflect changes in Fannie Mae's accounting policies as described in Fannie Mae's Annual Report on Form 10-K for the year ended December 31, 2004 and December 31, 2005. Information included in the table and footnotes for

2006 is subject to change pending the preparation and completion of Fannie Mae's 2006 financial statements and required audits.

² Effective September 30, 2005, OFHEO has directed Fannie Mae to maintain an additional 30% capital in excess of the statutory Minimum Capital Requirement. The Minimum Capital Requirement and Minimum Capital

Surplus numbers stated in this table do not reflect the inclusion of the additional 30% capital requirement. Minimum Capital Surplus is 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 the number of outstanding common shares.

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

Table 10. Freddie Mac Mortgage Purchases¹

Business Activity (\$ in Millions)				
Purchases²				
Period	Single-Family (\$)	Multifamily (\$)	Total Mortgages³ (\$)	Mortgage-Related Securities⁴ (\$)
4Q06	91,296	3,757	95,053	51,285
3Q06	91,899	2,687	94,586	44,927
2Q06	79,568	3,079	82,647	77,907
1Q06	88,507	3,508	92,015	67,086
Annual Data				
2006	351,270	13,031	364,301	241,205
2005	381,673	11,172	392,845	325,575
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 purchased non-Freddie Mac MBS and repurchased Freddie Mac MBS and structured securities.

⁴ Not included in total mortgages. For the period 2002 through the current period, amounts include non-Freddie Mac mortgage-related securities purchased for structured securities (e.g. alternative structured securities and structured securities backed by Ginnie Mae MBS). For 2001, amounts include alternative structured securities and exclude structured securities backed by Ginnie Mae MBS.

Table 10a. 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 (\$)						
4Q06	67,855	23,311	0	91,166	130	0	130	91,296	3,757	0	3,757	95,053	
3Q06	71,153	19,930	0	91,083	816	0	816	91,899	2,687	0	2,687	94,586	
2Q06	64,880	14,688	0	79,568	0	0	0	79,568	3,079	0	3,079	82,647	
1Q06	68,987	19,520	0	88,507	0	0	0	88,507	3,508	0	3,508	92,015	
Annual Data													
2006	272,875	77,449	0	350,324	946	0	946	351,270	13,031	0	13,031	364,301	
2005	313,842	67,831	0	381,673	0	0	0	381,673	11,172	0	11,172	392,845	
2004	293,830	60,663	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 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	
1983	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	
1982	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	
1981	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	
1980	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	
1979	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	
1978	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	
1977	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	
1976	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	
1975	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	
1974	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	
1973	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	
1972	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	
1971	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	

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 purchased non-Freddie Mac MBS and repurchased Freddie Mac MBS and structured securities.

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

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

Table 10b. Freddie Mac Purchases of Mortgage-Related Securities - Part 1¹

Period	Purchases (\$ in Millions) ²															
	Freddie Mac Securities					Others' Securities								Total Private-Label (\$)	Mortgage Revenue Bonds (\$)	Total Mortgage-Related Securities ³ (\$)
	Single-Family			Total Freddie Mac (\$)	Fannie Mae				Ginnie Mae							
	Fixed-Rate (\$)	Adjustable-Rate (\$)	Multifamily (\$)		Single-Family		Multifamily (\$)	Total Fannie Mae (\$)	Single-Family		Multifamily (\$)	Total Ginnie Mae (\$)				
					Fixed-Rate (\$)	Adjustable-Rate (\$)			Fixed-Rate (\$)	Adjustable-Rate (\$)						
4Q06	16,035	4,402	0		20,437	213	1,526	0	1,739	0	0	0	0			
3Q06	11,603	5,434	0	17,037	250	1,940	0	2,190	0	0	0	0	0	24,660	1,040	44,927
2Q06	31,023	7,800	0	38,823	1,837	3,482	0	5,319	0	0	0	0	0	32,498	1,267	77,907
1Q06	17,717	9,510	0	27,227	1,959	1,066	0	3,025	0	0	0	0	0	36,358	476	67,086
Annual Data																
2006	76,378	27,146	0	103,524	4,259	8,014	0	12,273	0	0	0	0	0	122,230	3,178	241,205
2005	106,682	29,805	0	136,487	2,854	3,368	0	6,222	64	0	0	64	0	179,962	2,840	325,575
2004	72,147	23,942	146	96,235	756	3,282	0	4,038	0	0	0	0	0	121,082	1,944	223,299
2003	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	266,989	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	47,806	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	166	0	69,154	963	385,078
2002	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	192,817	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	45,798	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	820	0	59,376	863	299,674
2001	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	157,339	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	64,508	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	1,444	0	24,468	707	248,466
2000	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	58,516	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	18,249	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	3,339	0	10,304	1,488	91,896
1999	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	69,219	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	12,392	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	3,422	0	15,263	1,602	101,898
1998	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	107,508	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	3,126	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	319	0	15,711	1,782	128,446
1997	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	31,296	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	897	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	326	0	1,494	1,372	35,385
1996	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	33,338	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	Not Available Before 1997	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	36,824
1995	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	32,534	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	Not Available Before 1997	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	39,292
1994	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	19,817	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	Not Available Before 1997	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	19,817
1993	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	Not Available Before 1994	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	Not Available Before 1997	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	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 Not included in total mortgages. For years 2002 through the current period, amounts include non-Freddie Mac mortgage-related securities purchased for structured securities (e.g. alternative structured securities and structured securities backed by Ginnie Mae MBS). For 2001, amount includes alternative structured securities and excludes structured securities backed by Ginnie Mae MBS.

Table 10b. Freddie Mac Purchases of Mortgage-Related Securities - Part 2, Private-Label Detail¹

Period	Purchases (\$ in Millions) ²					
	Private-Label					
	Single-Family				Multifamily (\$)	Total Private-Label (\$)
	Manufactured Housing (\$)	Other ³				
Fixed-Rate (\$)		Adjustable-Rate (\$)	Total Other (\$)			
4Q06	0	8	23,168	23,176	5,538	28,714
3Q06	0	6	21,696	21,702	2,958	24,660
2Q06	0	734	28,371	29,105	3,393	32,498
1Q06	0	18	32,263	32,281	4,077	36,358
Annual Data						
2006	0	766	105,498	106,264	15,966	122,230
2005	0	2,191	162,931	165,122	14,840	179,962
2004	0	1,379	108,825	110,204	10,878	121,082
2003	0	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	69,154
2002	318					
2001	0					24,468
2000	15					10,304
1999	3,293					15,263
1998	1,630					15,711
1997	36					1,494
1996	Not Available Before 1997					Not Available Before 1997
1995						
1994						
1993						

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 and non-Freddie Mac mortgage-related securities purchased for structured securities (e.g. alternative structured securities and structured securities backed by Ginnie Mae MBS).

Table 11. Freddie Mac MBS Issuances¹

Business Activity (\$ in Millions)					
MBS Issuances²					
Period	Single Family MBS³	Multifamily MBS	Total MBS³	Multiclass MBS⁴	
	(\$)	(\$)	(\$)	(\$)	
4Q06	91,540	507	92,047	30,956	
3Q06	93,266	68	93,334	45,831	
2Q06	80,930	43	80,973	47,200	
1Q06	93,357	312	93,669	45,409	
Annual Data					
2006	359,093	930	360,023	169,396	
2005	396,213	1,654	397,867	208,450	
2004	360,933	4,175	365,108	215,506	
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 the current period, 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 include resecuritization of MBS into multi-class securities.

Table 12. Freddie Mac Earnings¹

Earnings (\$ in Millions)								
Period	Net Interest Income (\$)	Guarantee Fee Income (\$)	Average Guarantee Fee (basis points)	Administrative Expenses ² (\$)	Credit-Related Expenses ³ (\$)	Net Income (\$)	Return on Equity ⁴ (%)	
4Q06	973	443	16.1	697	124	(480)	(9.8)	
3Q06	959	427	16.1	604	112	(715)	(14.8)	
2Q06	1,172	389	15.3	531	63	1,397	26.8	
1Q06	1,131	413	16.5	475	(24)	2,009	36.0	
Annual Data								
2006	4,235	1,672	16.0	2,307	275	2,211	8.7	
2005	5,370	1,450	15.9	2,306	291	2,130	7.7	
2004	9,137	1,382	17.5	1,821	140	2,937	10.2	
2003	9,498	1,653	23.3	1,877	2	4,816	17.2	
2002	9,525	1,527	22.2	1,406	126	10,090	47.2	
2001	7,448	1,381	23.8	1,024	39	3,158	20.2	
2000	3,758	1,243	23.7	825	75	3,666	39.0	
1999	2,926	1,019	19.8	655	159	2,223	25.5	
1998	2,215	1,019	21.4	578	342	1,700	22.6	
1997	1,847	1,082	22.9	495	529	1,395	23.1	
1996	1,705	1,086	23.4	440	608	1,243	22.6	
1995	1,396	1,087	23.8	395	541	1,091	22.1	
1994	1,112	1,108	24.4	379	425	983	23.3	
1993	772	1,009	23.8	361	524	786	22.3	
1992	695	936	24.7	329	457	622	21.2	
1991	683	792	23.7	287	419	555	23.6	
1990	619	654	22.4	243	474	414	20.4	
1989	517	572	23.4	217	278	437	25.0	
1988	492	465	21.5	194	219	381	27.5	
1987	319	472	24.2	150	175	301	28.2	
1986	299	301	22.4	110	120	247	28.5	
1985	312	188	22.1	81	79	208	30.0	
1984	213	158	24.7	71	54	144	52.0	
1983	125	132	26.2	53	46	86	44.5	
1982	30	77	24.5	37	26	60	21.9	
1981	34	36	19.5	30	16	31	13.1	
1980	54	23	14.3	26	23	34	14.7	
1979	55	18	13.2	19	20	36	16.2	
1978	37	14	14.9	14	13	25	13.4	
1977	31	9	18.9	12	8	21	12.4	
1976	18	3	13.6	10	(1)	14	9.5	
1975	31	3	24.8	10	11	16	11.6	
1974	42	2	25.5	8	33	5	4.0	
1973	31	2	32.4	7	15	12	9.9	
1972	10	1	39.4	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 2001 through 2003, data are based on restated and revised financial results.

² For years 2002 through the current period, includes total administrative expenses, realized losses on certain guarantees and other expenses. For years 2001 and 2000, includes salaries and employee benefits, occupancy expenses and other expenses.

³ For years 2002 through the current period, defined as provision for credit losses and real estate-owned operations income/expense. For years 2000 and 2001, include only the provision for credit losses.

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 13. 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 (\$)	Multiclass MBS Outstanding (\$)
4Q06	813,081	700,613	68,614	753,938	28,301	36,170	31,800	1,122,761	491,696
3Q06	827,197	699,789	82,998	769,907	29,031	37,035	32,200	1,083,976	489,004
2Q06	855,654	710,662	95,308	801,434	23,735	38,123	32,100	1,037,229	466,289
1Q06	819,067	708,464	70,428	765,326	25,386	37,591	31,600	1,015,268	452,367
Annual Data									
2006	813,081	700,613	68,614	753,938	28,301	36,170	31,800	1,122,761	491,696
2005	806,222	709,503	57,324	748,792	27,191	35,964	30,900	974,200	437,668
2004	795,284	664,582	62,027	731,697	31,416	35,009	30,900	852,270	390,516
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 Before 2001	576,101	309,185
1999	386,684	322,914	34,152	360,711	11,525	12,692	12,692	537,883	316,168
1998	321,421	255,670	42,160	287,396	10,835	10,715	10,715	478,351	260,504
1997	194,597	164,543	16,430	172,842	7,521	7,376	7,376	475,985	233,829
1996	173,866	137,826	22,248	156,981	6,731	6,743	6,743	473,065	237,939
1995	137,181	107,706	12,711	119,961	5,863	5,829	5,829	459,045	246,366
1994	106,199	73,171	17,808	93,279	5,162	5,169	5,169	460,656	264,152
1993	83,880	55,938	18,225	49,993	4,437	4,437	4,437	439,029	265,178
1992	59,502	33,629	12,542	29,631	3,570	Not Applicable Before 1993	Not Applicable Before 1993	407,514	218,747
1991	46,860	26,667	9,956	30,262	2,566	2,566	2,566	359,163	146,978
1990	40,579	21,520	12,124	30,941	2,136	2,136	2,136	316,359	88,124
1989	35,462	21,448	11,050	26,147	1,916	1,916	1,916	272,870	52,865
1988	34,352	16,918	14,607	26,882	1,584	1,584	1,584	226,406	15,621
1987	25,674	12,354	10,467	19,547	1,182	1,182	1,182	212,635	3,652
1986	23,229	13,093	Not Available Before 1987	15,375	953	953	953	169,186	5,333
1985	16,587	13,547	13,547	12,747	779	779	779	99,909	5,047
1984	13,778	10,018	10,018	10,999	606	606	606	70,026	3,214
1983	8,995	7,485	7,485	7,273	421	421	421	57,720	1,669
1982	5,999	4,679	4,679	4,991	296	296	296	42,952	Not Issued Before 1983
1981	6,326	5,178	5,178	5,680	250	250	250	19,897	Not Issued Before 1983
1980	5,478	5,006	5,006	4,886	221	221	221	16,962	Not Issued Before 1983
1979	4,648	4,003	4,003	4,131	238	238	238	15,316	Not Issued Before 1983
1978	3,697	3,038	3,038	3,216	202	202	202	12,017	Not Issued Before 1983
1977	3,501	3,204	3,204	3,110	177	177	177	6,765	Not Issued Before 1983
1976	4,832	4,175	4,175	4,523	156	156	156	2,765	Not Issued Before 1983
1975	5,899	4,878	4,878	5,609	142	142	142	1,643	Not Issued Before 1983
1974	4,901	4,469	4,469	4,684	126	126	126	780	Not Issued Before 1983
1973	2,873	2,521	2,521	2,696	121	121	121	791	Not Issued Before 1983
1972	1,772	1,726	1,726	1,639	110	110	110	444	Not Issued Before 1983
1971	1,038	935	935	915	107	107	107	64	Not Issued Before 1983

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. 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.

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.

Table 13a. 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					
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
4Q06	967,580	141,740	12	1,109,332	5,396	8,033	0	8,033	1,122,761
3Q06	939,456	130,847	10	1,070,313	5,668	7,995	0	7,995	1,083,976
2Q06	894,204	124,275	12	1,018,491	5,291	13,447	0	13,447	1,037,229
1Q06	870,355	125,282	14	995,651	5,720	13,897	0	13,897	1,015,268
Annual Data									
2006	967,580	141,740	12	1,109,332	5,396	8,033	0	8,033	1,122,761
2005	836,023	117,757	19	953,799	6,289	14,112	0	14,112	974,200
2004	736,332	91,474	70	827,876	9,254	15,140	0	15,140	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 structured securities for the period 2002 through the current period.

⁴ For the period 2002 through the current period, includes balloons/resets and certain alternative structured securities.

⁵ For the period 2002 through the current period, includes certain alternative structured securities.

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

⁷ Represents MBS and structured securities that are held by third parties. For the period 2002 through the current period, 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 14. 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 (\$)	
4Q06	65,847	354,262	283,850	(3,346)	700,613	
3Q06	64,077	357,278	281,423	(2,989)	699,789	
2Q06	63,704	368,455	290,379	(11,876)	710,662	
1Q06	62,935	364,609	288,192	(7,272)	708,464	
Annual Data						
2006	65,847	354,262	283,850	(3,346)	700,613	
2005	61,481	361,324	287,541	(843)	709,503	
2004	61,360	356,698	235,203	11,321	664,582	
2003	60,270	393,135	192,362	14,764	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 14a. Freddie Mac Retained Mortgage Portfolio Detail - 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					
(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
4Q06	19,211	1,233	0	20,444	196	45,204	3	45,207	65,847
3Q06	18,715	1,030	0	19,745	209	44,120	3	44,123	64,077
2Q06	18,644	973	0	19,617	223	43,861	3	43,864	63,704
1Q06	19,243	939	0	20,182	237	42,513	3	42,516	62,935
Annual Data									
2006	19,211	1,233	0	20,444	196	45,204	3	45,207	65,847
2005	19,238	903	0	20,141	255	41,082	3	41,085	61,481
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 2001 through the current period, includes loans guaranteed by the Rural Housing Service.

Table 14b. Freddie Mac Retained Mortgage Portfolio Detail - Part 1, Mortgage-Related Securities¹

End of Period	Mortgage-Related Securities (\$ in Millions) ²													
	Freddie Mac Securities ³					Others' Securities								
	Single-Family		Multifamily (\$)	Total Freddie Mac (\$)	Fannie Mae				Ginnie Mae				Total Private-Label (\$)	Total Others' Securities (\$)
	Fixed-Rate (\$)	Adjustable-Rate (\$)			Single-Family		Multifamily (\$)	Total Fannie Mae (\$)	Single-Family		Total Ginnie Mae (\$)			
					Fixed-Rate (\$)	Adjustable-Rate (\$)			Fixed-Rate (\$)	Adjustable-Rate (\$)				
4Q06	282,052	71,828	382	354,262	25,805	17,640	989	44,434	707	231	13	951	224,631	270,016
3Q06	284,623	72,272	383	357,278	26,797	17,008	1,076	44,881	799	246	13	1,058	221,867	267,806
2Q06	296,312	71,759	384	368,455	28,345	16,047	1,132	45,524	862	262	13	1,137	230,992	277,653
1Q06	296,109	68,115	385	364,609	28,705	13,547	1,245	43,497	937	227	13	1,177	231,841	276,515
Annual Data														
2006	282,052	71,828	382	354,262	25,805	17,640	989	44,434	707	231	13	951	224,631	270,016
2005	299,188	61,745	391	361,324	28,818	13,180	1,335	43,333	1,045	218	30	1,293	231,594	276,220
2004	304,555	51,737	406	356,698	41,828	14,504	1,672	58,004	1,599	81	31	1,711	166,411	226,126
2003	Not Available	Not Available	Not Available	393,135	Not Available	Not Available	Not Available	74,529	Not Available	Not Available	Not Available	2,760	107,301	184,590
2002	Before 2004	Before 2004	Before 2004	341,287	Before 2004	Before 2004	Before 2004	78,829	Before 2004	Before 2004	Before 2004	4,878	70,752	154,459
2001				308,427				71,128				5,699	42,336	119,163
2000				246,209				28,303				8,991	35,997	73,291
1999				211,198				13,245				6,615	31,019	50,879
1998				168,108				3,749				4,458	16,970	25,177
1997				103,400				Not Available				6,393	Not Available	Not Available
1996				81,195				Before 1998				7,434	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 the current period, includes structured securities backed by Ginnie Mae MBS which were previously classified as non-Freddie Mac mortgage-related securities.

Table 14b. Freddie Mac Retained Mortgage Portfolio Detail - Part 2, Mortgage-Related Securities, Private-Label Detail ¹

End of Period	Mortgage-Related Securities (\$ in Millions) ²						
	Private-Label						
	Single-Family				Multifamily (\$)	Total Private-Label (\$)	
	Manufactured Housing (\$)	Other ³					
Fixed-Rate (\$)		Adjustable-Rate (\$)	Total Other (\$)				
4Q06	1,510	4,280	174,081	178,361	44,760	224,631	
3Q06	1,550	4,530	176,377	180,907	39,410	221,867	
2Q06	1,593	4,835	185,689	190,524	38,875	230,992	
1Q06	1,636	4,450	185,595	190,045	40,160	231,841	
Annual Data							
2006	1,510	4,280	174,081	178,361	44,760	224,631	
2005	1,680	4,749	181,678	186,427	43,487	231,594	
2004	1,816	8,243	115,168	123,411	41,184	166,411	
2003	2,085	Not Available	Not Available	Not Available	Not Available	107,301	
2002	2,394	Before 2004	Before 2004	Before 2004	Before 2004	70,752	
2001	2,462					42,336	
2000	2,896					35,997	
1999	4,693					31,019	
1998	1,711					16,970	
1997	Not Available					Not Available	
1996	Before 1998					Before 1998	
1995							
1994							
1993							
1992							
1991							

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 home equity securities.

Table 14b. Freddie Mac Retained Mortgage Portfolio Detail - Part 3, Mortgage-Related Securities¹

End of Period	Mortgage-Related Securities (\$ in Millions)		(\$ in Millions)	
	Mortgage Revenue Bonds ² (\$)	Total Mortgage-Related Securities ² (\$)	Unamortized Premiums, Discounts, Deferred Fees, Plus Unrealized Gains/Losses on Available-for-Sale Securities ³ (\$)	Total Retained Mortgage Portfolio ⁴ (\$)
4Q06	13,834	638,112	(3,346)	700,613
3Q06	13,617	638,701	(2,989)	699,789
2Q06	12,726	658,834	(11,876)	710,662
1Q06	11,677	652,801	(7,272)	708,464
Annual Data				
2006	13,834	638,112	(3,346)	700,613
2005	11,321	648,865	(843)	709,503
2004	9,077	591,901	11,321	664,582
2003	7,772	585,497	14,764	660,531
2002	7,640	503,386	22,627	589,899
2001	7,257	434,847	6,130	503,769
2000	6,953	326,453	(242)	385,451
1999	5,690	267,767	(1,529)	322,914
1998	4,640	197,925	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 15. 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 (\$)
4Q06	440,879	0	29,234	251,110	2,000	20,400	2,605	10,012	957	757,197
3Q06	412,565	0	35,033	237,734	0	90,000	2,655	13,432	798	792,217
2Q06	418,144	0	35,363	240,276	8,194	95,740	2,701	24,623	771	825,812
1Q06	340,658	7	33,477	199,056	9,194	94,586	2,842	22,545	754	703,119
Annual Data										
2006	440,879	0	29,234	251,110	2,000	20,400	2,605	10,012	957	757,197
2005	341,008	45	37,850	193,104	0	86,252	2,414	21,961	738	683,372
2004	178,739	9,897	56,850	224,204	2,001	127,109	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	N/A	N/A	35,839	474,535
1999	126,580	19,936	1,097	172,750	8,894	94,987	Not Applicable	Not Applicable	0	424,244
1998	57,555	21,845	1,464	63,000	11,542	157,832	Before 2000	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

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

² Amounts for years 2002 through the current period are exchange-traded.

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

⁴ Commitments to purchase and sell mortgage loans and mortgage-related securities. Periods prior to 2004 include commitments to purchase and sell various debt securities.

⁵ Includes prepayment management agreement and swap guarantee derivatives.

Table 16. 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 (\$)	Other ² (\$)	Total (\$)
4Q06	19,778	32,122	3,250	11,191	2,273	68,614
3Q06	14,858	31,939	20,600	11,892	3,709	82,998
2Q06	36,452	30,318	9,367	14,430	4,741	95,308
1Q06	18,195	30,043	5,200	13,435	3,555	70,428
Annual Data						
2006	19,778	32,122	3,250	11,191	2,273	68,614
2005	9,909	30,578	5,250	5,764	5,823	57,324
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 For 2004 through the current period, amounts include obligations of states and municipalities classified as available-for-sale securities within the cash and investments portfolio. For 2003 and prior periods, 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 17. Freddie Mac Mortgage Asset Quality¹

Mortgage Asset Quality						
	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	
End of Period	(%)	(%)	(%)	(%)	(%)	(%)
4Q06	0.53	0.05	0.02	0.04	16.0	
3Q06	0.51	0.00	0.02	0.04	16.0	
2Q06	0.52	0.01	0.01	0.04	17.0	
1Q06	0.59	0.00	0.01	0.04	17.0	
Annual Data						
2006	0.53	0.05	0.01	0.04	17.0	
2005	0.69	0.00	0.01	0.04	17.0	
2004	0.73	0.06	0.01	0.05	19.0	
2003	0.86	0.05	0.01	0.06	21.0	
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. Rates for years 2000 through the current period are based on the total single-family loans in the Retained portfolio and Total Guaranteed PCs and Structured Securities issued, excluding that portion of Structured Securities that is backed by Ginnie Mae MBS. Includes delinquencies on mortgage loans where Freddie Mac has transferred primary or full default risk to various third parties as well as structured securities backed by alternative structured securities.

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 18. Freddie Mac Capital¹

End of Period	Capital (\$ in Millions)										
	Minimum Capital Requirement			Risk-Based Capital Requirement ⁸				Market Capitalization ⁶	Core Capital / Total Assets	Core Capital / Total MBS Outstanding plus Total Assets	Common Share Dividend Payout Rate ⁷
	Core Capital (\$)	Minimum Capital Requirement ² (\$)	Regulatory Capital Surplus (Deficit) ² (\$)	Total Capital ³ (\$)	Risk-Based Capital Requirement ⁴ (\$)	Risk-Based Capital Surplus (Deficit) ⁵ (\$)	(\$)				
4Q06	36,170	25,844	10,326	36,742	15,320	21,422	44,896	4.45	1.87	N/A	
3Q06	37,035	25,979	11,056	37,202	14,878	22,324	44,316	4.48	1.94	N/A	
2Q06	38,123	26,485	11,638	37,504	17,204	20,480	39,035	4.46	2.01	24.7	
1Q06	37,591	25,488	12,103	37,624	11,933	25,691	42,266	4.59	2.05	16.8	
Annual Data											
2006	36,170	25,844	10,326	36,742	15,320	21,422	44,896	4.45	1.87	67.7	
2005	35,964	25,010	10,954	36,781	11,282	25,499	45,269	4.46	2.02	56.4	
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 Available	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.

² Since 4Q 2003, OFHEO has directed Freddie Mac to maintain an additional 30% capital in excess of the statutory Minimum Capital Requirement. The Minimum Capital Requirement and Minimum Capital Surplus numbers stated in this chart do not reflect the inclusion of the additional 30% capital requirement. Minimum Capital Surplus is the difference between Core Capital and Minimum Capital Requirement.

³ Total capital includes Core Capital and general reserves for mortgage and foreclosure losses.

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 Risk-Based Capital Requirement.

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

⁷ Common dividends paid as a percentage of net income available to common stockholders. For 3Q06 and 4Q06 net income available to common stockholders was a loss thus this calculation is not applicable.

⁸ Based on unrevised data. OFHEO determined risk-based capital resubmissions are not required.

Table 19. Combined Purchases¹

Period	Business Activity (\$ in Millions)			
	Purchases			
	Single-Family (\$)	Multifamily (\$)	Total Mortgages (\$)	Mortgage-Related Securities (\$)
4Q06	224,631	9,609	234,240	72,324
3Q06	231,817	7,555	239,372	69,521
2Q06	208,258	7,671	215,929	117,264
1Q06	210,898	8,870	219,768	84,759
Annual Data				
2006	875,604	33,705	909,309	343,868
2005	918,677	32,657	951,334	386,396
2004	942,931	29,098	972,029	399,684
2003	2,023,676	46,488	2,070,164	793,684
2002	1,337,386	27,426	1,364,812	568,248
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

¹ See notes to Tables 1 and 10.

Table 19a. 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 (\$)						
4Q06	183,777	38,780	68	222,625	612	1,394	2,006	224,631	9,336	274	9,609	234,240	
3Q06	182,601	47,028	8	229,637	880	1,300	2,180	231,817	7,346	209	7,555	239,372	
2Q06	172,135	33,405	25	205,565	371	2,322	2,693	208,258	7,422	249	7,671	215,929	
1Q06	164,293	43,503	29	207,825	659	2,414	3,073	210,898	8,536	334	8,870	219,768	
Annual Data													
2006	702,806	162,716	130	865,652	2,522	7,430	9,952	875,604	32,640	1,065	33,705	909,309	
2005	730,562	179,766	116	910,444	2,285	5,948	8,232	918,677	32,515	142	32,657	951,334	
2004	821,286	107,435	51	928,772	10,286	3,873	14,159	942,931	26,396	2,702	29,098	972,029	
2003	1,853,841	147,250	93	2,001,184	19,449	3,043	22,492	2,023,676	43,363	3,125	46,488	2,070,164	
2002	1,207,078	112,065	40	1,319,183	16,655	1,548	18,203	1,337,386	25,743	1,683	27,426	1,364,812	
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	0	5,415	182,574	
1985	70,219	11,341	905	82,465	2,172	16	2,188	84,653	3,102	0	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

¹ See notes to Tables 1a and 10a.

Table 19b. Combined Purchases of Mortgage-Related Securities¹

Period	Purchases (\$ in millions)							Total Mortgage-Related Securities (\$)
	Enterprise Securities (\$)	Others' Securities				Mortgage Revenue Bonds (\$)		
		Ginnie Mae (\$)	Private-Label					
			Manufactured Housing (\$)	Other (\$)	Total Private-Label (\$)			
4Q06	27,628	0	0	44,287	44,287	409	72,324	
3Q06	31,733	0	0	36,665	36,665	1,123	69,521	
2Q06	64,310	0	0	51,645	51,645	1,309	117,264	
1Q06	36,710	77	0	47,420	47,420	552	84,759	
Annual Data								
2006	160,381	77	0	180,017	180,017	3,393	343,868	
2005	160,477	64	0	221,227	221,227	4,628	386,396	
2004	179,787	0	0	211,829	211,829	8,068	399,684	
2003	683,165	202	0	Not Available	103,186	7,131	793,684	
2002	491,074	5245	374	Before 2004	66,792	5,136	568,248	
2001	422,501	1777	Not Available		27,981	5,331	457,590	
2000	191,840	5832	Before 2002		18,770	5,170	221,612	
1999	213,970	20983			31,774	5,076	271,803	
1998	236,636	3057			31,432	4,581	275,706	
1997	73,345	3834			5,682	2,841	85,702	
1996	Not Available	Not Available			Not Available	Not Available	83,567	
1995	Before 1997	Before 1997			Before 1997	Before 1997	75,550	
1994							45,722	
1993							Not Available Before 1994	

Sources: Fannie Mae and Freddie Mac

¹ See notes to Tables 1b and 10b, Parts 1 and 2.

Table 20. Combined MBS Issuances¹

Period	Business Activity (\$ in Millions)			
	MBS Issuances			
	Single-Family MBS (\$)	Multifamily MBS (\$)	Total MBS (\$)	Multiclass MBS (\$)
4Q06	214,843	1,428	216,271	49,075
3Q06	216,190	1,163	217,353	63,714
2Q06	198,669	1,206	199,875	92,447
1Q06	205,506	2,704	208,210	74,831
Annual Data				
2006	835,208	6,501	841,709	280,067
2005	896,972	11,033	908,005	332,263
2004	906,376	11,029	917,405	310,192
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	2,625
1984	Not Available	Not Available	32,230	1,805
1983	Before 1985	Before 1985	33,031	1,685
1982			38,139	Not Issued
1981			4,243	Before 1983

Sources: Fannie Mae and Freddie Mac

¹ See notes to Tables 2 and 11.

Table 21. Combined Earnings¹

Period	Earnings (\$ in Millions)				
	Net Interest Income (\$)	Guarantee Fee Income (\$)	Administrative Expenses (\$)	Credit-Related Expenses (\$)	Net Income (\$)
4Q06	N/A	N/A	N/A	N/A	N/A
3Q06	N/A	N/A	N/A	N/A	N/A
2Q06	N/A	N/A	N/A	N/A	N/A
1Q06	N/A	N/A	N/A	N/A	N/A
Annual Data					
2006	N/A	N/A	N/A	N/A	N/A
2005	16,875	5,229	4,421	719	8,477
2004	27,218	4,986	3,477	503	7,904
2003	28,975	4,934	3,331	355	12,897
2002	27,951	4,043	2,562	399	14,004
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	23	70	42	48
1979	377	18	65	55	198
1978	331	14	53	49	234
1977	282	9	44	36	186
1976	221	3	40	24	141
1975	205	3	37	27	131
1974	184	2	31	50	112
1973	211	2	25	27	138
1972	148	1	18	9	100
1971	59	1	Not Available	Not Available	67
			Before 1972	Before 1972	

Sources: Fannie Mae and Freddie Mac

N/A = not available

¹ See notes to Tables 3 and 12.

Table 22. Combined Balance Sheet¹

End of Period	Balance Sheet (\$ in Millions)							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 (\$)	Total MBS Outstanding (\$)	Multiclass MBS Outstanding (\$)
4Q06	N/A	N/A	N/A	N/A	N/A	78,465	N/A	2,906,689	944,718
3Q06	N/A	N/A	N/A	N/A	N/A	79,043	N/A	2,820,888	938,858
2Q06	N/A	N/A	N/A	N/A	N/A	80,160	N/A	2,720,564	903,272
1Q06	N/A	N/A	N/A	N/A	N/A	77,924	N/A	2,664,652	876,692
Annual Data									
2006	N/A	N/A	N/A	N/A	N/A	78,465	N/A	2,906,689	944,718
2005	1,640,390	1,446,306	103,340	1,512,802	66,493	75,397	73,099	2,573,118	826,573
2004	1,816,218	1,589,776	109,866	1,684,808	70,318	69,523	70,994	2,260,317	759,083
2003	1,825,724	1,580,120	112,642	1,700,893	63,755	59,938	55,693	2,052,684	746,349
2002	1,656,988	1,410,526	131,247	1,506,989	63,229	49,421	45,030	1,770,248	793,951
2001	1,441,048	1,210,116	155,831	1,341,835	37,742	45,363	40,975	1,516,529	692,109
2000	1,134,521	993,182	95,868	1,069,581	35,675	35,207	Not Available	1,282,823	643,693
1999	961,992	846,017	71,451	908,330	29,154	30,568	Before 2001	1,217,028	651,682
1998	806,567	671,104	100,675	747,687	26,288	26,180		1,115,494	622,117
1997	586,270	481,135	81,026	542,616	21,314	21,169		1,055,123	622,189
1996	524,907	424,354	78,854	488,251	19,504	19,516		1,021,238	577,737
1995	453,731	360,574	69,984	419,135	16,822	16,788		972,275	599,894
1994	378,707	293,986	64,143	350,509	14,703	14,710		947,001	642,885
1993	300,859	246,107	39,621	251,105	12,489	12,489		910,335	647,043
1992	240,480	189,889	32,116	195,931	10,344	Not Applicable		831,958	531,116
1991	193,932	153,346	19,792	164,199	8,113	Before 1993		714,447	371,784
1990	173,692	135,586	21,992	154,344	6,077			604,434	215,402
1989	159,777	129,429	19,388	142,211	4,907			489,382	117,691
1988	146,610	117,017	19,896	132,341	3,844			396,503	42,281
1987	129,133	106,019	13,935	116,604	2,993			348,369	15,011
1986	122,850	107,216	Not Available	108,938	2,135			264,754	5,333
1985	115,663	108,156	Before 1987	106,732	1,788			154,461	5,047
1984	101,576	94,153		94,718	1,524			105,764	3,214
1983	87,378	82,732		81,867	1,421			82,841	1,669
1982	78,980	74,035		74,605	1,249			57,402	Not Issued
1981	67,904	64,807		64,231	1,330			20,614	Before 1983
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 13.

Table 22a. 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 (\$)					
4Q06	2,454,752	372,073	12	2,826,837	23,277	49,930	6,645	56,575	2,906,689
3Q06	2,370,292	362,221	10	2,732,523	24,319	57,303	6,743	64,046	2,820,888
2Q06	2,275,291	348,494	12	2,623,797	25,321	64,329	7,117	71,446	2,720,564
1Q06	2,209,263	354,980	14	2,564,257	26,952	66,108	7,335	73,443	2,664,652
Annual Data									
2006	2,454,752	372,073	12	2,826,837	23,277	49,930	6,645	56,575	2,906,689
2005	2,126,376	350,446	19	2,476,842	30,022	64,458	1,796	66,254	2,573,118
2004	1,979,675	167,196	70	2,146,941	41,590	62,526	9,260	71,786	2,260,317
2003	1,762,548	161,782	140	1,924,470	49,564	69,479	9,171	78,650	2,052,684
2002	1,522,863	136,540	5	1,659,408	49,665	55,755	5,420	61,175	1,770,248
2001	1,361,501	83,367	782	1,445,650	19,853	49,845	1,181	51,026	1,516,529
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 13a.

Table 23. 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 (\$)
4Q06	954,831	14,000	33,424	461,381	N/A	N/A	N/A	N/A	957	N/A
3Q06	874,909	18,200	40,965	452,254	N/A	N/A	N/A	N/A	798	N/A
2Q06	850,272	23,400	41,344	481,316	N/A	N/A	N/A	N/A	771	N/A
1Q06	688,307	26,607	38,382	468,836	N/A	N/A	N/A	N/A	754	N/A
Annual Data										
2006	954,831	14,000	33,424	461,381	N/A	N/A	N/A	N/A	957	N/A
2005	647,992	33,045	43,335	491,789	N/A	N/A	N/A	61,155	738	N/A
2004	434,955	114,047	68,303	542,479	N/A	N/A	N/A	73,552	114,100	1,487,472
2003	885,880	141,658	51,707	654,825	N/A	N/A	N/A	133,080	152,579	2,166,439
2002	543,307	134,082	47,619	553,494	N/A	N/A	N/A	Not Available	117,219	1,833,131
2001	742,724	88,071	32,488	336,286	N/A	N/A	N/A	Before 2003	0	1,703,917
2000	505,539	46,482	19,719	166,979	N/A	N/A	N/A		35,839	799,275
1999	318,612	48,886	12,604	213,831	N/A	N/A	N/A		1,400	699,214
1998	200,401	36,345	14,459	76,481	N/A	N/A	N/A		3,735	500,795
1997	203,845	22,095	11,120	6,000	N/A	N/A	N/A		1,660	256,948
1996	204,786	14,395	2,973	0	N/A	N/A	N/A		350	223,155
1995	171,063	13,355	1,224	29	N/A	N/A	N/A		975	186,670
1994	109,304	9,363	1,023	0	N/A	N/A	N/A		1,465	121,154
1993	67,346	1,860	1,023	0	N/A	N/A	N/A		1,425	71,653

Sources: Fannie Mae and Freddie Mac

N/A = not available

¹ See notes to tables 6 and 15.

Table 24. 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 (\$)
4Q06	N/A	N/A	N/A	N/A	N/A	N/A
3Q06	N/A	N/A	N/A	N/A	N/A	N/A
2Q06	N/A	N/A	N/A	N/A	N/A	N/A
1Q06	N/A	N/A	N/A	N/A	N/A	N/A
Annual Data						
2006	N/A	N/A	N/A	N/A	N/A	N/A
2005	18,809	49,768	5,250	22,743	6,770	103,340
2004	22,507	47,377	13,620	16,435	9,926	109,866
2003	20,142	43,510	13,126	23,552	12,312	112,642
2002	6,279	57,102	17,095	27,709	23,062	131,247
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 16.

Table 25. 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) (\$)	
4Q06	78,465	55,176	23,289	79,788	42,190	37,598	102,631
3Q06	79,043	54,989	24,054	79,022	37,402	41,620	98,641
2Q06	80,160	55,904	24,256	80,392	43,534	37,038	85,765
1Q06	77,924	54,196	23,728	78,798	29,466	49,332	92,198
Annual Data							
2006	78,465	55,176	23,289	79,788	42,190	37,598	102,631
2005	75,397	53,243	22,154	76,872	23,918	52,954	92,642
2004	69,523	56,252	13,271	69,887	21,147	48,740	119,908
2003	59,938	55,590	4,348	60,923	32,647	28,276	112,996
2002	49,421	50,027	(606)	45,053	22,177	22,876	104,202
2001	45,363	43,196	2,167	Not Available	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

¹ See notes to Tables 9 and 18.

Table 26. Loan Limits

Year	Single-Family Conforming Loan Limits ¹			
	1-unit	2-units	3-units	4-units
2007	417,000	533,850	645,300	801,950
2006	417,000	533,850	645,300	801,950
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
2007	200,160	362,790	256,248	464,449	309,744	561,411	384,936	697,696
2006	200,160	362,790	256,248	464,449	309,744	561,411	384,936	697,696
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 27. 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 (%)
4Q06	6.2	5.5	6.6	6.4
3Q06	6.6	5.7	6.8	6.6
2Q06	6.6	5.7	6.7	6.5
1Q06	6.2	5.3	6.5	6.1
Annual Data				
2006	6.4	5.5	6.6	6.4
2005	5.9	4.5	6.1	5.5
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 28. 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
4Q06 ²	1,235	291	1,562	1,040	6,263
3Q06 ²	1,401	262	1,714	1,007	6,287
2Q06 ²	1,530	293	1,873	1,100	6,627
1Q06 ²	1,747	343	2,123	1,111	6,863
Annual Data					
2006	1,508	293	1,802	1,060	6,478
2005	1,757	311	2,068	1,283	7,076
2004	1,653	304	1,957	1,203	6,778
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 29. 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
1Q07	4.25	1.11	4.20	5.09	2.32	3.51	6.62	6.75	7.47	3.98
4Q06	6.10	2.20	6.28	7.70	2.84	3.66	7.46	7.71	9.20	7.27
3Q06	7.88	3.29	8.23	9.71	2.92	3.94	7.47	7.99	11.54	11.57
2Q06	10.20	5.30	11.00	13.72	4.01	4.65	7.89	7.87	14.50	14.81
1Q06	12.61	8.20	13.50	17.21	5.24	6.10	7.89	7.81	17.95	18.60
Annual Data										
2006	6.10	2.20	6.28	7.70	2.84	3.66	7.46	7.71	9.20	7.27
2005	13.12	9.63	13.75	18.17	5.81	6.68	7.33	6.65	18.39	19.60
2004	11.79	12.08	13.01	13.83	5.87	6.81	5.17	4.72	11.68	20.93
2003	7.77	10.15	10.60	8.05	4.77	6.11	3.44	3.06	4.95	12.19
2002	7.40	11.78	10.46	7.24	4.34	6.19	3.28	4.03	4.31	10.95
2001	7.52	10.91	8.91	7.91	5.17	7.23	5.03	5.81	6.42	9.27
2000	7.54	12.38	7.84	6.54	5.99	7.22	3.82	5.10	6.92	11.17
1999	5.10	9.65	5.15	4.24	4.90	6.11	2.49	4.31	4.11	5.75
1998	4.98	6.48	4.05	4.57	4.15	4.84	4.91	4.94	4.00	7.17
1997	4.57	4.57	3.20	4.50	5.16	4.90	4.62	3.88	4.85	5.30
1996	2.61	1.64	0.43	2.28	4.98	4.07	4.02	2.33	4.23	1.00
1995	4.52	4.11	3.16	4.28	6.01	5.25	5.59	4.21	7.49	2.86
1994	0.82	-3.20	-3.35	0.12	4.96	5.24	4.69	1.52	8.97	-3.35
1993	2.07	0.25	1.33	1.89	3.65	3.88	4.09	4.02	7.84	-1.96
1992	1.87	-1.11	1.67	2.13	3.90	2.99	3.25	3.38	5.29	-1.38
1991	2.60	-2.27	1.56	3.17	4.57	3.75	4.09	3.70	4.65	1.32
1990	0.26	-7.73	-2.92	0.35	3.79	0.52	0.75	0.42	1.89	3.04
1989	6.04	0.66	2.32	5.08	6.17	3.25	2.92	2.76	2.80	19.36
1988	6.21	3.70	6.04	7.00	6.77	2.36	2.52	-2.13	0.21	17.50
1987	6.79	13.37	16.19	7.20	7.84	2.50	4.32	-8.58	-2.60	9.54
1986	8.16	21.07	18.12	6.30	7.14	4.09	5.72	-0.43	3.10	7.19
1985	6.51	25.03	14.36	5.35	4.77	4.33	4.90	-1.39	2.11	4.89
1984	5.47	17.80	13.41	4.83	2.76	4.57	3.44	0.01	2.54	5.27
1983	3.86	16.07	9.86	3.16	4.10	4.36	3.89	0.87	-2.75	1.03
1982	2.28	4.22	4.08	3.52	-4.23	-0.32	5.17	5.69	7.24	0.93
1981	4.76	4.86	0.50	7.23	2.18	0.52	0.21	11.91	6.65	5.79
1980	6.90	5.66	10.39	7.94	1.55	4.24	7.06	7.88	6.10	11.19
1979	11.78	10.69	17.40	10.34	8.95	9.05	5.22	12.95	15.69	16.00
1978	13.50	17.11	6.89	11.80	14.36	13.12	11.58	17.10	17.02	15.68
1977	13.36	9.08	10.52	8.12	13.36	15.22	11.57	12.02	18.10	25.64
1976	7.50	2.64	0.75	6.31	8.18	5.11	5.98	8.35	9.99	19.85

¹ Estimates employ OFHEO's standard all-transactions HPI. Index data for a "purchase-only" series that excludes refinance appraisals are available for download on OFHEO's website. Appreciation estimates for 1976-2006 are based on fourth-quarter-to-fourth-quarter percentage change. Quarterly data for 2006 and 1Q 2007 reflect changes over the previous four quarters.

Census 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