FANNIE MAE

2011 ANNUAL HOUSING ACTIVITIES REPORT

and

ANNUAL MORTGAGE REPORT

SUBMITTED TO:

THE FEDERAL HOUSING FINANCE AGENCY (FHFA)

THE COMMITTEE ON FINANCIAL SERVICES
OF THE
UNITED STATES HOUSE OF REPRESENTATIVES

THE COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS
OF THE
UNITED STATES SENATE

PURSUANT TO

The Federal National Mortgage Association
Charter Act

MARCH 15, 2012

INTRODUCTION

Under the Federal National Mortgage Association Charter Act ("Charter Act"),[1] Fannie Mae is required to submit a report on its annual mortgage purchases to the Director of the Federal Housing Finance Agency ("FHFA") and to its oversight committees in the United States House of Representatives and the United States Senate. Since 1993, Fannie Mae has been subject by statute and regulation to the achievement of certain housing goals. The structure of our housing goals changed in 2010 as a result of the passage of the Housing and Economic Recovery Act of 2008 ("2008 Reform Act").[2] FHFA established the following single family home purchase and refinance housing goal benchmarks for 2010 and 2011. A home purchase mortgage may be counted towards more than one home purchase benchmark.

- *Low-Income Families Home Purchase Benchmark:* At least 27% of our acquisitions of single family owner occupied mortgage loans financing home purchases must be affordable to low-income families (defined as families with income no higher than 80% of area median income).
- *Very Low-Income Families Home Purchase Benchmark:* At least 8% of our acquisitions of single family owner occupied mortgage loans financing home purchases must be affordable to very low-income families (defined as families with income no higher than 50% of area median income).
- *Low-Income Areas Home Purchase Benchmarks:* At least 24% of our acquisitions of single family owner occupied mortgage loans financing home purchases must be for families in low-income census tracts, for moderate-income families (defined as families with income no higher than 100% of area median income) in designated disaster areas, or for moderate-income families in minority census tracts. In addition, at least 13% of our acquisitions of single family owner occupied purchase money mortgage loans must be for families in low-income census tracts or for moderate-income families in minority census tracts.
- *Low-Income Families Refinancing Benchmark:* At least 21% of our acquisitions of single family owner occupied refinance mortgage loans must be affordable to low-income families, which may include qualifying permanent modifications of mortgages under the Home Affordable Modification Program completed during the year.

If we do not meet these benchmarks, we may still meet our goals. Our single family housing goals performance will be measured against these benchmarks and against goals-qualifying originations in the primary mortgage market. We will be in compliance with the housing goals if we meet either the benchmarks or market share measures. To determine whether we ultimately met our 2011 single family housing goals where our performance fell below the benchmarks, we and FHFA will have to compare our performance with that of goals-qualifying originations in the primary mortgage market after the release of data reported under the Home Mortgage Disclosure Act ("HMDA").[3] This release will be made in the fall of 2012. At that time it will be determined whether we met any additional goals based on the HMDA market data.

FHFA also established a multifamily goal and subgoal. For each of 2010 and 2011, our multifamily mortgage acquisitions must finance at least 177,750 units affordable to low-income families, and at least 42,750 units affordable to very low-income families. There is no market-based alternative measurement for the multifamily goals. As noted above, the relevant HMDA market data to make the determination whether we met our 2011 single family goals will become available in the fall of this year.

[1] 12 U.S.C. §1716 et seq.

[2] 12 U.S.C. §4501 et seq.

[3] 12 U.S.C. §2801 et seq.

In adopting the rule establishing our housing goals, FHFA stated, "FHFA does not intend for [Fannie Mae] to undertake uneconomic or high-risk activities in support of the [housing] goals. However, the fact that [Fannie Mae is] in conservatorship should not be a justification for withdrawing support from these market segments."[4] If our efforts to meet our goals prove to be insufficient, FHFA determines whether the goals were feasible. If FHFA finds that our goals were feasible, we may become subject to a housing plan that could require us to take additional steps including describing the actions we would take to meet the goal in the next calendar year and which would have to be approved by FHFA. The potential penalties for failure to comply with housing plan requirements include a cease-and-desist order and civil money penalties.

For 2010, FHFA determined that we met our single family low-income areas home purchase goal and subgoal, our single family refinance goal, as well as our multifamily goals. FHFA determined that we did not meet our single family low-income home purchase goal or our single family very low-income home purchase goal. Although FHFA determined that we did not meet these two goals and that their achievement was feasible, FHFA is not requiring us to submit a housing plan. FHFA stated that a housing plan is not required because of the significant changes to the housing goals structure for 2010 and Fannie Mae's continued operation under conservatorship.

The following table sets forth Fannie Mae's housing goals performance against our 2011 single family housing benchmarks and multifamily housing goals, as calculated by Fannie Mae.[5] Final performance results will be calculated and published by FHFA.[6]

Goal Summary	**2011 Benchmark**	**2011 Result**
Single Family Purchase Money		
Low-Income	27%	25.77%
Very Low-Income	8%	7.56%
Low-Income Areas (with disaster areas)	24%	22.32%
Low-Income Areas (without disaster areas)	13%	11.60%
Single Family Refinance		
Low-Income	21%	23.05%
Goal Summary	**2011 Goal**	**2011 Result**
Multifamily		
Low-Income	177,750 Units	301,224 Units
Very Low-Income Subgoal	42,750 Units	84,244 Units

[4] 2010-2011 Enterprise Housing Goals; Enterprise Book-entry Procedures, 75 Fed. Reg. 55892, 55896-55897 (September 14, 2010).

[5] Our single family results and benchmarks are expressed as a percentage of the total number of eligible mortgages acquired during the period.

[6] Our 2011 results have not been validated by FHFA. After validation they may differ from the results reported above. Loans financed through the Housing Finance Agency Initiative are not included. We estimate the inclusion of such loans increases our results to 25.82%, 7.59%, 22.34% and 11.61% for the Low-Income Home Purchase Goal, Very Low-Income Home Purchase Goal, and the Low-Income Areas Home Purchase Goal and Subgoal, respectively.

We believe we met our single family low-income refinance benchmark for 2011, as well as our 2011 multifamily goals. As discussed above, we can meet our single family goals either by meeting an established benchmark or by meeting a market share measure of goals-qualifying originations in the primary mortgage market.

CHARTER ACT REQUIREMENTS

Fannie Mae's Charter Act[7] specifies the information that must be included in the Annual Housing Activities Report. Each statutory requirement is set forth below, followed by Fannie Mae's response for 2011.[8]

1. Include, in aggregate form and by appropriate category, statements of the dollar volume and number of mortgages on owner occupied and rental properties purchased which relate to each of the annual housing goals [established under subpart B of part 2 of subtitle A of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992].

The dollar volume and number of mortgages on owner occupied properties, which relate to each of the housing goals, are set forth on Annual Mortgage Report ("AMR") Table 1A attached hereto.

The dollar volume and number of mortgages on rental properties which relate to each of the housing goals are set forth on AMR Tables 1A (Single Family Owner Occupied 2-4 Unit Properties/Mortgages) and 1B (Multifamily) attached hereto. In 2011, Fannie Mae mortgage purchases financed 15,526 units affordable to families earning 80% or less of the area median income living in owner occupied 2-4 unit properties.[9]

2. Include, in aggregate form and by appropriate category, statements of the number of families served by the corporation, the income class, race, and gender of homebuyers served, the income class of tenants of rental housing (to the extent such information is available), the characteristics of the census tracts, and the geographic distribution of the housing financed.

In 2011, Fannie Mae's purchases of mortgages served 3,172,079 families, as measured by the number of units financed. The income class, race, and gender of homebuyers served, the characteristics of the census tracts, and the geographic distribution of the housing financed are set forth on AMR Tables 2, 3, 4, 5A, 6, 7, 8, 9, 10A, and 10B attached hereto.

3. Include a statement of the extent to which the mortgages purchased by the corporation have been used in conjunction with public subsidy programs under Federal law.

Fannie Mae purchased 7,406 single family mortgages and 295 multifamily mortgages with an aggregate unpaid principal balance ("UPB") of approximately $1.1 billion and $2.3 billion, respectively, that were originated in conjunction with public subsidy programs in 2011.[10]

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[7] Charter Act, § 309 (n)(2) (A-L).

[8] Section 309 (n)(2)(L) of the Charter Act also requires Fannie Mae to include in its report "any other information that the Director of the Federal Housing Finance Agency considers appropriate." At this time, Fannie Mae has not been asked by the Director to provide any such additional information in this report.

[9] In addition, Fannie Mae purchased 3,775 units where affordability data was not provided by the seller. Because that data was not provided, we have not included these units in our calculation. However, we estimate that 54% of those units would be affordable to those earning 80% or less of the area median income.

[10] For purposes of this AHAR, Fannie Mae defined programs originated in conjunction with public subsidy programs to include: certain single family and multifamily HUD-related and Rural Housing Service-related programs and other government insured and/or related programs; Fannie Mae's Multifamily Affordable Housing execution; mortgage purchases from housing finance agencies that benefit from Federal tax exemption; bond credit enhancements; and mortgages that benefit from low-income housing tax credits. Because some loans may have been made in conjunction with more than one public subsidy program, there may be a small amount of overlap.

4. Include statements of the proportion of mortgages on housing consisting of 1 to 4 dwelling units purchased by the corporation that have been made to first-time homebuyers, as soon as providing such data is practicable, and identifying any special programs (or revisions to conventional practices) facilitating homeownership opportunities for first-time homebuyers.

In 2011, 40.43%[11] of single family owner occupied home purchase mortgages acquired by Fannie Mae financed mortgage loans to first-time homebuyers.[12] Set forth in the following table are certain Fannie Mae products that assist first-time homebuyers and the proportion of first-time homebuyers that utilized the program in 2011 as compared to all homebuyers that utilized the program.

Products and Initiatives	**Percentage of Mortgages Made to First-Time Homebuyers**
MyCommunityMortgage®	93.41%
HFA Affordable Advantage	92.41%
Flexible Product Line	63.63%
HomePath®	57.15%

5. Include, in aggregate form and by appropriate category, the data provided to the [Director] under subsection (m)(1)(B); [the loan-to-value ratios of purchased mortgages at the time of origination].

AMR Table 11 provides the loan-to-value ("LTV") ratio of single family owner occupied mortgages purchased by Fannie Mae.

6. Compare the level of securitization versus portfolio activity.

In 2011, Fannie Mae securitized $598.7 billion in mortgages and purchased $174.0 billion for its portfolio. Included in our portfolio purchases was approximately $67 billion of delinquent loans purchased from our single family MBS trusts.

7. Assess underwriting standards, business practices, repurchase requirements, pricing, fees, and procedures, that affect the purchase of mortgages for low- and moderate-income families, or that may yield disparate results based on the race of the borrower, including revisions thereto to promote affordable housing or fair lending.

Fannie Mae has an ongoing comprehensive fair lending risk assessment program that is designed to ensure that its underwriting standards, business practices, repurchase requirements, pricing policies, fee structures, and procedures comply with the fair lending laws and promote fair and responsible lending.

Fannie Mae considers service to low- and moderate-income families to be an important part of its mission. Fannie Mae designs its underwriting standards, business practices, repurchase requirements,

[11] Exclusions from this calculation include: loans exempt from housing goals reporting (for example including loan restructures, convertible adjustable rate mortgages, real estate owned properties, etc.), long-term standby commitments, refinance mortgages, home equity conversion mortgages, government loans and Making Home Affordable modifications.

[12] Fannie Mae relied on information provided by its customers to identify units occupied by first-time homebuyers. Fannie Mae's Single Family Selling Guide defines a first-time homebuyer as "an individual who: (1) is purchasing the security property; (2) will reside in the security property as a principal residence; and (3) had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the security property. In addition, an individual who is a displaced homemaker or single parent also will be considered a first-time homebuyer if he or she had no ownership interest in a principal residence (other than a joint ownership interest with a spouse) during the preceding three-year time period."

pricing, fees, and procedures to balance the company's multiple objectives of serving low- and moderate-income families, meeting its liquidity mission, and appropriately addressing credit risk.

2011 Changes

Fannie Mae implemented certain changes to its single family mortgage underwriting and business practices in 2011, including the following:

- Fannie Mae implemented Desktop Underwriter® (DU®) Version 8.3 to support updates to the credit risk assessment, align DU requirements with policies that apply to manually underwritten loans, and to incorporate other changes to DU eligibility guidelines.
- Fannie Mae continued to provide refinance opportunities for existing Fannie Mae borrowers through the DU Refi Plus™ and Refi Plus™ initiatives (which includes the Home Affordable Refinance Program) implemented in 2009. In March 2011, the mortgage insurance flexibilities as well as the expanded eligibility of loans up to 125% LTV provided to Fannie Mae by FHFA were extended through June 2012. In October 2011, FHFA announced additional enhancements to the Home Affordable Refinance Program ("HARP") in order to remove potential barriers which were preventing borrowers who had acceptable payment history on their mortgage from refinancing. At the direction of FHFA, Fannie Mae and Freddie Mac implemented enhancements to HARP including: (1) extending the program through December 2013; (2) removing the LTV cap for fixed-rate loans up to 30 years; (3) waiving certain representations and warranties on the original loan; (4) effectively eliminating risk-based fees for borrowers who refinance into mortgages with terms of 20 years or less and lowering the fees for other borrowers; and (5) significantly increasing the use of the property fieldwork waiver and consequently eliminating the need for a new property appraisal where there is a reliable automated valuation model value. Fannie Mae reflected these changes to DU Refi Plus and Refi Plus in a November 2011 announcement, effective with December 1, 2011 applications. Changes requiring modifications to technology required additional time and will be implemented in early 2012.

In response to Section 401 of the Temporary Payroll Tax Cut Continuation Act of 2011[13], Fannie Mae is working with FHFA to implement the Act's requirement to increase our guaranty fee. In addition to preparing to operationalize the Act's requirements, Fannie Mae continues to implement various policy, process and technology enhancements aimed at improving a lender's ability to deliver mortgage loans that meet Fannie Mae's underwriting and eligibility guidelines, thereby mitigating repurchase risk of ineligible loans. At the direction of FHFA, Fannie Mae and Freddie Mac jointly developed the Uniform Appraisal Dataset ("UAD") and the Uniform Loan Delivery Dataset ("ULDD") to improve the quality and consistency of data on loans delivered to the Government Sponsored Enterprises ("GSEs"). The UAD defines all data points required for an appraisal report and standardizes key data points. The ULDD provides a common dataset acceptable for loan delivery to both GSEs.

[13] 12 U.S.C. §4547

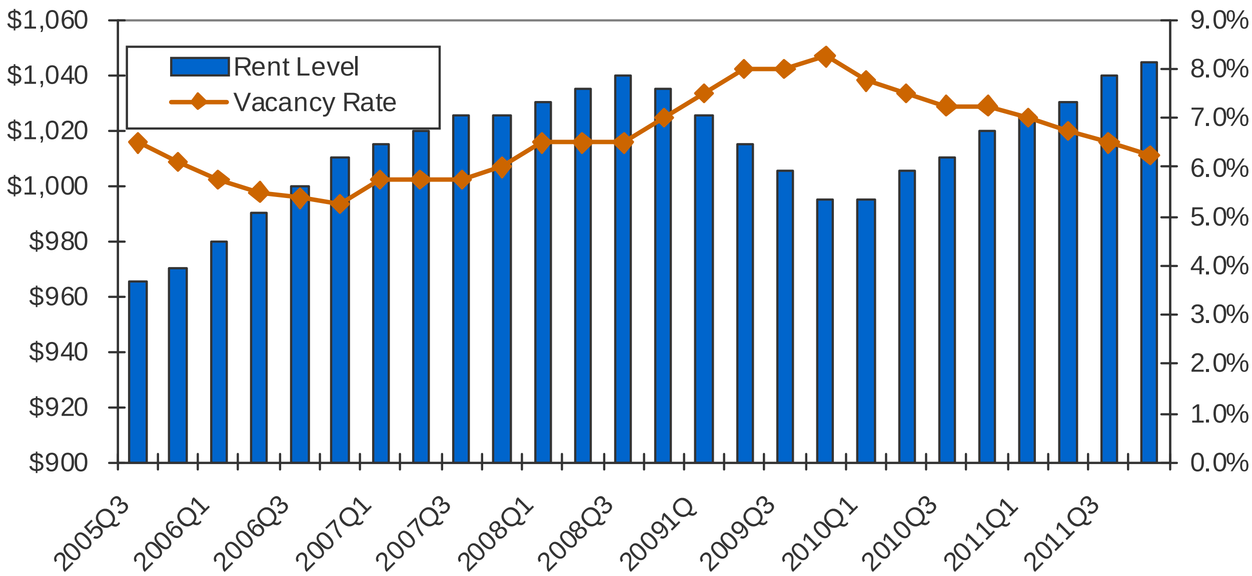
8. Describe trends in both the primary and secondary multifamily housing mortgage markets, including a description of the progress made, and any factors impeding progress toward standardization and securitization of mortgage products for multifamily housing.

<u>Primary and Secondary Market Trends</u>

The primary multifamily housing market is influenced by a variety of economic and demographic conditions. These conditions impact the demand for, and absorption of, additional units. Set forth below are charts illustrating trends that impact the market for multifamily mortgage originations.

Despite the national economy's protracted recovery, the multifamily sector rejuvenated in 2011 thanks to strong rental demand coupled with diminishing new supply.

Estimated National Rent Level and Vacancy Rate



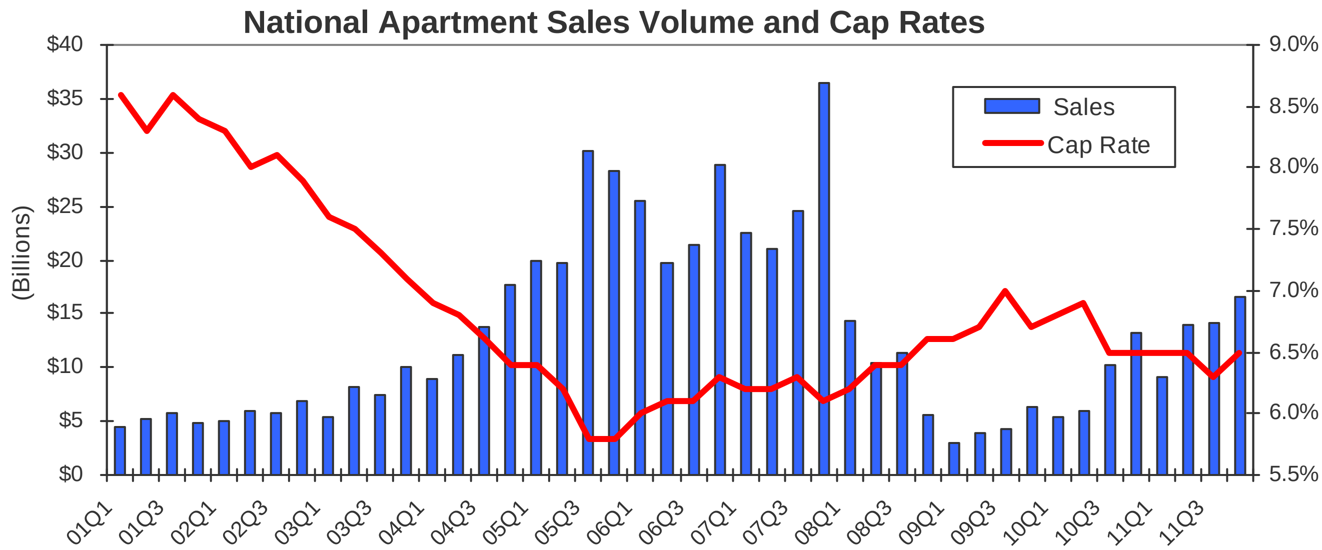
Source: Fannie Mae Economics and Multifamily Market Research
**4Q2011 preliminary*

Preliminary third-party data for fourth quarter 2011 indicates that the vacancy rate for institutional investment-type apartment properties continued to decline and asking rents have risen steadily for nearly two years.

Vacancy rates and rents are important to loan performance because multifamily loans are generally repaid from the cash flows generated by the underlying property. As seen in the chart above, vacancy levels are reflecting continued rental demand and are now at the low end of historical norms estimated at 6.25% for fourth quarter 2011, falling from fourth quarter 2010's estimated vacancy level of 7.25%.

Asking rents also likely rose again in fourth quarter 2011 by at least 0.5% quarter-over-quarter. As a result, it now appears that the full year 2011 national average asking rent growth is estimated to have been 2.5%. Effective rents likely have seen similar annualized growth.

In addition, according to the Census Bureau, as of fourth quarter 2011, rental household formations rose by 749,000 units year-over-year compared to owner occupied units, which fell by 91,000 units during the same timeframe.



Source: Real Capital Analytics (www.rcanalytics.com) (Used by permission); 2001-2004 based on properties and portfolios $5.0 million and greater; 2005-present based on properties and portfolios $2.5 million and greater.

As seen in the chart above, sales of apartment properties valued at $2.5 million or greater saw an increase during 2011, up 54% from 2010's $34 billion total, to end the year totaling nearly $54 billion, according to data from Real Capital Analytics. More than 3,500 apartment properties were sold last year, which is up 49% from 2010's activity level.

Although 2011's transaction volume level remains well below the 2007 peak, it is on par with 2004 and is above pre-2004 levels, signaling a robust recovery trend. In addition, the average reported capitalization rate[14] remained fairly steady all year at approximately 6.5%, but in some of the nation's largest metropolitan areas capitalization rates trended lower year-over-year, according to Real Capital Analytics.

Standardization and Securitization

Securitization of mortgages relies on standardization. Over the past two decades, standardization of multifamily mortgages has been advanced by a number of factors: (1) the market for commercial mortgage-backed securities ("CMBS"), including those backed by multifamily mortgage loans; (2) the introduction of Fannie Mae's risk-sharing Delegated Underwriting and Servicing ("DUS") program in 1988 and subsequent enhancements; (3) efforts to standardize commercial securitization and offering documents, spearheaded by the Commercial Real Estate Finance Council; (4) the issuance by the Securities and Exchange Commission ("SEC") of Regulation AB in 2005, which established uniform disclosure requirements for all publicly registered CMBS transactions; and (5) the most recent changes to Regulation AB proposed by the SEC that are anticipated to be finalized in 2012.

[14] The capitalization rate is an indication of a property's value and its expected income. Capitalization rates are used by investors to determine a return on investment.

The GSEs and the federal government have historically served as a "standard setter for underwriting and pooling loans, managing properties, and servicing and workout practices" in the multifamily mortgage business.[15] Fannie Mae began securitizing multifamily loans through its DUS program in 1994. From 1999 to 2011, Fannie Mae has issued over $150 billion of multifamily mortgage-backed securities ("MBS").[16]

The erosion of credit underwriting prevalent in the CMBS market in recent years has shaken investor confidence and, as a result, caused a number of issuers to leave the securitization market in 2009 and 2010. In 2011, there was a reentry of CMBS issuers. In the summer of 2011, due to the credit rating downgrades that took place and European turmoil, CMBS retreated. During this period, Fannie Mae continuously maintained an active presence in the market. Fannie Mae revitalized its multifamily MBS program beginning in 2009, increasing issuance and using the company's portfolio to enhance liquidity for multifamily MBS products.

In 2011, Fannie Mae continued to rely on its securitization activities for new production, using MBS as the primary execution to further its mission to provide liquidity and stability to the multifamily market. This occurred through three primary activities:

- Fannie Mae issued $23.8 billion in multifamily single-loan MBS securities in 2011, which accounted for 98% of its multifamily production.
- In an effort to improve the market acceptance of multifamily MBS, in 2011, Fannie Mae issued $6.4 billion of MBS structured securities backed by multifamily MBS previously purchased by Fannie Mae. In 2012, Fannie Mae will continue to market its MBS structured product offerings.
- In order to increase the liquidity and meet regulatory limits established for Fannie Mae's portfolio, the company continued to securitize approximately $10 billion of whole loans held in portfolio into multifamily single-loan MBS securities in 2011. Fannie Mae expects to selectively sell these multifamily single-loan MBS securities in the future to promote liquidity and stability in the MBS market.

In 2010, proposals for new and enhanced securities disclosure were circulated by the SEC and industry groups. In 2011, several rules were proposed by regulatory agencies. In some cases rules were finalized and issued; in other cases final rules have not yet been issued. All are intended to require issuers of asset and mortgage-backed securities to provide greater transparency about the securities they are issuing. One of the most far reaching changes being proposed by the SEC is to require issuers of privately placed asset and mortgage-backed securities to provide the same disclosures that are required of issuers of publicly registered securities. This change could bring greater uniformity of disclosure practices to all asset and mortgage-backed securities. In addition, the concept of risk retention in securitization structures was introduced by the Dodd-Frank legislation and rules were proposed and circulated for comment in 2011, however they have not been finalized.[17] Fannie Mae believes that all of these activities could lead to further standardization of disclosure practices for securitizations.

[15] Joint Center for Housing Studies, Harvard University, "Meeting Multifamily Housing Finance Needs During And After The Credit Crisis: A Policy Brief" at iii (Jan. 2009).

[16] Please note that this number excludes activity in connection with the HFA initiative discussed in item 11 and Fannie Mae portfolio securitization transactions.

[17] Fannie Mae has always maintained a degree of risk retention in its securitizations due to the guaranty fee structure used in such transactions.

9. **Describe trends in the delinquency and default rates of mortgages secured by housing for low- and moderate-income families that have been purchased by the corporation, including a comparison of such trends with delinquency and default information for mortgage products serving households with incomes above the median level that have been purchased by the corporation, and evaluate the impact of such trends on the standards and levels of risk of mortgage products serving low- and moderate-income families.**

Delinquency and Default Trends Based on 2010 Performance Data[18]

An analysis of the performance of mortgage loans serving low- and moderate-income borrowers[19] shows that these loans consistently perform below the performance of loans serving borrowers with incomes above the median level. The chart below compares 90-day delinquencies[20] and defaults[21] on loans made to low- and moderate-income borrowers as compared to loans made to borrowers with incomes above the median level by acquisition year. For example, in 2010, loans made to low- and moderate-income families were 121% more likely to become 90-days delinquent and 78% more likely to default than loans made to families with incomes above the median level. This analysis is based on income relative to area median income and does not control for other risk dimensions, such as LTV or credit history.

Relative 90-Day Delinquency and Default Rates between Single Family Loans Serving Low- and Moderate-Income Families and Loans Serving Households with Incomes above the Median Level by Year[22]

Acquisition Year	Increased Likelihood of 90-Day Delinquency	Increased Likelihood of Default
2001	99%	153%
2002	129%	193%
2003	157%	178%
2004	160%	118%
2005	122%	40%
2006	119%	16%
2007	50%	22%
2008	46%	41%
2009	108%	89%
2010	121%	78%

Sample Used: Unseasoned, conforming, conventional, owner occupied, first liens, non-reverse mortgages, excluding Growing-Equity Mortgages, Graduated Payment Mortgages and loans missing affordability data

[18] Serious delinquency performance information is based on acquisitions through October 2010. Default performance is based on acquisitions through December 2010. Performance is observed through December 2011.

[19] Since 2010, Fannie Mae no longer tracks unit-level affordability data. To ensure consistency comparing loans from 2000 to 2010, this analysis is based upon the borrower's income relative to the area median income. Additionally, this analysis only pertains to owner occupied principal residences.

[20] This means 90-day delinquencies occurring within the first 12 months of acquisition.

[21] Default for these purposes is defined as a foreclosure sale, deed-in-lieu of foreclosure, pre-foreclosure sale, or third party sale, at any time during the life of the loan.

[22] During the period 2006 through and including 2008, acquisitions of mortgage loans to borrowers of all income categories had a higher risk of delinquency and default.

10. Describe in the aggregate the seller and servicer network of the corporation, including the volume of mortgages purchased from minority-owned, women-owned, and community-oriented lenders, and any efforts to facilitate relationships with such lenders.

Fannie Mae has selling and servicing relationships with 2,174 single family and 115 multifamily primary market lenders through which the company both purchases loans for its portfolio and issues MBS. The following table sets forth the volume of mortgages purchased in 2011 from single family and multifamily lenders identified as minority- or women-owned lenders, women-owned lenders and community-oriented lenders.

Seller/Servicer Type	Volume of Mortgages
Minority- or women-owned	$2.2 billion
Women-owned[23]	$1.1 billion
Community-oriented lenders[24]	$29.3 billion

On the single family side, efforts to facilitate relationships with these lenders include formal business alliances or affinity agreements in which lenders receive benefits designed to reduce the cost of doing business with Fannie Mae.[25]

11. Describe the activities undertaken by the corporation with nonprofit and for-profit organizations [and] with State and local governments and housing finance agencies, including how the corporation's activities support the objectives of comprehensive housing affordability strategies under section 105 of the Cranston-Gonzalez National Affordable Housing Act.[26]

Among the activities undertaken by the corporation in 2011 with nonprofit and for-profit organizations, State and local governments, and housing finance agencies ("HFAs") are:

- The Department of the Treasury ("Treasury"), the Department of Housing and Urban Development ("HUD"), and FHFA announced an initiative on October 19, 2009 to provide $23.4 billion of liquidity for HFAs. This initiative was designed in collaboration with the GSEs, and consisted of two primary programs: a temporary credit and liquidity facilities ("TCLF") program and the new issue bond program ("NIBP").
    - To advance the initiative further in 2011, Fannie Mae helped formulate policy changes that were formally announced by Treasury. These changes included an extension of NIBP through December 31, 2011, and the opportunity to reset the underlying interest rate to offer more competitive mortgages.

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[23] Some of these women-owned lenders also identified as another minority group such as African-American, Hispanic, Asian-Pacific or Indian-Alaskan.

[24] For the purposes of this AHAR, a "community-oriented lender" is defined as a financial institution with total assets of less than $1.122 billion. This definition is consistent with the definition of "small bank" under the Community Reinvestment Act implementing regulations at 12 C.F.R. § 228.12, as in effect during 2011.

[25] These agreements do not preclude members from doing business through other secondary market channels.

[26] Under section 105, comprehensive housing affordability strategies include, among other things: (1) efforts to address homelessness and meet the needs of homeless persons; (2) the provision of housing for different categories of residents, such as very low-income, low-income, and moderate-income families, the elderly, single persons, large families, residents of non-metropolitan areas, families who are participating in an organized program to achieve economic independence and self-sufficiency, and other categories of persons; (3) combined efforts with private industry, nonprofit organizations and public institutions to deliver safe and adequate housing; (4) encouraging public housing residents to become homeowners; and (5) efforts to provide affordable housing through the production of new units, rehabilitation, or acquisition of existing units.

- Under the NIBP, Treasury has purchased new securities issued by Fannie Mae and Freddie Mac backed by new housing bonds issued by the HFAs. The total amount originally established by Treasury for the NIBP was $15.2 billion, of which $12.4 billion related to single family bonds. As of December 31, 2011, $9.2 billion of these bonds converted and were utilized to finance single family mortgage loans, leaving $3.3 billion remaining in escrow to be converted by December 31, 2012.
- Treasury purchased $2.82 billion in multifamily bonds from State and local HFAs in December 2009 to finance multifamily housing. These funds are held in escrow until the agencies draw the funds to finance multifamily loans. As of December 31, 2011, $2.68 billion of these bonds converted and were utilized to finance long term multifamily mortgage loans; and $145 million remained in escrow to be converted by December 31, 2012. In addition, Treasury will allow for approximately $1 billion in unused single family funds to be utilized for multifamily loans through the expiration of the program on December 31, 2012.
- As part of the TCLF program, Treasury purchased participation interests in temporary credit and liquidity facilities provided by Fannie Mae and Freddie Mac. These facilities create a credit and liquidity backstop for the HFAs. The total amount originally established by Treasury for the TCLF program was $8.2 billion. The amount outstanding under the TCLF program has been reduced since the program was established and will continue to be reduced over time as liquidity facilities under the TCLF program are replaced by the HFAs. As of December 31, 2011, the total outstanding principal balance under the TCLF program was $6.13 billion.

- Fannie Mae purchased 3,492 loans from HFAs, with a UPB of $518.4 million.
- Fannie Mae provided a total of $20.6 million in grants to support neighborhood stabilization, foreclosure prevention, to help prevent and end homelessness, and to strengthen communities nationwide.
- Fannie Mae facilitated the sale of 12 multifamily real estate owned properties comprising 381 units to nonprofits, public entities, and affordable housing developers. Three properties were donations. It is our understanding that over 90 of the units will be used for permanent supportive housing for people who have been homeless.
- Fannie Mae conducted outreach to 90 nonprofits and public entities to market foreclosed apartment buildings and over 110 properties were reviewed for purchase to preserve affordable housing.

One of the purposes of the Cranston-Gonzalez National Affordable Housing Act is to extend and strengthen partnerships among all levels of government and the private sector in the production and operation of housing that is affordable to low- and moderate-income families. Fannie Mae believes that the activities listed above support the objectives of the Cranston-Gonzalez National Affordable Housing Act.