FEDERAL HOUSING FINANCE AGENCY
Office of the Director

November 1, 2012

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

Dear Chairman Johnson:

Pursuant to section 1125 of the Housing and Economic Recovery Act of 2008, I am pleased to submit the enclosed report titled "Annual Housing Report." As required by the Act, this report provides information for calendar year 2011 regarding Enterprise housing goal performance and other Enterprise housing activities. Should you or your staff have any questions regarding the matters covered in this report, please contact Michael Opsahl, Manager, Single-Family Housing, Office of Housing and Regulatory Policy at 202-649-3169.

Yours truly,

Edward J. DeMarco

Edward J. DeMarco
Acting Director

400 7th Street, S.W., Washington, D.C. 20024 • 202-649-3801 • 202-649-1071 (fax)

FEDERAL HOUSING FINANCE AGENCY
Office of the Director

November 1, 2012

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

Dear Senator Shelby:

Pursuant to section 1125 of the Housing and Economic Recovery Act of 2008, I am pleased to submit the enclosed report titled "Annual Housing Report." As required by the Act, this report provides information for calendar year 2011 regarding Enterprise housing goal performance and other Enterprise housing activities. Should you or your staff have any questions regarding the matters covered in this report, please contact Michael Opsahl, Manager, Single-Family Housing, Office of Housing and Regulatory Policy at 202-649-3169.

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FEDERAL HOUSING FINANCE AGENCY
Office of the Director

November 1, 2012

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

Dear Chairman Bachus:

Pursuant to section 1125 of the Housing and Economic Recovery Act of 2008, I am pleased to submit the enclosed report titled "Annual Housing Report." As required by the Act, this report provides information for calendar year 2011 regarding Enterprise housing goal performance and other Enterprise housing activities. Should you or your staff have any questions regarding the matters covered in this report, please contact Michael Opsahl, Manager, Single-Family Housing, Office of Housing and Regulatory Policy at 202-649-3169.

Yours truly,

Edward J. DeMarco

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Acting Director

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FEDERAL HOUSING FINANCE AGENCY
Office of the Director

November 1, 2012

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

Dear Representative Frank:

Pursuant to section 1125 of the Housing and Economic Recovery Act of 2008, I am pleased to submit the enclosed report titled "Annual Housing Report." As required by the Act, this report provides information for calendar year 2011 regarding Enterprise housing goal performance and other Enterprise housing activities. Should you or your staff have any questions regarding the matters covered in this report, please contact Michael Opsahl, Manager, Single-Family Housing, Office of Housing and Regulatory Policy at 202-649-3169.

Yours truly,

Edward J. DeMarco

Edward J. DeMarco
Acting Director

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FHFA Annual Housing Report
October 2012

Prepared for

The Committee on Banking, Housing, and Urban Affairs of the Senate

and

The Committee on Financial Services of the House of Representatives

I. Introduction

Section 1324 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by section 1125 of the Housing and Economic Recovery Act of 2008 (HERA), requires the Federal Housing Finance Agency (FHFA) to report on the housing activities of Fannie Mae and Freddie Mac, known as the Enterprises.[1] FHFA must report each year to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives.[2] This annual housing report discusses the Enterprises' housing activities in 2011, as the Safety and Soundness Act requires in section 1324.

II. Affordable Housing Goals

A. <u>Housing Goals – Introduction</u>

Section 1324(b)(1)(A)(i) of the Safety and Soundness Act requires FHFA to discuss in the annual housing report whether and how each Enterprise is achieving the annual housing goals. Sections 1331-1333, as revised by HERA, established a new structure for the housing goals, effective in 2010. In 1993, 1995, 2000, and 2004, the Department of Housing and Urban Development (HUD) established by regulation goals based on the previous structure.

Under the Safety and Soundness Act, the 2008 structure of the goals remained the same for 2009. FHFA became the mission regulator for the Enterprises in July 2008 and changed the levels of the housing goals for 2009 in a final rule published on August 10, 2009 (reported in FHFA's *2010 Annual Housing Report*, submitted to Congress in October 2010).

FHFA established the housing goals for 2010-11 in a final rule published on September 14, 2010. In accordance with the Safety and Soundness Act, there are now:

- three single-family home purchase goals
- one single-family home purchase subgoal
- one single-family refinance goal
- one multifamily housing goal
- one multifamily housing subgoal.

The goals FHFA established are as follows:

1. A **low-income home purchase goal**, for home purchase mortgages to families with incomes no greater than 80 percent of area median income.

[1] Fannie Mae is the trade name of the Federal National Mortgage Association. Freddie Mac is the trade name of the Federal Home Loan Mortgage Corp. Both are chartered by acts of Congress.
[2] 12 U.S.C. § 4544.

2. A **very low-income home purchase goal**, for home purchase mortgages to families with incomes no greater than 50 percent of area median income.

3. A **low-income areas home purchase goal**, which includes mortgages that meet the criteria under the low-income areas home purchase subgoal, as well as mortgages to families with incomes no greater than 100 percent of area median income who live in a federally declared disaster area.

4. A **low-income areas home purchase subgoal**, for mortgages to families living in census tracts with tract incomes[3] no greater than 80 percent of area median income, or families with incomes no greater than 100 percent of area median income who live in census tracts with a minority population of 30 percent or more and a tract median income of less than 100 percent of area median income.

5. A **low-income refinance goal**, for refinance mortgages to families with incomes no greater than 80 percent of area median income.

6. **A low-income multifamily goal**, for rental units for families in multifamily properties with incomes no greater than 80 percent of area median income.

7. **A very low-income multifamily subgoal**, for rental units for families in multifamily properties with incomes no greater than 50 percent of area median income.

B. Housing Goal Benchmark Levels for 2010-11

The single-family housing goal levels for 2010-11 are expressed as percentages of each Enterprise's total mortgage purchases. The home purchase goals measure home purchase mortgages on owner-occupied properties, and the refinance goal measures refinance mortgages on owner-occupied properties. FHFA established the 2010-11 single-family goal benchmark levels as follows:

Low-Income Home Purchase Benchmark:	27 percent
Very Low-Income Home Purchase Benchmark:	8 percent
Low-Income Areas Home Purchase Benchmark (including disaster areas):	24 percent
Low-Income Areas Home Purchase Benchmark (excluding disaster areas)	13 percent

[3] The low-income areas goal and subgoal include all borrowers, regardless of income, if the borrower is located in a "low-income census tract." A low-income census tract is one where the median income of the tract is not greater than 80 percent of the median income of the wider area (e.g., the MSA). The low-income areas goal and subgoal also include borrowers in certain other census tracts, but only if the borrower's income is not greater than the median income of the wider area.

Low-Income Refinance Benchmark: 21 percent

FHFA established the multifamily goals as minimum numbers of multifamily units qualifying for the goals, not as shares of all multifamily units financed by each Enterprise. Because Freddie Mac's volume of multifamily business is lower than Fannie Mae's volume, the 2010-11 multifamily goals were lower for Freddie Mac than for Fannie Mae:

- Low-income multifamily goals:
  177,750 units for Fannie Mae
  161,250 units for Freddie Mac

- Very low-income multifamily subgoals:
  42,750 units for Fannie Mae
  21,000 units for Freddie Mac

C. New Dual Approach for Evaluating Single-Family Goal Performance

Effective with the 2010 single-family housing goals, FHFA implemented a new procedure for determining compliance with the housing goals. Under this procedure, an Enterprise meets a goal if its performance meets or exceeds either:

- the specific benchmark levels established in FHFA's September 14, 2010 final rule; or
- the share of the market that qualifies for the goal, based on FHFA's analysis of Home Mortgage Disclosure Act (HMDA) data.

FHFA analyzes the single-family mortgage market by calculating the share of home purchase or refinance mortgages originated in the primary mortgage market which qualified for the goal in that year. These calculations are based on FHFA's analysis of HMDA data submitted to the Federal Financial Institutions Examination Council (FFIEC) by primary market mortgage originators. An Enterprise fails to meet a goal if its performance falls short of both the benchmark level and the calculated market share.

FHFA analyzed the 2011 loan-level data and independently calculated each Enterprise's official 2011 goal performance. In several cases, performance fell short of the benchmark level. FHFA has also calculated the goal-qualifying market shares based on 2011 HMDA data released by FFIEC in September 2012. FHFA has made a preliminary determination and notified the Enterprises on October 11, 2012 whether their performance exceeded or fell short of the single-family housing goals.

D. Evaluating Multifamily Goal Performance

The 2010-11 procedure for determining compliance with the single-family housing goals is different from the procedure used for 2009 and described in the *2010 Annual Housing Report*.

However, the procedure for determining compliance with the multifamily housing goals has not changed because data for the multifamily mortgage market comparable to HMDA data for the single-family market does not exist.

Under the September 14, 2010, final rule, the Enterprises are subject to the specific multifamily housing goals established in the rule. If FHFA determines there is a substantial probability an Enterprise will fall short on a multifamily goal or subgoal, FHFA notifies the Enterprise by letter.

E. Enterprise Performance relative to the 2011 Housing Benchmarks

The Federal National Mortgage Association Charter Act and the Federal Home Loan Mortgage Corporation Act, known as the Charter Acts, require Fannie Mae and Freddie Mac to submit annual housing activities reports detailing their housing goal activities to FHFA, the Committee on Banking, Housing, and Urban Affairs of the Senate, and the Committee on Banking, Housing, and Urban Affairs of the House of Representatives.[4] The annual housing activities reports include loan-level data on each mortgage purchased by the Enterprises. The Enterprises are required to submit these reports no later than 75 days after the end of each calendar year, generally by March 16 of each year.[5]

As part of the annual housing report, section 1324(b)(2) of the Safety and Soundness Act requires FHFA to "aggregate and analyze relevant data on income to assess the compliance of each Enterprise with the housing goals."[6] FHFA analyzed the loan-level data submitted with the Enterprises' annual housing activities reports for 2011 to determine their performance on the 2011 housing goals and subgoals. The results, in relation to the single-family benchmark levels and multifamily goals, are as follows:

Goal Category	Benchmark	Fannie Mae	Freddie Mac
Low-Income Home Purchase	27%	25.8%	23.3%
Very Low-Income Home Purchase	8%	7.6%	6.6%
Low-Income Areas Home Purchase Subgoal (excluding disaster areas)	13%	11.6%	9.2%
Low-Income Areas Home Purchase Goal (including disaster areas)	24%	22.4%	19.2%
Low-Income Refinance	21%	23.1%	23.4%

[4] See section 309(n) of Fannie Mae's Charter Act and section 307(f) of Freddie Mac's Charter Act. 12 U.S.C. § 1723a; 12 U.S.C. § 1456. The Charter Acts require that the annual housing activities reports be submitted to the Committee on Banking, Housing, and Urban Affairs of the House of Representatives. However, the Enterprises submit the annual housing activities reports to the Committee on Financial Services of the House of Representatives because the committee's name has changed.
[5] See 12 C.F.R. § 1282.63.
[6] 12 U.S.C. § 4544(b)(2).

Low-Income Multifamily Goals (units):				
	Fannie Mae	177,750	301,224	NA
	Freddie Mac	161,250	NA	229,001
Very Low-Income Multifamily Subgoals (units):				
	Fannie Mae	42,750	84,244	NA
	Freddie Mac	21,000	NA	35,471

Fannie Mae's and Freddie Mac's performance both exceeded the benchmark level on the low-income refinance goal and both of their multifamily goals. However, both Enterprises fell short of the benchmark levels for the low-income and very low-income home purchase goals, the low-income areas home purchase subgoal (excluding disaster areas), and the low-income areas home purchase goal (including disaster areas.)

F. HMDA Analysis of the 2011 Market

On October 11**,** 2012 FHFA Acting Director DeMarco notified the Enterprises about their official goal performance figures for 2011, and for the single-family goals, FHFA's calculations of the goal-qualifying shares of conventional, conforming home purchase and refinance mortgages originated in 2011, based on analysis of HMDA data. These letters are contained in **Appendix A**. The results of FHFA's market analysis, and the benchmark levels for the goals, are:

Goal Category	**Market Figure**	**Benchmark**
Low-Income Home Purchase	26.5%	27%
Very Low-Income Home Purchase	8.0%	8%
Low-Income Areas Home Purchase Subgoal (excluding disaster areas)	11.4%	13%
Low-Income Areas Home Purchase Goal (including disaster areas)	22.0%	24%
Low-Income Refinance Goal	21.5%	21%

These market-based figures correspond to the benchmark levels set for the 2010-11 goals in the September 14, 2010 final rule. For the low-income home purchase goal, the very low-income home purchase goal, and the low-income refinance goal, the market figures differed from the benchmark levels by 0.5 percentage point or less. For the low-income areas home purchase subgoal and goal, the market-based figures (11.4 percent and 22.0 percent) were less than the benchmark levels (13 percent and 24 percent).

For the low-income areas subgoal and goal, Fannie Mae's performance (11.6 percent and 22.4 percent) fell short of the benchmark levels, but exceeded the market figures cited above, thus it met this goal and subgoal. Freddie Mac's performance exceeded the benchmark level on the low-income refinance goal only, and its performance on the other three goals and the one subgoal fell short of both the benchmark and market levels.

FHFA has provided the Enterprises with an opportunity to make any comments on the goal and market performance figures contained in the October 11, 2012 letters in Appendix A, with responses requested by November 11, 2012. After the receipt of any such information, FHFA will make final determinations regarding compliance on the single-family goals.

III. Duty to Serve Underserved Markets

A. Introduction

Section 1324(b)(1)(A)(ii) of the Safety and Soundness Act requires FHFA to discuss in the annual housing report whether and how "each [E]nterprise is complying with its duty to serve underserved markets," as required by section 1335 of the Safety and Soundness Act.[7]

Section 1335 establishes a duty for the Enterprises to serve very low-, low-, and moderate-income families in three underserved markets—manufactured housing, affordable housing preservation, and rural areas—to increase the liquidity of mortgage investments and improve the distribution of investment capital available for mortgage financing in each market.[8] Section 1335 also requires FHFA to establish by regulation a method for evaluating and rating whether and how well the Enterprises have complied with the duty to serve underserved markets.[9]

B. Rulemaking

FHFA issued an Advance Notice of Proposed Rulemaking on August 4, 2009, and published a Notice of Proposed Rulemaking on June 7, 2010.[10] The proposed rule listed the types of Enterprise transactions and activities that would receive consideration toward its duty to serve. For example, only manufactured homes titled as real property would count toward the duty to serve the manufactured housing market, and HUD's Neighborhood Stabilization Program (NSP) would be added to the list of eligible programs in the affordable housing preservation market. Under the proposed rule, the Enterprises would have flexibility in serving the affordable housing preservation and rural markets.

Under the proposed rule FHFA would establish a process to evaluate and rate each Enterprise's compliance with the duty to serve each market. Each Enterprise would be required to submit to FHFA for review an underserved markets plan describing the steps the Enterprise would take to serve each market, and to establish benchmarks and objectives in its plan for FHFA to evaluate

[7] 12 U.S.C. § 4544(b).
[8] See 12 U.S.C. § 4565.
[9] See 12 U.S.C. § 4565.
[10] 74 Fed. Reg. 38572 (August 4, 2009); 75 Fed. Reg. 32099 (June 7, 2010).

and rate its performance in each underserved market. FHFA would evaluate and rate each Enterprise on its development of loan products and more flexible underwriting guidelines, volume of loans purchased, extent of outreach to market participants, and amount of investments and grants. Each Enterprise would receive an overall rating of compliance or noncompliance in each underserved market.

While the Enterprises are in conservatorship, all Enterprise activities must be consistent with the requirements of conservatorship under the Safety and Soundness Act. Although the final rule continues to be under consideration, FHFA is reassessing the duty to serve requirements in light of changing economic conditions, the Enterprises' conservatorship status, and the financial condition of the Enterprises to determine the best manner in which to proceed.

IV. Affordable Housing Allocations

Section 1324(b)(1)(A)(iii) of the Safety and Soundness Act requires FHFA to discuss in the annual housing report how each Enterprise is complying with the affordable housing allocation requirements under section 1337 of the Act.[11] Section 1337 requires each Enterprise to set aside in each fiscal year an amount equal to 0.042 percent of the total dollar amount of unpaid principal balance for its total new business purchases.[12] Each Enterprise is required to allocate or transfer 65 percent of this amount to the Secretary of HUD to fund the housing trust fund established under section 1338 of the Act and 35 percent to fund the capital magnet fund established under section 1339.

Section 1337(b) directs FHFA to temporarily suspend these allocations if it finds allocations: (1) are contributing, or would contribute, to the financial instability of the Enterprise; (2) are causing, or would cause, the Enterprise to be classified as undercapitalized; or (3) are preventing, or would prevent, the Enterprise from successfully completing a capital restoration plan under section 1369C.[13] In November 2008, FHFA determined that the Enterprises' affordable housing allocations would be suspended until further notice.[14]

V. Transactions and Activities

Section 1324(b)(1)(A)(iv) of the Safety and Soundness Act requires FHFA to discuss in the annual housing report how "each [E]nterprise received credit toward achieving each of its goals resulting from a transaction or activity pursuant to section 1331(b)(2)."[15] However, section 1331(b)(2) does not exist in the Safety and Soundness Act. FHFA has analyzed the legislative

[11] 12 U.S.C. § 4544(b).
[12] 12 U.S.C. § 4567.
[13] 12 U.S.C. § 4567(b).
[14] As reported in FHFA's *2008 Annual Report to Congress*, May 18, 2009, p. 81.
[15] 12 U.S.C. § 4544(b).

history of HERA and concluded that the intended statutory reference was most likely section 1332(i) of the Safety and Soundness Act.[16] Section 1332(i) states in part:

> (i) GOALS CREDIT.—The Director shall determine whether an [E]nterprise shall receive full, partial, or no credit for a transaction toward achievement of any of the housing goals established pursuant to section 1332 and 1333. In making any such determination, the Director shall consider whether a transaction or activity of an [E]nterprise is substantially equivalent to a mortgage purchase and either (1) creates a new market, or (2) adds liquidity to an existing market.[17]

This section provides guidance to the Director as to how to credit achievement of any of the housing goals established under sections 1332 and 1333 of the Safety and Soundness Act. Sections 1332 and 1333 require the Director to establish single-family and multifamily housing goals for 2010-11. However, the housing goals in effect for 2010-11 were established under sections 1332 through 1334 of the Safety and Soundness Act of 1992. FHFA has interpreted section 1324(b)(1)(A)(iv) as a requirement to report on how each Enterprise received credit for a transaction or activity under section 1332(i) toward achieving the housing goals in effect for the particular reporting year.

For the 2011 performance year, FHFA treated loan modifications as purchases of refinanced mortgages for purposes of the low-income refinance goal, as it did in 2010. FHFA only counted loans modified in accordance with the Administration's Home Affordable Modification Program (HAMP).

Loan modifications improved performance on the low-income refinance goal for each Enterprise in 2011. The official performance results for this goal include the impact of loan modifications. FHFA has also calculated Enterprise performance with loan modifications excluded.

Fannie Mae's performance on the low-income refinance goal exclusive of loan modifications in 2011 was 21.3 percent. Fannie Mae modified 90,499 loans (3.2 percent of total single-family loan acquisitions) under HAMP in 2011, of which 45,656 (71.2 percent) were for low-income families. Fannie Mae's official performance on this goal was 23.1 percent, exceeding the goal of 21 percent.

Freddie Mac's performance on the low-income refinance goal exclusive of loan modifications in 2011 was 21.2 percent. Freddie Mac modified 54,749 loans (3.4 percent of total single-family loan acquisitions) under HAMP in 2011, of which 35,625 (67.3 percent) were for low-income families. Freddie Mac's official performance on this goal was 23.4 percent, exceeding the goal of 21 percent.

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[16] In H.R. 3221.EAS2, an earlier version of the bill eventually enacted into law as HERA, the language in section 1331(b)(2) was almost identical to the language in current section 1332(i).

[17] 12 U.S.C. § 4562(i).

VI. Enterprise Achievement of Purposes Established by Law

Section 1324(b)(1)(A)(v) of the Safety and Soundness Act requires FHFA to report how "each [E]nterprise is achieving the purposes of the [E]nterprise established by law." While the Enterprises are in conservatorship, FHFA expects them to continue to fulfill the purposes for which they were established, including support for affordable housing as measured by the housing goals. At the same time, all Enterprise activities, including those in support of affordable housing, must be consistent with the requirements of conservatorship.

The Enterprises achieve their purposes by providing stability and liquidity in the secondary market for residential mortgages, responding appropriately to the private capital market, and promoting access to mortgage credit throughout the nation. During conservatorship, to address new and pressing needs in the mortgage market, the Enterprises have also engaged in extensive loss mitigation efforts focused on keeping borrowers in their homes, implemented extensive loan modification and refinance programs, supported financing for state and local housing finance agencies in stressful market conditions, and aligned national mortgage servicing standards. The Enterprises, along with the Federal Housing Administration and the Department of Veterans Affairs, are now the principal sources of liquidity and bearers of mortgage credit risk in the market today.

Although the Enterprises' substantial market presence has been key to restoring market stability, neither company is capable of achieving the purposes established by law without the ongoing financial support provided by the U.S. Department of the Treasury. FHFA has projected a range of substantial cumulative draws in Treasury support under the Senior Preferred Stock Purchase Agreements through 2015. Reliance on Treasury backing will continue until legislation produces a final resolution to the Enterprises' future. FHFA is monitoring the activities of the Enterprises to minimize losses on the mortgages already on their books, price the new book of business to adequately compensate for losses without discouraging market participation or hindering market recovery, and limit their risk exposure by avoiding new products and lines of business.

VII. Additional Actions by the Enterprises

Section 1324(b)(1)(B) of the Safety and Soundness Act requires FHFA to discuss in the annual housing report the actions that each Enterprise could take to promote and expand their purposes.[18]

On September 6, 2008, the Director of FHFA appointed FHFA as conservator of the Enterprises in accordance with the Safety and Soundness Act to maintain the Enterprises in a safe and sound financial condition. The Enterprises continue under conservatorship at present. FHFA does not intend for the Enterprises to undertake economically adverse or high-risk activities in support of the housing goals or the duty to serve underserved markets, nor does it intend for conservatorship to be a justification for withdrawing support from these important market segments.

[18] 12 U.S.C. § 4544(b).

Fannie Mae and Freddie Mac are important to the secondary market for multifamily loans, and multifamily lending is critical to the affordable housing mission of the Enterprises. In conservatorship, both Enterprises remain dedicated to and actively involved in multifamily lending, adapting to new conditions relative to important housing building blocks such as the low-income housing tax credit (LIHTC). The Enterprises should assist state and local housing finance agencies where appropriate and feasible and lead the market in efforts to help troubled borrowers remain in their homes through loan modifications via HAMP or through refinancing efforts such as the Home Affordable Refinance Program (HARP). In addition, the Enterprises should continue their efforts to establish consistent policies and processes for servicing delinquent loans consistently and quickly to keep more people in their homes whenever possible and to minimize taxpayer losses.

VIII. Enterprise Data Compared to Larger Housing Trends

Section 1324(b)(3) of the Safety and Soundness Act requires FHFA to "aggregate and analyze data on income, race, and gender by census tract and other relevant classifications, and compare such data with larger demographic, housing, and economic trends."

FHFA made these comparisons based on Enterprise data and HMDA data for 2010-2011 (see **Appendix B)**.

IX. Enterprise Purchase of Subprime and Nontraditional Loans

Section 1324(b)(4) of the Safety and Soundness Act requires FHFA to "identify the extent to which each [E]nterprise is involved in mortgage purchases and secondary market activities involving subprime and nontraditional loans."[19] Section 1324(b)(5) requires FHFA to "compare the characteristics of subprime and nontraditional loans both purchased and securitized by each [E]nterprise to other loans purchased and securitized by each [E]nterprise."[20] Implementing those provisions requires FHFA to identify subprime and nontraditional mortgages acquired by the Enterprises.

The Interagency Expanded Guidance for Subprime Lending Programs issued in January 2001 by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and Office of Thrift Supervision defines a subprime borrower as having one or more of the following:

- Two or more 30-day delinquencies in the last 12 months, or one or more 60-day delinquencies in the last 24 months;
- Judgment, foreclosure, repossession, or charge-off in the prior 24 months;
- Bankruptcy in the last 5 years;

[19] 12 U.S.C. § 4544(b)(4).
[20] 12 U.S.C. § 4544(b)(5).

- Relatively high default probability as evidenced by, for example, a credit bureau risk score (such as a FICO Score)[21] of 660 or below (depending on the product/collateral), or other bureau or proprietary scores with an equivalent default probability likelihood; or
- Debt service to income ratio of 50 percent or greater, or otherwise limited ability to cover family living expenses after deducting total monthly debt service requirements from monthly income.[22]

The expanded guidance cautioned that the characteristics are "not exhaustive and may not match all market or institution-specific subprime definitions." Because of the lack of a standard definition, FHFA has elected to provide information on Enterprise acquisitions in 2011 of mortgages with credit scores[23] below 620 and between 620 and 659 (see **Appendix C**). Where information on multiple scores is available, FHFA used the lowest score of the primary borrower.

The 2006 Interagency Guidance for Nontraditional Mortgage Product Risks definition includes interest-only and negative-amortization loans, but excludes home equity lines of credit.[24] An interest-only mortgage allows the borrower to make monthly payments that cover only accrued interest. A negative-amortization loan allows the borrower to make monthly payments that result in increases in the mortgage's unpaid principal balance. This report focuses on interest-only and negative-amortization mortgages acquired by Fannie Mae and Freddie Mac in 2011.

A. Overview of Single-Family Mortgages Acquired by the Enterprises

Excluding second liens and reverse mortgages, Fannie Mae and Freddie Mac acquired $870 billion of single-family loans in 2011 (See Appendix C, tables C1a and C1b), a decrease of 11.5 percent from the $983 billion the Enterprises acquired in 2010. That total includes loans that collateralized mortgage-backed securities guaranteed by either Enterprise and loans purchased for cash.

Fully-amortizing mortgages comprised 99.6 percent of the single-family loans acquired by the Enterprises in 2011. Fully-amortizing fixed-rate mortgages accounted for 92.8 percent of combined acquisitions, down from 94.4 percent in 2010 (See Appendix C, tables C1a and C1b). Fully-amortizing hybrid adjustable-rate mortgages accounted for 6.7 percent of 2011 acquisitions, up from 4.7 percent in 2010. Interest-only mortgages accounted for 0.4 percent of combined acquisitions, down from 0.9 percent in 2010.

There was little change in the distribution of the loan-to-value ratios of single-family mortgages acquired by Fannie Mae and Freddie Mac in 2011 (See Appendix C, tables C2a and C2b). The combined share of loans with loan-to-value ratios above 95 percent rose from 3.4 percent in 2010 to 4.8 percent in 2011. Under the Enterprises' Charter Acts, mortgages purchased with loan-to-value ratios greater than 80 percent must have some form of credit enhancement, such as

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[21] FICO is a registered trademark of Fair Isaac Corporation, which produces a widely used credit score model.
[22] Available at www.federalreserve.gov/boarddocs/srletters/2001/sr0104a1.pdf.
[23] The credit scores were calculated using models developed by FICO.
[24] 71 Fed. Reg. 58609 (October 4, 2006).

mortgage insurance, to protect against losses from defaults. Mortgages with loan-to-value ratios of 80 percent or below decreased from 85.6 percent of loans acquired in 2010 to 84.0 percent in 2011.

B. Acquisitions of Nontraditional Mortgages

The Enterprises acquired $16.0 million in interest-only fixed-rate mortgages in 2011, down from $127.9 million in 2010. Acquisitions of interest-only hybrid adjustable-rate mortgages totaled $3.7 billion, down from $8.5 billion in the previous year. In 2010, interest-only fixed-rate mortgages represented 0.01 percent and interest-only hybrid adjustable-rate mortgages represented 0.9 percent of combined Enterprise acquisitions. In 2011, interest-only fixed-rate mortgages represented 0 percent and interest-only hybrid adjustable-rate mortgages represented 0.4 percent of combined Enterprise acquisitions. Neither Enterprise acquired any negative-amortization mortgages in 2011, as in the previous year.

C. Acquisitions of Mortgages with Lower Credit Scores

There was little change in the distribution of the borrower credit scores of single-family mortgages acquired by Fannie Mae and Freddie Mac in 2011 (See Appendix C, tables C3a and C3b). The share of loans with credit scores below 620 fell from 0.8 percent in 2010 to 0.7 percent in 2011. Acquisitions of mortgages with credit scores between 620 and 659 stayed steady at a rate of 2.1 percent in both 2010 and 2011.

X. High-Cost Securitized Mortgages

A. Statutory and Regulatory Background

Section 1324(b)(6) of the Safety and Soundness Act requires FHFA to "compare the characteristics of high-cost loans purchased and securitized [by each Enterprise] where such securities are not held on portfolio to loans purchased and securitized, where such securities are either retained on portfolio or repurchased by the [E]nterprise, including such characteristics as—(A) the purchase price of the property that secures the mortgage; (B) the loan-to-value ratio of the mortgage, which shall reflect any secondary liens on the relevant property; (C) the terms of the mortgage; (D) the creditworthiness of the borrower; and (E) any other relevant data, as determined by the Director." In addition, section 1326(d)(2) of the Act requires that the high-cost loan characteristics data generally be released by FHFA to the public.

The Safety and Soundness Act does not define the term "high-cost loan," nor does any legislative history state the intent of this provision. After considering various options, FHFA determined, in its September 28, 2011, Notice of Order that for purposes of sections 1324(b)(6) and 1326(d)(2), a "high-cost loan" be defined by reference to its HMDA "rate spread."[25] This rate spread is a

[25] 76 Fed. Reg. 60031 (September 28, 2011).

data field reported by lenders under HMDA that is released annually as public loan data by FFIEC.

For 2010 and beyond, the HMDA rate spread represents the difference between the annual percentage rate (APR) and a survey-based estimate of APRs currently offered on prime mortgage loans of a comparable type. For mortgage loans with an application date before October 1, 2009, the minimum rate spread that must be reported by lenders for first liens is 3 percent. For mortgage loans with an application date on or after October 1, 2009, the minimum rate spread that must be reported by lenders for first liens is 1.5 percent.[26]

The HMDA rate spread definition has a logical relation to a loan's heightened cost because it is a rate spread that is simple and widely understood, and because the Enterprises have purchased significant numbers of such loans in the past, it appears to divide loans into categories in a way that meaningfully implements the statutory purpose. Since the Enterprises may continue to purchase loans with HMDA rate spreads, the Enterprises and FHFA have processes to capture this loan data for public release in FHFA's Public Use Database and to conduct the comparative analysis.

B. Overview

Based on the data reported by the Enterprises, in 2011, both Enterprises purchased and securitized first mortgages with an HMDA rate spread at or above 1.5 percent. Fannie Mae purchased and securitized a total of 17,694 higher-cost first mortgages (with an unpaid principal balance of $2.30 billion). Of these loans, 531 loans (with an unpaid principal balance of $76.6 million) were repurchased as of year end, and 17,163 loans (with an unpaid principal balance of $2.22 billion) were not repurchased as of year end. The 531 loans repurchased represent 3.0 percent of the high-cost loans (3.3 percent of unpaid principal balance) with a validly identified rate spread purchased and securitized during 2011.

Freddie Mac purchased and securitized a total of 5,482 high-cost first mortgages (with an unpaid principal balance of $811.1 million) with an HMDA rate spread. Of these loans, 129 loans (with an unpaid principal balance of $28.9 million) were repurchased as of year end, and 5,353 loans (with an unpaid principal balance of $782.2 million) were not repurchased as of year end. The 129 loans repurchased represent 2.4 percent of the high-cost loans (3.6 percent of unpaid principal balance) with a validly identified rate spread purchased and securitized during 2011.

HMDA data for 2011 show "that the incidence of higher-priced lending across all products in 2011 was about 3.7 percent,"[27] with conventional home purchase first liens around 3.9 percent and conventional refinanced first liens around 1.6 percent.[28] Fannie Mae's acquisition of loans with a validly identified HMDA rate spread was far less at 1.0 percent for home purchase and 0.5 percent for refinance first liens. Freddie Mac's acquisition of loans with a validly identified HMDA rate spread was 0.3 percent for home purchase and 0.4 percent for refinance first liens.

[26] www.ffiec.gov/ratespread/default.aspx.
[27] www.federalreserve.gov/pubs/bulletin/2012/PDF/2011_HMDA.pdf, page 15.
[28] www.federalreserve.gov/pubs/bulletin/2012/PDF/2011_HMDA.pdf, page 49.

Similar to 2010, the volume of the Enterprises' 2011 high-cost securitized loans continues to be so small relative to all other loans acquired in 2011 that it is difficult to draw statistically valid conclusions regarding their portfolio decisions about the high-cost securitized loans. FHFA will continue to monitor the Enterprises' purchases of high-cost securitized loans.

See **Appendix D** for tables showing FHFA's comparative analysis of 2011 high-cost securitized loans data.

XI. Monthly Mortgage Survey

Section 1324(c) of the Safety and Soundness Act requires FHFA to survey mortgage markets monthly, make data derived from the survey available to the public in a timely manner, and use the data in preparing the *Annual Housing Report*. The specific language of section 1324(c) implies that Congress intended the survey to encompass only mortgages that finance properties with one to four units. Section 1324(c) also requires FHFA to ensure the data made publicly available is not released in an identifiable form and is not otherwise obtainable from other publicly available data sets.

Section 1324(c)(2)(A) requires FHFA to collect information under the monthly survey on the characteristics of individual mortgages both eligible and ineligible for Enterprise purchase. For each loan, the information must include the price of the house securing the mortgage, loan-to-value ratio of the mortgage (including secondary financing), the terms of the mortgage, the creditworthiness of the borrower or borrowers, and whether the mortgage (if eligible) was purchased by an Enterprise.

In addition, Section 1324(c)(2)(B) requires FHFA to collect information on the loan and borrower characteristics of subprime mortgages and nontraditional mortgages eligible for purchase by the Enterprises, including the creditworthiness of borrowers and other information needed to determine whether subprime borrowers could have qualified for prime lending. FHFA did not publish monthly mortgage surveys in 2010 or 2011.

In September 2012, following a competitive bidding process, FHFA awarded a contract to Experian to develop the National Mortgage Database (NMDB). The NMDB will be jointly funded and managed by FHFA and the Consumer Financial Protection Bureau (CFPB). The NMDB initially will be a five percent nationally representative sample of single-family, first lien mortgages as reported to Experian for the period January 1998 to June 2012. During 2013, the NMDB will be updated to include newly reported mortgages from June 2012 to March 2013. Beginning in June 2013, the NMDB will begin adding a five percent random sample of new mortgages on an ongoing basis.

Additional data will be appended to the NMDB through merges with HMDA data, data from Freddie Mac and Fannie Mae, and data from the Federal Housing Administration, the Department of Veterans Affairs, Rural Development in the Department of Agriculture, and the Census Bureau, thereby to provide data in multiple dimensions, including mortgage, property, household, and credit performance. Both CFPB and FHFA will use the data for independent research purposes to support their supervisory mandates. FHFA intends to produce a public use version of the NMDB in late 2013.

Analysis and data for loans originated in 2009, 2010 and 2011 using a prototype version of the NMDB are available in **Appendix E** of this report. The production version of the NMDB will be the source of these tables in the future.

XII. Public Access to Mortgage Information

The Safety and Soundness Act requires FHFA to make available to the public loan level data submitted by the Enterprises in the reports required under section 309(m) of Fannie Mae's Charter Act and section 307(e) of Freddie Mac's Charter Act, except for certain proprietary information and personally identifiable information.[29] FHFA is required to make publicly available data elements required to be reported under HMDA at the census tract level. The Safety and Soundness Act also requires FHFA to make public certain high-cost securitized loan data it collects to compare the characteristics of high-cost loans the Enterprises purchase and securitize.[30] FHFA is required to publish the data by September 30 of the year following the year of the data.

FHFA has released this data to the public for 2011 through its Public Use Database, found on the agency's website (www.fhfa.gov).[31]

[29] See 12 U.S.C. §§ 4543, 4546.
[30] See 12 U.S.C. §§ 4544(b)(6), 4546(d). See Appendix D for the analysis of the high-cost securitized loans data for 2010.
[31] www.fhfa.gov/Default.aspx?Page=137.

Appendix A

Letter re Fannie Mae's Housing Goals Performance for 2011 from Acting FHFA Director Edward J. DeMarco to Timothy J. Mayopoulos, President and Chief Executive Officer, Fannie Mae, October 11, 2012

Letter re Freddie Mac's Housing Goals Performance for 2011 from Acting FHFA Director Edward J. DeMarco to Donald H. Layton, Chief Executive Officer, Freddie Mac, October 11, 2012

FEDERAL HOUSING FINANCE AGENCY
Office of the Director

October 11, 2012

Mr. Timothy J. Mayopoulos
President and Chief Executive Officer
Fannie Mae
3900 Wisconsin Avenue, NW
Washington, DC 20016-2892

Re: Fannie Mae's Housing Goals Performance for 2011

Dear Mr. Mayopoulos:

The Federal Housing Finance Agency (FHFA) has reviewed Fannie Mae's performance under the Enterprise housing goals for 2011 and is providing this notice pursuant to section 1336 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Safety and Soundness Act), as amended by the Housing and Economic Recovery Act of 2008.

As specified in 12 C.F.R. § 1282.12, the single-family housing goals include both a benchmark level and a market level determined by FHFA based on its analysis of Home Mortgage Disclosure Act data for 2011. Fannie Mae meets a single-family housing goal if its official performance exceeds either the benchmark level or the market level as determined by FHFA. FHFA evaluated Fannie Mae's performance on the single-family housing goals based on the following numbers:

Single-Family Housing Goals	Benchmark level – 2011	Market level – 2011	Fannie Mae Official Performance Results – 2011
Low-Income Home Purchase Goal	27%	26.5%	25.82%
Very Low-Income Home Purchase Goal	8%	8.0%	7.59%
Low-Income Areas Home Purchase Goal	24%	22.0%	22.35%
Low-Income Areas Home Purchase Subgoal	13%	11.4%	11.62%
Low-Income Refinance Goal	21%	21.5%	23.05%

For each housing goal, the percentages shown above reflect the proportion of mortgages that met the criteria for that goal. A housing unit may count towards more than one goal or subgoal in the performance year. The home purchase goals are based on Fannie Mae's acquisitions of purchase money mortgages, while the refinance goal is based on Fannie Mae's acquisitions of refinance mortgages and loan modifications, where applicable.

Based on the above information, FHFA has determined that Fannie Mae achieved the low-income areas home purchase goal and subgoal and the low-income refinance goal for 2011. FHFA has preliminarily determined that Fannie Mae failed to meet the low-income home purchase goal and the very low-income home purchase goal for 2011.

Unlike the single-family housing goals, the multifamily housing goals are based solely on benchmark levels established in advance by FHFA in 12 C.F.R. § 1282.13. For 2011, those benchmark levels and Fannie Mae's official performance were as follows:

Multifamily Housing Goals	**Goal target – 2011**	**Fannie Mae Official Performance Results – 2011**
Low-Income Multifamily Goal	177,750	301,224
Very Low-Income Multifamily Subgoal	42,750	84,244

Based on this information, FHFA has determined that Fannie Mae achieved each of the multifamily housing goals for 2011.

Given that Fannie Mae continues to operate under conservatorship and that it missed the two goals by a very small amount, FHFA will not be requiring housing plans for goals that Fannie Mae did not achieve.

Under section 1336(b)(2) of the Safety and Soundness Act, Fannie Mae has 30 days to submit any written information that it wishes FHFA to consider in making a final determination about Fannie Mae's compliance with the single-family housing goals that FHFA has preliminarily determined that Fannie Mae did not achieve.

If you have any questions, please contact Michael Opsahl, Manager, Single-Family Housing, Office of Housing and Regulatory Policy, at 202-649-3169.

Sincerely,

Edward J DeMarco

Edward J. DeMarco
Acting Director

October 11, 2012

Mr. Donald H. Layton
Chief Executive Officer
Freddie Mac
8200 Jones Branch Drive
McLean, VA 22103-3107

Re: Freddie Mac's Housing Goals Performance for 2011

Dear Mr. Layton:

The Federal Housing Finance Agency (FHFA) has reviewed Freddie Mac's performance under the Enterprise housing goals for 2011 and is providing this notice pursuant to section 1336 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Safety and Soundness Act), as amended by the Housing and Economic Recovery Act of 2008.

As specified in 12 C.F.R. § 1282.12, the single-family housing goals include both a benchmark level and a market level determined by FHFA based on its analysis of Home Mortgage Disclosure Act data for 2011. Freddie Mac meets a single-family housing goal if its official performance exceeds either the benchmark level or the market level as determined by FHFA. FHFA evaluated Freddie Mac's performance on the single-family housing goals based on the following numbers:

Single-Family Housing Goals	Benchmark level – 2011	Market level – 2011	Freddie Mac Official Performance Results – 2011
Low-Income Home Purchase Goal	27%	26.5%	23.27%
Very Low-Income Home Purchase Goal	8%	8.0%	6.63%
Low-Income Areas Home Purchase Goal	24%	22.0%	19.22%
Low-Income Areas Home Purchase Subgoal	13%	11.4%	9.16%
Low-Income Refinance Goal	21%	21.5%	23.35%

For each housing goal, the percentages shown above reflect the proportion of mortgages that met the criteria for that goal. A housing unit may count towards more than one goal or subgoal in the performance year. The home purchase goals are based on Freddie Mac's acquisitions of purchase money mortgages, while the refinance goal is based on Freddie Mac's acquisitions of refinance mortgages and loan modifications, where applicable.

Based on the above information, FHFA has determined that Freddie Mac achieved the low-income refinance goal for 2011. FHFA has preliminarily determined that Freddie Mac failed to meet the low-income home purchase goal, the very low-income home purchase goal, and the low-income areas goal and subgoal for 2011.

Unlike the single-family housing goals, the multifamily housing goals are based solely on benchmark levels established in advance by FHFA in 12 C.F.R. § 1282.13. For 2011, those benchmark levels and Freddie Mac's official performance were as follows:

Multifamily Housing Goals	Goal target – 2011	Freddie Mac Official Performance Results – 2011
Low-Income Multifamily Goal	161,250	229,001
Very Low-Income Multifamily Subgoal	21,000	35,471

Based on this information, FHFA has determined that Freddie Mac achieved each of the multifamily housing goals for 2011.

Given that Freddie Mac continues to operate under conservatorship, FHFA will not be requiring housing plans for goals that Freddie Mac did not achieve. But in light of Freddie Mac's results relative to actual market levels, I am asking that you review why Freddie Mac's goal-qualifying shares are less than those for the market.

Under section 1336(b)(2) of the Safety and Soundness Act, Freddie Mac has 30 days to submit any written information that it wishes FHFA to consider in making a final determination about Freddie Mac's compliance with the single-family housing goals that FHFA has preliminarily determined that Freddie Mac did not achieve.

If you have any questions, please contact Michael Opsahl, Manager, Single-Family Housing, Office of Housing and Regulatory Policy, at 202-649-3169.

Sincerely,

Edward J DeMarco

Edward J. DeMarco
Acting Director

Appendix B

The following tables show various characteristics of mortgages purchased by Fannie Mae and by Freddie Mac, as determined by FHFA, and the corresponding characteristics of mortgages originated in the primary market, as determined by FHFA's analysis of HMDA data. The following tables reflect the Enterprises' overall mortgage acquisitions and are not compliant with the eligibility rules for the housing goals. Loans where information is missing or not provided are not included in this analysis.

Table B1 shows the distribution of mortgages originated/acquired by borrower income. In the primary market, **26.5** percent of the home purchase mortgage originations were made to low-income borrowers (less than or equal to 80 percent of area median income) in 2011. Fannie Mae's acquisitions consisted of **23.5** percent low-income borrowers. Freddie Mac's acquisitions of home purchase mortgages consisted of **21.6** percent low-income.

In the primary market, **21.6** percent of the refinance mortgage originations were made to low-income borrowers (less than or equal to 80 percent of area median income) in 2011. Fannie Mae's acquisitions consisted of **23.0** percent low-income borrowers. Freddie Mac's acquisitions of refinance mortgages consisted of **22.9** percent low-income.

Table B1

Enterprise Acquisitions of Mortgages on Single-Family Owner-Occupied Properties by Borrower Income and Corresponding Shares of the Primary Mortgage Market

	Home Purchase					
Borrower Income	2010			2011		
Ratio*	Primary Market	Fannie Mae	Freddie Mac	Primary Market	Fannie Mae	Freddie Mac
<=50%	8.1%	6.6%	7.7%	8.0%	6.8%	6.1%
>50% to <=60%	5.9%	5.0%	5.6%	5.6%	5.0%	4.6%
>60% to <=80%	13.2%	11.5%	12.4%	12.9%	11.7%	10.9%
>80% to <=100%	12.6%	11.3%	12.3%	12.4%	11.5%	11.6%
>100% to <=120%	11.3%	10.8%	11.1%	11.1%	10.7%	11.2%
>120%	49.0%	54.8%	50.9%	50.1%	54.3%	55.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	Refinance					
Borrower Income	2010			2011		
Ratio*	Primary Market	Fannie Mae	Freddie Mac	Primary Market	Fannie Mae	Freddie Mac
<=50%	5.3%	6.8%	6.1%	6.3%	7.4%	7.2%
>50% to <=60%	4.2%	4.9%	4.4%	4.3%	4.5%	4.6%
>60% to <=80%	10.7%	11.5%	11.1%	11.0%	11.1%	11.1%
>80% to <=100%	12.3%	12.1%	12.4%	12.2%	11.8%	12.2%
>100% to <=120%	12.2%	11.6%	12.1%	11.9%	11.3%	11.7%
>120%	55.4%	53.1%	53.9%	54.4%	53.8%	53.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: FHFA analysis of 2010 and 2011 Enterprise and Home Mortgage Disclosure Act (HMDA) data; excludes loans with missing borrower income.

*Borrower income relative to Area Median Income (AMI).

Table B2 shows the distribution of mortgage loans by race and ethnicity of the borrower or borrowers. Fannie Mae generally mirrored the market in 2011 when it came to lending to minority borrowers, however, their share of acquisitions of home purchase mortgages made to minority borrowers declined between 2010 and 2011. Freddie Mac lagged the market in the shares of its home purchase loans for Hispanic and African American borrowers. The shares of refinance loans purchased by Fannie Mae and Freddie Mac for minority borrowers both exceeded the corresponding figures for the primary market in 2011.

Table B2

Enterprise Acquisitions of Mortgages on Single-Family Owner-Occupied Properties by Borrower Race/Ethnicity and Corresponding Shares of the Primary Mortgage Market

	Home Purchase					
Race/Ethnicity	2010			2011		
of Borrower(s)	Primary Market	Fannie Mae	Freddie Mac	Primary Market	Fannie Mae	Freddie Mac
Hispanic	5.3%	5.6%	4.1%	5.6%	5.8%	4.0%
Amer.Ind./AK Native	0.3%	0.2%	0.2%	0.3%	0.3%	0.1%
Asian	9.9%	11.8%	8.6%	8.8%	9.3%	8.6%
African American	2.4%	2.0%	1.6%	2.4%	2.6%	1.5%
Native HI/Pac. Islander	0.3%	0.3%	0.2%	0.3%	0.3%	0.2%
White Alone	81.5%	79.8%	83.6%	82.4%	81.5%	83.7%
Two or More Races	0.3%	0.3%	1.7%	0.3%	0.3%	1.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	Refinance					
Race/Ethnicity	2010			2011		
of Borrower(s)	Primary Market	Fannie Mae	Freddie Mac	Primary Market	Fannie Mae	Freddie Mac
Hispanic	4.0%	5.8%	4.4%	4.6%	5.6%	5.2%
Amer.Ind./AK Native	0.2%	0.2%	0.1%	0.2%	0.2%	0.1%
Asian	6.7%	7.3%	6.1%	6.9%	7.0%	7.3%
African American	2.2%	3.2%	2.2%	2.5%	3.1%	2.6%
Native HI/Pac. Islander	0.2%	0.3%	0.2%	0.2%	0.3%	0.2%
White Alone	86.4%	83.0%	85.3%	85.3%	83.6%	83.0%
Two or More Races	0.3%	0.3%	1.6%	0.3%	0.3%	1.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: FHFA analysis of 2010 and 2011 Enterprise and Home Mortgage Disclosure Act (HMDA) data; excludes loans with missing borrower race/ethnicity.

Table B3 shows that mortgage acquisition distribution of the Enterprises by gender of borrower in 2011 was similar to the distribution of mortgage originations in the primary market by gender.

Table B3

Enterprise Acquisitions of Mortgages on Single-Family Owner-Occupied Properties by Borrower Gender and Corresponding Shares of the Primary Mortgage Market

	Home Purchase					
Gender	2010			2011		
of Borrower(s)	Primary Market	Fannie Mae	Freddie Mac	Primary Market	Fannie Mae	Freddie Mac
All Male	30.6%	29.8%	28.7%	30.7%	29.9%	28.3%
All Female	22.7%	21.5%	21.2%	22.4%	21.7%	20.0%
Male and Female	46.8%	48.6%	50.1%	46.9%	48.4%	51.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	Refinance					
Gender	2010			2011		
of Borrower(s)	Primary Market	Fannie Mae	Freddie Mac	Primary Market	Fannie Mae	Freddie Mac
All Male	21.8%	22.9%	21.9%	22.3%	22.7%	22.7%
All Female	17.3%	18.2%	17.4%	18.2%	18.3%	18.1%
Male and Female	61.0%	58.9%	60.7%	59.6%	59.0%	59.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: FHFA analysis of 2010 and 2011 Enterprise and Home Mortgage Disclosure Act (HMDA) data; excludes loans with missing borrower gender.

Table B4 shows the distribution of primary market originations and the Enterprises' acquisitions by the minority share of census tract population in 2011.

Table B4

Enterprise Acquisitions of Mortgages on Single-Family Owner-Occupied Properties by Census Tract Minority Share and Corresponding Shares of the Primary Mortgage Market

Census Tract	Home Purchase					
Minority Share	2010			2011		
of Population	Primary Market	Fannie Mae	Freddie Mac	Primary Market	Fannie Mae	Freddie Mac
<10%	40.6%	36.8%	43.4%	41.3%	38.4%	43.7%
>=10% to <20%	24.4%	24.9%	24.7%	24.8%	25.5%	25.4%
>=20% to <30%	12.9%	14.1%	12.5%	12.8%	13.8%	12.5%
>=30% to <50%	11.5%	12.4%	10.7%	11.1%	11.9%	10.3%
>=50% to <80%	7.3%	8.2%	6.4%	6.8%	7.4%	5.8%
>=80%	3.3%	3.6%	2.4%	3.2%	3.1%	2.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Census Tract	Refinance					
Minority Share	2010			2011		
of Population	Primary Market	Fannie Mae	Freddie Mac	Primary Market	Fannie Mae	Freddie Mac
<10%	45.3%	41.4%	46.4%	43.9%	40.8%	43.8%
>=10% to <20%	24.4%	24.4%	23.8%	24.3%	24.7%	24.0%
>=20% to <30%	12.3%	12.9%	11.9%	12.5%	13.1%	12.3%
>=30% to <50%	10.0%	10.9%	9.8%	10.5%	11.2%	10.5%
>=50% to <80%	5.7%	7.0%	5.7%	6.2%	6.9%	6.5%
>=80%	2.3%	3.5%	2.4%	2.6%	3.4%	2.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: FHFA analysis of 2010 and 2011 Enterprise and Home Mortgage Disclosure Act (HMDA) data; excludes loans with missing tract information.

Table B5 shows the distribution of primary market originations and the Enterprises' acquisitions by the income level of census tract population in 2011.

Table B5

Enterprise Acquisitions of Mortgages on Single-Family Owner-Occupied Properties by Census Tract Income Ratio and Corresponding Shares of the Primary Mortgage Market

Census Tract Income Ratio*	Home Purchase					
	2010			2011		
	Primary Market	Fannie Mae	Freddie Mac	Primary Market	Fannie Mae	Freddie Mac
<=60%	2.5%	2.6%	1.8%	2.3%	2.3%	1.7%
>60% to <=80%	6.9%	6.8%	6.3%	6.5%	6.5%	5.5%
>80% to <=100%	19.6%	18.6%	20.6%	19.3%	19.1%	18.8%
>100% to <=120%	25.5%	25.0%	27.0%	25.7%	25.6%	26.4%
>120%	45.5%	47.1%	44.2%	46.2%	46.4%	47.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Census Tract Income Ratio*	Refinance					
	2010			2011		
	Primary Market	Fannie Mae	Freddie Mac	Primary Market	Fannie Mae	Freddie Mac
<=60%	1.2%	1.6%	1.2%	1.3%	1.6%	1.4%
>60% to <=80%	5.1%	5.9%	5.2%	5.4%	5.7%	5.5%
>80% to <=100%	19.1%	19.4%	20.2%	19.6%	19.2%	19.8%
>100% to <=120%	27.1%	26.7%	28.1%	26.9%	26.5%	27.2%
>120%	47.4%	46.3%	45.4%	46.8%	47.0%	46.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: FHFA analysis of 2010 and 2011 Enterprise and Home Mortgage Disclosure Act (HMDA) data; excludes loans with missing tract information.

*Median family income of the census tract relative to Area Median Income (AMI).

Appendix C

Table C1a. Single-Family Mortgages Acquired by Fannie Mae and Freddie Mac in 2010 and 2011 by Payment Type ($ in millions)[1]

Product Type	2010 Fully-Amortizing	2010 Interest-Only	2010 Negatively-Amortizing	2010 Total	2011 Fully-Amortizing	2011 Interest-Only	2011 Negatively-Amortizing	2011 Total
Fixed-Rate Mortgages	$927,840.2	$ 127.9	$ -	$927,968.1	$807,733.1	$ 16.0	$ -	$807,749.1
ARMS -Traditional	$ 484.4	$ 65.7	$ -	$ 550.0	$ 375.9	$ 7.7	$ -	$ 383.6
-Hybrid	$ 46,176.2	$ 8,486.2	$ -	$ 54,662.4	$ 58,427.1	$ 3,659.2	$ -	$ 62,086.3
Balloon Mortgages	$ 6.1	$ -	$ -	$ 6.1	$ -	$ -	$ -	$ -
Other Mortgages[2]	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total	$974,506.9	$ 8,679.8	$ -	$983,186.7	$866,536.2	$ 3,682.8	$ -	$870,219.0

Table C1b. Single-Family Mortgages Acquired by Fannie Mae and Freddie Mac in 2010 and 2011 by Payment Type (Percent)[3]

Product Type	2010 Fully-Amortizing	2010 Interest-Only	2010 Negatively-Amortizing	2010 Total	2011 Fully-Amortizing	2011 Interest-Only	2011 Negatively-Amortizing	2011 Total
Fixed-Rate Mortgages	94.37%	0.01%	0.00%	94.38%	92.82%	0.00%	0.00%	92.82%
ARMS -Traditional	0.05%	0.01%	0.00%	0.06%	0.04%	0.00%	0.00%	0.04%
-Hybrid	4.70%	0.86%	0.00%	5.56%	6.71%	0.42%	0.00%	7.13%
Balloon Mortgages	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Mortgages[2]	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	99.12%	0.88%	0.00%	100.00%	99.58%	0.42%	0.00%	100.00%

Source: Federal Housing Finance Agency based on information from Fannie Mae and Freddie Mac

[1] Includes mortgages purchased for cash and financed with guaranteed mortgage-backed securities. Excludes second liens and reverse mortgages.
[2] Other and unidentified payment types.
[3] Percentages may be zero due to rounding.

Table C2a. Single-Family Mortgages Acquired by Fannie Mae and Freddie Mac in 2010 and 2011, by Payment Type and Loan-to-Value Ratio Group ($ in millions)[1]

Loan-to-Value Ratio Group	2010 Fully-Amortizing	2010 Interest-Only	2010 Negatively-Amortizing	2010 Total	2011 Fully-Amortizing	2011 Interest-Only	2011 Negatively-Amortizing	2011 Total
0-70 Percent	$418,690.2	$ 5,586.6	$ -	$424,276.8	$362,183.1	$ 3,142.4	$ -	$365,325.6
70.1-80 Percent	$396,955.0	$ 2,991.1	$ -	$399,946.1	$342,349.6	$ 507.0	$ -	$342,856.7
80.1-95 Percent	$105,793.9	$ 67.3	$ -	$105,861.2	$ 95,174.3	$ 15.0	$ -	$ 95,189.2
>95 Percent	$ 33,052.1	$ 34.8	$ -	$ 33,086.9	$ 40,182.0	$ 18.4	$ -	$ 40,200.4
Total	$954,491.2	$ 8,679.8	$ -	$963,171.0	$839,889.0	$ 3,682.8	$ -	$843,571.8

Table C2b. Shares of Single-Family Mortgages Acquired by Fannie Mae and Freddie Mac in 2010 and 2011, by Payment Type and Loan-to-Value Ratio Group (Percent)[2]

Loan-to-Value Ratio Group	2010 Fully-Amortizing	2010 Interest-Only	2010 Negatively-Amortizing	2010 Total	2011 Fully-Amortizing	2011 Interest-Only	2011 Negatively-Amortizing	2011 Total
0-70 Percent	43.47%	0.58%	0.00%	44.05%	42.93%	0.37%	0.00%	43.31%
70.1-80 Percent	41.21%	0.31%	0.00%	41.52%	40.58%	0.06%	0.00%	40.64%
80.1-95 Percent	10.98%	0.01%	0.00%	10.99%	11.28%	0.00%	0.00%	11.28%
>95 Percent	3.43%	0.00%	0.00%	3.44%	4.76%	0.00%	0.00%	4.77%
Total	99.10%	0.90%	0.00%	100.00%	99.56%	0.44%	0.00%	100.00%

Source: Federal Housing Finance Agency based on information from Fannie Mae and Freddie Mac

[1] Includes mortgages purchased for cash and financed with guaranteed mortgage-backed securities. Excludes second liens and reverse mortgages. Totals in this table do not equal the totals in Table C1a because some loans acquired by the Enterprises do not have LTV Ratio Group information.
[2] Percentages may be zero due to rounding.

Table C3a. Single-Family Mortgages Acquired by Fannie Mae and Freddie Mac in 2010 and 2011, by Payment Type and FICO Score Group ($ in millions)[1]								
	2010				2011			
FICO Score Group	Fully-Amortizing	Interest-Only	Negatively-Amortizing	Total	Fully-Amortizing	Interest-Only	Negatively-Amortizing	Total
0-619	$ 7,851.0	$ 3.4	$ -	$ 7,854.4	$ 6,248.2	$ -	$ -	$ 6,248.2
620-659	$ 20,861.5	$ 39.8	$ -	$ 20,901.3	$ 18,639.0	$ 0.6	$ -	$ 18,639.6
660-719	$144,770.6	$ 764.0	$ -	$145,534.6	$125,520.7	$ 3.8	$ -	$125,524.5
720+	$800,577.6	$ 7,872.2	$ -	$808,449.8	$715,684.6	$ 3,678.4	$ -	$719,363.1
Total	$974,060.7	$ 8,679.4	$ -	$982,740.1	$866,092.4	$ 3,682.8	$ -	$869,775.3

Table C3b. Shares of Single-Family Mortgages Acquired by Fannie Mae and Freddie Mac in 2010 and 2011, by Payment Type and FICO Score Group (Percent)[2]								
	2010				2011			
FICO Score Group	Fully-Amortizing	Interest-Only	Negatively-Amortizing	Total	Fully-Amortizing	Interest-Only	Negatively-Amortizing	Total
0-619	0.80%	0.00%	0.00%	0.80%	0.72%	0.00%	0.00%	0.72%
620-659	2.12%	0.00%	0.00%	2.13%	2.14%	0.00%	0.00%	2.14%
660-719	14.73%	0.08%	0.00%	14.81%	14.43%	0.00%	0.00%	14.43%
720+	81.46%	0.80%	0.00%	82.26%	82.28%	0.42%	0.00%	82.71%
Total	99.12%	0.88%	0.00%	100.00%	99.58%	0.42%	0.00%	100.00%

Source: Federal Housing Finance Agency based on information from Fannie Mae and Freddie Mac

[1] Includes mortgages purchased for cash and financed with guaranteed mortgage-backed securities. Excludes second liens and reverse mortgages. Totals in this table do not equal the totals in Table C1a because some loans acquired by the Enterprises do not have FICO Score Group information.

[2] Percentages may be zero due to rounding.

Appendix D

The following tables show the number of 2011 high-cost loans in securities not held in portfolio compared to the number of 2011 high-cost loans in securities retained in portfolio at year end by each Enterprise (according to the previously listed characteristics).[1] These loan characteristics are further described in FHFA's September 28, 2011, Notice of Order.

Purchase Price. **Table D1** shows the comparison of the high-cost securitized loans based on purchase price. Because so few loans were retained, the data indicate that the purchase price of a property backing a high-cost securitized loan appears to have had little bearing on whether the securitized loan was retained in portfolio.

Table D1 - Purchase Price	Fannie Mae						Freddie Mac					
	In Portfolio at Year-End?				Totals		In Portfolio at Year-End?				Totals	
	Not Held		Retained				Not Held		Retained			
	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent
<= $417,000	15,547	90.6	479	90.2	16,026	90.6	4,990	93.2	90	69.8	5,080	92.7
> $417,000, <= $625,500	887	5.2	7	1.3	894	5.1	232	4.3	25	19.4	257	4.7
> $625,500, <= $729,750	250	1.5	12	2.3	262	1.5	48	0.9	4	3.1	52	0.9
> $729,750	458	2.7	30	5.6	488	2.8	83	1.6	10	7.8	93	1.7
Missing	21	0.1	3	0.6	24	0.1	0	0.0	0	0.0	0	0.0
Totals	17,163	100.0	531	100.0	17,694	100.0	5,353	100.0	129	100.0	5,482	100.0

Combined Loan-to-Value Ratio. **Table D2** shows the comparison of the high-cost securitized loans based on the combined loan-to-value ratio of the mortgages, including secondary liens. Since there were no securitized adjustable-rate mortgages retained on either Enterprise's portfolio, **Table D2a** shows the distribution based on combined loan-to-value ratio for securitized fixed-rate mortgages. Because so few loans were retained, the data indicate there was generally little difference in the distribution between securitized loans retained on portfolio and those not held on portfolio.

Table D2 - Combined LTV (or LTV if missing)	Fannie Mae						Freddie Mac					
	In Portfolio at Year-End?				Totals		In Portfolio at Year-End?				Totals	
	Not Held		Retained				Not Held		Retained			
	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent
0% < LTV <= 60%	2,636	15.4	89	16.8	2,725	15.4	495	9.2	21	16.3	516	9.4
60% < LTV <= 80%	8,199	47.8	217	40.9	8,416	47.6	1,651	30.8	65	50.4	1,716	31.3
80% < LTV <= 90%	1,788	10.4	35	6.6	1,823	10.3	392	7.3	13	10.1	405	7.4
90% < LTV <= 95%	1,456	8.5	36	6.8	1,492	8.4	667	12.5	18	14.0	685	12.5
LTV > 95%	2,718	15.8	107	20.2	2,825	16.0	2,145	40.1	12	9.3	2,157	39.3
Missing	366	2.1	47	8.9	413	2.3	3	0.1	0	0.0	3	0.1
Totals	17,163	100.0	531	100.0	17,694	100.0	5,353	100.0	129	100.0	5,482	100.0

[1] A security is identified as not held in portfolio if it was backed by a high-cost loan sold in entirety by the Enterprise during the calendar year and not repurchased as of year end. A security is identified as retained in portfolio if it was backed by a high-cost loan that was sold in entirety by the Enterprise during the calendar year but all or a portion of the security collateralized by the loan was repurchased by the Enterprise during the calendar year and held at year end.

Table D2a - Combined LTV (or LTV if missing) of Fixed-Rate Mortgages	Fannie Mae						Freddie Mac					
	In Portfolio at Year-End?				Totals		In Portfolio at Year-End?				Totals	
	Not Held		Retained				Not Held		Retained			
	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent
0% < LTV <= 60%	2,541	15.1	89	16.8	2,630	15.1	479	9.0	21	16.3	500	9.2
60% < LTV <= 80%	8,053	47.7	217	40.9	8,270	47.5	1,624	30.6	65	50.4	1,689	31.1
80% < LTV <= 90%	1,763	10.4	35	6.6	1,798	10.3	390	7.4	13	10.1	403	7.4
90% < LTV <= 95%	1,439	8.5	36	6.8	1,475	8.5	659	12.4	18	14.0	677	12.5
LTV > 95%	2,713	16.1	107	20.2	2,820	16.2	2,145	40.5	12	9.3	2,157	39.7
Missing	366	2.2	47	8.9	413	2.4	3	0.1	0	0.0	3	0.1
Totals	16,875	100.0	531	100.0	17,406	100.0	5,300	100.0	129	100.0	5,429	100.0

Terms of Mortgage. Terms of a mortgage include product type (fixed- or adjustable-rate), term (or length) of the mortgage at origination, amortization term, and interest rate at origination.

Product Type. **Table D3** shows the comparison of the high-cost securitized loans based on product type. As in 2010, data indicate there were no high-cost securitized adjustable-rate mortgages retained in portfolio by either Enterprise.

Table D3 - Product Type	Fannie Mae						Freddie Mac					
	In Portfolio at Year-End?				Totals		In Portfolio at Year-End?				Totals	
	Not Held		Retained				Not Held		Retained			
	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent
Fixed-Rate Mortgage	16,875	98.3	531	100.0	17,406	98.4	5,300	99.0	129	100.0	5,429	99.0
Adjustable-Rate	288	1.7	0	0.0	288	1.6	53	1.0	0	0.0	53	1.0
Totals	17,163	100.0	531	100.0	17,694	100.0	5,353	100.0	129	100.0	5,482	100.0

Term at Origination. Table D4 shows the comparison of high-cost securitized loans based on term at origination. Data indicate a far greater percentage of securitized loans with a 30-year term at origination were not held in portfolio compared to those retained. Amortization term, also released in the Public Use Database, shows an identical distribution.

Table D4 - Term at Origination	Fannie Mae						Freddie Mac					
	In Portfolio at Year-End?				Totals		In Portfolio at Year-End?				Totals	
	Not Held		Retained				Not Held		Retained			
	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent
30 Years	8,124	47.3	242	45.6	8,366	47.3	2,640	49.3	103	79.8	2,743	50.0
15 Years	4,051	23.6	122	23.0	4,173	23.6	1,175	22.0	1	0.8	1,176	21.5
All Others	4,988	29.1	167	31.5	5,155	29.1	1,538	28.7	25	19.4	1,563	28.5
Totals	17,163	100.0	531	100.0	17,694	100.0	5,353	100.0	129	100.0	5,482	100.0

Interest Rate at Origination. Tables D5 and **D5a** show the comparison of high-cost securitized loans based on interest rate at origination. The rates reflected in the tables do not include points and fees sufficient to trigger a reportable HMDA rate spread of at least 1.5 percent. The rate spread is based on the APR and not the original mortgage interest rate. As in 2010, loans with lower original mortgage interest rates tended to be retained in portfolio at year end.

Table D5 - Interest Rate at Origination	Fannie Mae						Freddie Mac					
	In Portfolio at Year-End?				Totals		In Portfolio at Year-End?				Totals	
	Not Held		Retained				Not Held		Retained			
	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent
< 4.0%	1,663	9.7	58	10.9	1,721	9.7	285	5.3	2	1.6	287	5.2
>= 4.0%, < 4.5%	2,097	12.2	158	29.8	2,255	12.7	523	9.8	58	45.0	581	10.6
>= 4.5%, < 5.0%	3,655	21.3	157	29.6	3,812	21.5	1,180	22.0	43	33.3	1,223	22.3
>= 5.0%, < 5.5%	4,808	28.0	104	19.6	4,912	27.8	2,142	40.0	26	20.2	2,168	39.5
>= 5.5%, < 6.0%	3,648	21.3	52	9.8	3,700	20.9	1,014	18.9	0	0.0	1,014	18.5
>= 6.0%, < 6.5%	1,124	6.5	2	0.4	1,126	6.4	163	3.0	0	0.0	163	3.0
>= 6.5%, < 7.0%	162	0.9	0	0.0	162	0.9	27	0.5	0	0.0	27	0.5
>= 7.0%, < 7.5%	5	0.0	0	0.0	5	0.0	1	0.0	0	0.0	1	0.0
>= 7.5%, < 8.0%	1	0.0	0	0.0	1	0.0	3	0.1	0	0.0	3	0.1
>= 8.0%	0	0.0	0	0.0	0	0.0	15	0.3	0	0.0	15	0.3
Totals	17,163	100.0	531	100.0	17,694	100.0	5,353	100.0	129	100.0	5,482	100.0

Table D5a - Interest Rate at Origination of Fixed-Rate Mortgages	Fannie Mae						Freddie Mac					
	In Portfolio at Year-End?				Totals		In Portfolio at Year-End?				Totals	
	Not Held		Retained				Not Held		Retained			
	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent
< 4.0%	1,407	8.3	58	10.9	1,465	8.4	243	4.6	2	1.6	245	4.5
>= 4.0%, < 4.5%	2,065	12.2	158	29.8	2,223	12.8	513	9.7	58	45.0	571	10.5
>= 4.5%, < 5.0%	3,655	21.7	157	29.6	3,812	21.9	1,179	22.2	43	33.3	1,222	22.5
>= 5.0%, < 5.5%	4,808	28.5	104	19.6	4,912	28.2	2,142	40.4	26	20.2	2,168	39.9
>= 5.5%, < 6.0%	3,648	21.6	52	9.8	3,700	21.3	1,014	19.1	0	0.0	1,014	18.7
>= 6.0%, < 6.5%	1,124	6.7	2	0.4	1,126	6.5	163	3.1	0	0.0	163	3.0
>= 6.5%, < 7.0%	162	1.0	0	0.0	162	0.9	27	0.5	0	0.0	27	0.5
>= 7.0%, < 7.5%	5	0.0	0	0.0	5	0.0	1	0.0	0	0.0	1	0.0
>= 7.5%, < 8.0%	1	0.0	0	0.0	1	0.0	3	0.1	0	0.0	3	0.1
>= 8.0%	0	0.0	0	0.0	0	0.0	15	0.3	0	0.0	15	0.3
Totals	16,875	100.0	531	100.0	17,406	100.0	5,300	100.0	129	100.0	5,429	100.0

Credit Score. **Tables D6** and **D6a** show the comparison of high-cost securitized loans based on credit score. Data indicate that where credit scores were 760 or greater, securitized loans were retained on portfolio at a higher rate than those not held in portfolio. Where credit scores were below 700, securitized loans were retained in portfolio at a slightly lower rate than those not held in portfolio.

Table D6 - Credit Score	Fannie Mae						Freddie Mac					
	In Portfolio at Year-End?				Totals		In Portfolio at Year-End?				Totals	
	Not Held		Retained				Not Held		Retained			
	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent
Less than 620	182	1.1	8	1.5	190	1.1	367	6.9	3	2.3	370	6.7
620 - < 660	1,333	7.8	55	10.4	1,388	7.8	596	11.1	3	2.3	599	10.9
660 - < 700	2,767	16.1	74	13.9	2,841	16.1	1,080	20.2	18	14.0	1,098	20.0
700 - < 760	5,027	29.3	150	28.2	5,177	29.3	1,739	32.5	58	45.0	1,797	32.8
760 or Greater	7,837	45.7	244	46.0	8,081	45.7	1,555	29.0	47	36.4	1,602	29.2
Missing	17	0.1	0	0.0	17	0.1	16	0.3	0	0.0	16	0.3
Totals	17,163	100.0	531	100.0	17,694	100.0	5,353	100.0	129	100.0	5,482	100.0

Table D6a - Credit Score of Fixed-Rate Mortgages	Fannie Mae						Freddie Mac					
	In Portfolio at Year-End?				Totals		In Portfolio at Year-End?				Totals	
	Not Held		Retained				Not Held		Retained			
	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent
Less than 620	181	1.1	8	1.5	189	1.1	366	6.9	3	2.3	369	6.8
620 - < 660	1,332	7.9	55	10.4	1,387	8.0	594	11.2	3	2.3	597	11.0
660 - < 700	2,761	16.4	74	13.9	2,835	16.3	1,075	20.3	18	14.0	1,093	20.1
700 - < 760	4,948	29.3	150	28.2	5,098	29.3	1,715	32.4	58	45.0	1,773	32.7
760 or Greater	7,636	45.3	244	46.0	7,880	45.3	1,534	28.9	47	36.4	1,581	29.1
Missing	17	0.1	0	0.0	17	0.1	16	0.3	0	0.0	16	0.3
Totals	16,875	100.0	531	100.0	17,406	100.0	5,300	100.0	129	100.0	5,429	100.0

Other Relevant Data. Additional relevant loan characteristics included for comparative analysis are borrower income ratio, tract income ratio, 2000 census tract/percent minority, purpose of loan, and federal guarantee.

Borrower Income Ratio. **Table D7** shows the comparison of high-cost securitized loans based on borrower income relative to area median income. The data indicate that securitized loans to borrowers with incomes greater than 80 percent of area median income were more likely to be retained in portfolio than securitized loans to borrowers with incomes at 80 percent or less.

Table D7 -Borrower Income Ratio	Fannie Mae						Freddie Mac					
	In Portfolio at Year-End?				Totals		In Portfolio at Year-End?				Totals	
	Not Held		Retained				Not Held		Retained			
	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent
>= 0%, <= 50%	2,366	13.8	78	14.7	2,444	13.8	726	13.6	12	9.3	738	13.5
> 50%, <= 80%	6,327	36.9	185	34.8	6,512	36.8	1,737	32.4	30	23.3	1,767	32.2
> 80%	8,377	48.8	262	49.3	8,639	48.8	2,870	53.6	86	66.7	2,956	53.9
Not Applicable	93	0.5	6	1.1	99	0.6	20	0.4	1	0.8	21	0.4
Totals	17,163	100.0	531	100.0	17,694	100.0	5,353	100.0	129	100.0	5,482	100.0

Tract Income Ratio. Table D8 shows the comparison of high-cost securitized loans based on the tract income ratio, which is the ratio of the 2000 Census tract median income to the 2000 local area median income.[2] The data indicate that securitized loans secured by properties located in census tracts with higher relative income areas were more likely to be retained in portfolio.

Table D8 - Tract Income Ratio	Fannie Mae						Freddie Mac					
	In Portfolio at Year-End?				Totals		In Portfolio at Year-End?				Totals	
	Not Held		Retained				Not Held		Retained			
	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent
<= 80%	3,429	20.0	100	18.8	3,529	19.9	946	17.7	14	10.9	960	17.5
> 80%, <= 120%	8,947	52.1	291	54.8	9,238	52.2	2,957	55.2	64	49.6	3,021	55.1
> 120%	4,774	27.8	139	26.2	4,913	27.8	1,438	26.9	51	39.5	1,489	27.2
Missing	13	0.1	1	0.2	14	0.1	12	0.2	0	0.0	12	0.2
Totals	17,163	100.0	531	100.0	17,694	100.0	5,353	100.0	129	100.0	5,482	100.0

[2] The Enterprises will transition to 2010 Census tract geography and demographics for the 2012 calendar year.

2000 Census Tract/Percent Minority. **Table D9** shows the comparison of high-cost securitized loans based on the composition of minority population in a census tract where the property securing a loan is located. Data indicate that securitized loans retained in portfolio had a slight tendency to be secured by properties located in census tracts with lower minority composition, however so few loans were retained that it is difficult to make statistical inferences here.

Table D9 - Percent Minority in Census Tract	Fannie Mae						Freddie Mac					
	In Portfolio at Year-End?				Totals		In Portfolio at Year-End?				Totals	
	Not Held		Retained				Not Held		Retained			
	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent
0% - < 10%	4,890	28.5	160	30.1	5,050	28.5	1,765	33.0	45	34.9	1,810	33.0
10% - < 30%	5,708	33.3	165	31.1	5,873	33.2	1,886	35.2	51	39.5	1,937	35.3
30% - 100%	6,564	38.2	206	38.8	6,770	38.3	1,701	31.8	33	25.6	1,734	31.6
Missing	1	0.0	0	0.0	1	0.0	1	0.0	0	0.0	1	0.0
Totals	17,163	100.0	531	100.0	17,694	100.0	5,353	100.0	129	100.0	5,482	100.0

Purpose of Loan. **Table D10** shows the comparison of high-cost securitized loans based on the purpose of the loan, whether for home purchase, refinancing of an existing loan, or other. Data indicate that home purchase loans were retained by Fannie Mae at a lower rate than loans for refinancing or other purposes. A similar observation exists for Freddie Mac, however there are so few retained loans that a portfolio decision is likely made on other loan characteristics.

Table D10 - Loan Purpose	Fannie Mae						Freddie Mac					
	In Portfolio at Year-End?				Totals		In Portfolio at Year-End?				Totals	
	Not Held		Retained				Not Held		Retained			
	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent
Purchase	6,406	37.3	185	34.8	6,591	37.2	959	17.9	56	43.4	1,015	18.5
Refinance/Other	10,757	62.7	346	65.2	11,103	62.8	4,394	82.1	73	56.6	4,467	81.5
Totals	17,163	100.0	531	100.0	17,694	100.0	5,353	100.0	129	100.0	5,482	100.0

Federal Guarantee. **Table D11** shows the comparison of high-cost securitized loans based on whether the loan is federally guaranteed or insured. Data indicate the vast majority of loans were conventional and the presence of a federal guarantee appears to have had little bearing on whether the securitized loan was retained in an Enterprise's portfolio.

Table D11 - Federal Guarantee?	Fannie Mae						Freddie Mac					
	In Portfolio at Year-End?				Totals		In Portfolio at Year-End?				Totals	
	Not Held		Retained				Not Held		Retained			
	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent	Loans	Percent
No	16,797	97.9	484	91.1	17,281	97.7	5,332	99.6	129	100.0	5,461	99.6
Yes	366	2.1	47	8.9	413	2.3	21	0.4	0	0.0	21	0.4
Totals	17,163	100.0	531	100.0	17,694	100.0	5,353	100.0	129	100.0	5,482	100.0

Appendix E

Tables in this appendix rely on a prototype version of the National Mortgage DataBase (the "NMDB") to provide information on loans originated in 2009, 2010 and 2011. A production version of the NMDB is being developed. When it is available it will become the source for these tables in future reports.

The NMDB is based on a representative sample of single-family, first lien mortgages as reported to one of the national credit repositories. Additional data are appended to the NMDB through merges with Home Mortgage Disclosure Act data and a database of estimated property values. Population loan counts are estimated using sampling weights, and rounded to the nearest 100 loans.

Mortgages identified as purchased by Fannie Mae or Freddie Mac are labeled "Enterprise" mortgages. Mortgages identified as purchased by the Federal Housing Administration, the Veterans Administration, the Rural Housing Service, the Farmers Home Administration or the Farm Service Agency are labeled government ("Gov't") mortgages. Remaining mortgages are labeled "Other."

Mortgages "eligible" for purchase by the Enterprises are defined as mortgages with loan amounts within the Enterprises' one-unit conforming limits. The NMDB does not include the number of housing units in the property. "Possibly eligible" mortgages are therefore defined as those with loan amounts above the one-unit conforming limits but within the four-unit conforming limits. "Ineligible" mortgages are defined as those with loan amounts above the four-unit conforming limits.

A measure of combined loan amount at origination is obtained by analyzing credit repository data to associate second liens with their corresponding first lien mortgages. These combined loan amounts are divided by estimated property values, when available, to compute combined loan-to-value ("CLTV") ratios. Where estimated property values are missing, CLTV is first imputed. Property values at the time of origination are then imputed by dividing combined loan amount is imputed CLTV.

Credit scores provide a general measure of creditworthiness. Borrowers' VantageScores are available in the NMDB, and they are used to group loans into risk buckets using FICO score-equivalent categories.

Mortgage underwriting also provides an assessment of creditworthiness. The underwriting process is simulated using the NMDB data to derive a mortgage specific creditworthiness measure. There is no single, commonly accepted, industry-standard mortgage creditworthiness measure, so the predicted probability that a mortgage will become seriously delinquent within three years of origination is used for this analysis. It is produced in two steps.

The first step replicates the knowledge gathering process. It estimates 90-day delinquency within three years of origination using data on mortgages originated between January, 2004 and June, 2007. Key variables in the model include borrower credit attributes and mortgage characteristics that are observable to underwriters at the time of application. Also included in the model are factors that affect delinquency but are revealed only after the loan is originated. These consist of realized house price appreciation, changes in local unemployment rates, and controls for origination cohorts.

The second step replicates the underwriting assessment process. It uses the model estimated in step one to predict 90-day delinquency rates for mortgages originated in 2009, 2010 and 2011. Underwriters making credit assessments on loan applications cannot know the values of variables that will be revealed only after the loan is originated. To reflect this constraint, underwriters are presumed to take a neutral perspective regarding the future. It is assumed that there is a zero percent annual house price appreciation rate, that the local unemployment rate is constant at six percent, and that all originations share the performance characteristics of the 2004 origination cohort.

Combined Loan-to-Value Ratio

Table E1 shows the distribution of mortgage originations across CLTV ratio categories for 2009, 2010 and 2011. Mortgages with CLTV ratios of 80 percent or less were the majority of eligible loans originated in the three years presented, accounting for 55.3 percent of these originations in 2009, 59.1 percent in 2010, and 61.1 percent in 2011. The Enterprises purchased roughly two-thirds of these originations. The Enterprise purchased 55.8 percent of eligible originations in 2009 with CLTV ratios greater than 80 percent and less than or equal to 90 percent. The Enterprise share of these loans declined slightly to 53.1 percent in 2010 and 2011. Government dominated the share of eligible originations with CLTV ratios greater than 95 percent.

House Price

Table E2 shows the distribution of mortgage originations across house price categories for 2009, 2010 and 2011. Roughly 80 percent of eligible mortgages originated in 2009, 2010 and 2011 were on houses with estimated values less than or equal to $417,000.

Mortgage Terms

Table E3 shows the distribution of mortgage originations across term to maturity categories for 2009, 2010 and 2011. Mortgages with 30 year terms to maturity were the majority of eligible originations in all three years of these data, accounting for 76.4 percent in 2009, 66.9 percent in 2010 and 62.8 percent in 2011. Enterprises purchased the largest share of eligible mortgages with terms to maturity of 15 to 30 years. Other purchasers dominated the share of eligible mortgages with terms to maturity of 15 years or less, as well as those of greater than 30 years.

Mortgage Purpose

Table E4 shows the distribution of mortgage originations across loan purpose for 2009, 2010 and 2011. Refinance was consistently the dominant loan purpose for eligible mortgages, accounting for roughly two-thirds of these originations throughout 2009, 2010 and 2011. The Enterprises had a dominant share of eligible mortgages in the refinance market. The Government dominated eligible purchase mortgage shares, albeit with a share that declined from 45.1 percent in 2009 to 41.7 percent in 2010, and then again to 41.1 percent in 2011.

Creditworthiness

Table E5 shows the distribution of mortgage originations across FICO score categories for 2009, 2010 and 2011. Loans by borrowers with FICO score between 700 and 759 were the dominant category for eligible mortgages originated in 2009, 2010 and 2010, accounting for slightly over 50 percent of originations in all three years.

The Enterprises dominated the higher FICO score eligible mortgage market. For the segment of borrowers with FICO scores above 760, Enterprise shares were over 70 percent throughout the 2009 through 2011 period. Government mortgages dominated the market for eligible mortgages with FICO scores between 620 and 699. Borrowers with FICO scores under 620 who took out eligible mortgages were largely served by others in 2009, and disproportionately so in 2010 and 2011. Ineligible mortgages were disproportionately made to borrowers with FICO scores of 760 or greater, as were possibly eligible mortgages.

Table E6 shows the distribution of mortgage originations across predictions of 90-day delinquency rates for 2009, 2010 and 2011. Loans with a one percent or less predicted probability of going 90-day delinquent within three years of origination were an increasing share of eligible originations. The share of originations in this risk category increased from 40.8 percent in 2009, to 42.8 percent in 2010, to 44.3 percent in 2011.

The Enterprises dominated the lower-risk portion of the market, accounting for over 80 percent of originations with a one percent or less probability of going 90-day delinquent. The Enterprises also dominated the one to three percent probability of 90-day delinquency category, but at lower rates of slightly under 50 percent. The vast majority of Enterprise purchases were of originations with a three percent or lower probability of becoming 90-day delinquent in the three years after origination. In 2009 this group accounted for 94.3 percent of all eligible Enterprise purchases, in 2010 it accounted for 95 percent of purchases, and in 2011 it made up 94.4 percent of all eligible Enterprise purchases.

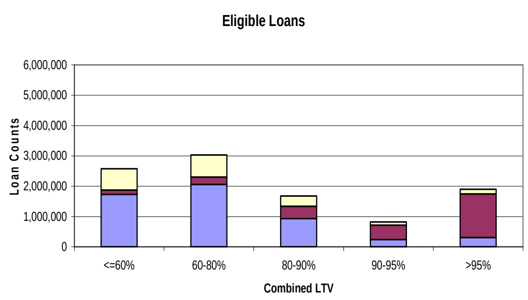
Government was the dominant lender in the higher-risk categories, accounting for over 70 percent of eligible originations among mortgages with a greater than five percent probability of becoming 90-day delinquent in the three years following origination.

Tract Income Ratio

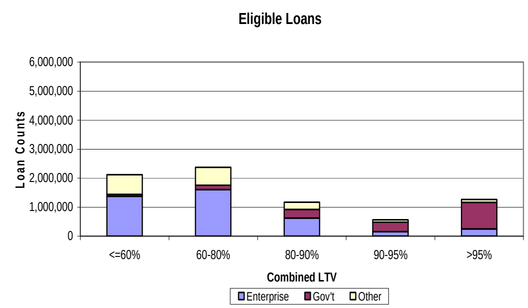
Table E7 shows the distribution of mortgage originations across census tract income ratio categories for 2009, 2010 and 2011. 69.1 percent of eligible originations in 2009 were in tracts with income ratios of 100 percent or lower, 67.8 percent in 2010, and 68 percent in 2011. The Enterprises purchased the majority of eligible originations in census tracts with income ratios greater than or equal to 80 percent.

Table E1. Distribution of Combined Loan to Value (CLTV) for 2009-2011 Single-Family Mortgage Originations

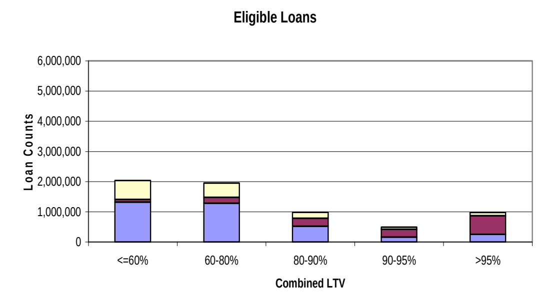
2009 Originations



2010 Originations



2011 Originations



Eligible Loans

2009 Originations

	CLTV					
	<=60%	**60-80%**	**80-90%**	**90-95%**	**>95%**	**All***
Enterprise (% of column)	67.2%	68.1%	55.8%	29.5%	16.4%	52.5%
Gov't (% of column)	5.7%	7.9%	24.1%	58.3%	75.6%	27.1%
Other (% of column)	27.1%	24.1%	20.1%	12.2%	8.0%	20.4%
Loans (column counts)	2,576,300	3,029,700	1,679,300	817,100	1,899,000	10,148,200
Loans (% of All)	25.4%	29.9%	16.5%	8.1%	18.7%	100.0%

2010 Originations

	CLTV					
	<=60%	**60-80%**	**80-90%**	**90-95%**	**>95%**	**All***
Enterprise (% of column)	64.6%	67.8%	53.1%	28.1%	19.8%	53.1%
Gov't (% of column)	3.0%	6.4%	25.3%	57.5%	72.2%	23.4%
Other (% of column)	32.4%	25.8%	21.6%	14.4%	8.0%	23.4%
Loans (column counts)	2,123,300	2,370,700	1,174,900	566,800	1,266,600	7,603,000
Loans (% of All)	27.9%	31.2%	15.5%	7.5%	16.7%	100.0%

2011 Originations

	CLTV					
	<=60%	**60-80%**	**80-90%**	**90-95%**	**>95%**	**All***
Enterprise (% of column)	64.8%	65.8%	53.1%	33.7%	26.3%	54.8%
Gov't (% of column)	4.6%	10.2%	26.9%	52.7%	63.0%	22.3%
Other (% of column)	30.6%	23.9%	20.0%	13.6%	10.7%	22.9%
Loans (column counts)	2,038,000	1,953,200	986,000	489,600	977,600	6,525,200
Loans (% of All)	31.2%	29.9%	15.1%	7.5%	15.0%	100.0%

Possibly Eligible Loans

2009 Originations

	CLTV					
	<=60%	**60-80%**	**80-90%**	**90-95%**	**>95%**	**All***
Enterprise (% of column)	12.5%	4.3%	3.5%	11.2%	1.7%	4.7%
Gov't (% of column)	0.0%	0.0%	6.6%	40.3%	27.0%	12.1%
Other (% of column)	87.5%	95.7%	89.9%	48.6%	71.3%	83.2%
Loans (column counts)	6,800	25,800	20,600	7,600	18,900	82,300
Loans (% of All)	8.3%	31.4%	25.0%	9.2%	22.9%	100.0%

2010 Originations

	CLTV					
	<=60%	**60-80%**	**80-90%**	**90-95%**	**>95%**	**All***
Enterprise (% of column)	11.5%	2.2%	9.0%	4.7%	5.1%	5.9%
Gov't (% of column)	0.0%	0.4%	7.4%	17.2%	27.0%	10.2%
Other (% of column)	88.5%	97.4%	83.6%	78.1%	67.9%	83.8%
Loans (column counts)	10,400	26,900	25,100	8,500	23,400	95,300
Loans (% of All)	10.9%	28.2%	26.3%	8.9%	24.5%	100.0%

2011 Originations

	CLTV					
	<=60%	**60-80%**	**80-90%**	**90-95%**	**>95%**	**All***
Enterprise (% of column)	4.2%	5.4%	1.3%	7.4%	4.6%	4.4%
Gov't (% of column)	0.0%	1.4%	4.0%	18.5%	20.0%	8.9%
Other (% of column)	95.8%	93.2%	94.7%	74.1%	75.4%	86.7%
Loans (column counts)	9,600	29,600	30,000	10,800	26,000	108,400
Loans (% of All)	8.9%	27.3%	27.7%	10.0%	24.0%	100.0%

Ineligible Loans

2009 Originations

	CLTV					
	<=60%	**60-80%**	**80-90%**	**90-95%**	**>95%**	**All***
Loans (column counts)	1,900	10,100	9,100	2,700	6,700	34,700
Loans (% of All)	5.4%	29.1%	26.3%	7.8%	19.4%	100.0%

2010 Originations

	CLTV					
	<=60%	**60-80%**	**80-90%**	**90-95%**	**>95%**	**All***
Loans (column counts)	1,500	7,600	8,800	2,300	8,300	30,900
Loans (% of All)	4.7%	24.7%	28.4%	7.3%	27.0%	100.0%

2011 Originations

	CLTV					
	<=60%	**60-80%**	**80-90%**	**90-95%**	**>95%**	**All***
Loans (column counts)	1,600	10,800	5,600	4,000	11,200	34,000
Loans (% of All)	4.7%	31.8%	16.5%	11.8%	32.9%	100.0%

Source: Prototype NMDB

**Missings are not included in the table. Missing values are under 2% of the sample*

Table E2. Distribution of House Price for 2009-2011 Single-Family Mortgage Originations

2009 Originations

Eligible Loans	House Price				
	<=$417,000	$417,000-$625,500	$625,500-$729,750	>$729,750	All*
Enterprise (% of column)	48.0%	73.5%	74.9%	80.2%	52.5%
Gov't (% of column)	31.8%	6.2%	4.4%	0.8%	27.1%
Other (% of column)	20.2%	20.3%	20.7%	19.0%	20.4%
Loans (column counts)	8,204,200	1,223,100	246,600	327,600	10,148,200
Loans (% of All)	80.8%	12.1%	2.4%	3.2%	100.0%
Possibly Eligible Loans	**House Price**				
	<=$417,000	$417,000-$625,500	$625,500-$729,750	>$729,750	All*
Enterprise (% of column)	0.0%	6.1%	7.2%	3.9%	4.7%
Gov't (% of column)	48.3%	21.9%	11.2%	6.7%	12.1%
Other (% of column)	51.7%	72.0%	81.6%	89.5%	83.2%
Loans (column counts)	1,500	20,200	11,000	47,000	82,300
Loans (% of All)	1.8%	24.5%	13.4%	57.2%	100.0%
Ineligible Loans	**House Price**				
	<=$417,000	$417,000-$625,500	$625,500-$729,750	>$729,750	All*
Loans (column counts)	0	0	400	30,200	34,700
Loans (% of All)	0.0%	0.0%	1.1%	86.9%	100.0%

2010 Originations

Eligible Loans	House Price				
	<=$417,000	$417,000-$625,500	$625,500-$729,750	>$729,750	All*
Enterprise (% of column)	49.1%	70.8%	73.2%	74.1%	53.1%
Gov't (% of column)	27.8%	6.5%	3.0%	0.7%	23.4%
Other (% of column)	23.1%	22.7%	23.8%	25.2%	23.4%
Loans (column counts)	6,063,800	948,100	181,200	309,400	7,603,000
Loans (% of All)	79.8%	12.5%	2.4%	4.1%	100.0%
Possibly Eligible Loans	**House Price**				
	<=$417,000	$417,000-$625,500	$625,500-$729,750	>$729,750	All*
Enterprise (% of column)	0.0%	11.4%	12.6%	3.4%	5.9%
Gov't (% of column)	96.1%	17.9%	14.4%	3.8%	10.2%
Other (% of column)	3.9%	70.7%	73.1%	92.8%	83.8%
Loans (column counts)	2,600	17,700	12,300	61,800	95,300
Loans (% of All)	2.7%	18.6%	12.9%	64.8%	100.0%
Ineligible Loans	**House Price**				
	<=$417,000	$417,000-$625,500	$625,500-$729,750	>$729,750	All*
Loans (column counts)	0	0	0	28,500	30,900
Loans (% of All)	0.0%	0.0%	0.0%	92.1%	100.0%

2011 Originations

Eligible Loans	House Price				
	<=$417,000	$417,000-$625,500	$625,500-$729,750	>$729,750	All*
Enterprise (% of column)	51.1%	71.6%	76.6%	73.8%	54.8%
Gov't (% of column)	26.3%	5.7%	3.5%	0.9%	22.3%
Other (% of column)	22.6%	22.7%	19.9%	25.3%	22.9%
Loans (column counts)	5,254,000	760,000	171,200	259,200	6,525,200
Loans (% of All)	80.5%	11.6%	2.6%	4.0%	100.0%
Possibly Eligible Loans	**House Price**				
	<=$417,000	>$417,000&<=$625,500	>$625,500&<=$729,750	>$729,750	All*
Enterprise (% of column)	0.0%	8.7%	0.0%	3.8%	4.4%
Gov't (% of column)	0.0%	28.3%	9.7%	3.2%	8.9%
Other (% of column)	100.0%	63.0%	90.3%	93.0%	86.7%
Loans (column counts)	1,200	18,400	12,400	74,000	108,400
Loans (% of All)	1.1%	17.0%	11.4%	68.3%	100.0%
Ineligible Loans	**House Price**				
	<=$417,000	$417,000-$625,500	$625,500-$729,750	>$729,750	All*
Loans (column counts)	0	0	400	32,800	34,000
Loans (% of All)	0.0%	0.0%	1.2%	96.5%	100.0%

Source: Prototype NMDB

**Missings are not included in the table. Missing values are under 2% of the sample*

Table E3. Distribution of Loan Terms for 2009-2011 Single-Family Mortgage Originations

2009 Originations

Eligible Loans	Loan Terms (years)				
	<15	15-25	30	>30	All*
Enterprise (% of column)	30.2%	64.2%	51.6%	31.3%	52.5%
Gov't (% of column)	2.8%	7.2%	33.5%	2.0%	27.1%
Other (% of column)	67.1%	28.6%	15.0%	66.7%	20.4%
Loans (column counts)	490,000	1,827,700	7,755,800	20,000	10,148,200
Loans (% of All)	4.8%	18.0%	76.4%	0.2%	100.0%
Possibly Eligible Loans	**Loan Terms (years)**				
	<15	15-25	30	>30	All*
Enterprise (% of column)	0.0%	0.0%	5.5%	0.0%	4.7%
Gov't (% of column)	0.0%	0.0%	14.4%	0.0%	12.1%
Other (% of column)	100.0%	100.0%	80.1%	100.0%	83.2%
Loans (column counts)	4,400	5,600	69,400	2,400	82,300
Loans (% of All)	5.4%	6.8%	84.4%	2.9%	100.0%
Ineligible Loans	**Loan Terms (years)**				
	<15	15-25	30	>30	All*
Loans (column counts)	2,000	4,700	27,300	800	34,700
Loans (% of All)	5.7%	13.6%	78.5%	2.2%	100.0%

2010 Originations

Eligible Loans	Loan Terms (years)				
	<15	15-25	30	>30	All*
Enterprise (% of column)	36.5%	67.3%	49.4%	35.7%	53.1%
Gov't (% of column)	3.2%	5.6%	32.5%	13.4%	23.4%
Other (% of column)	60.3%	27.0%	18.1%	50.9%	23.4%
Loans (column counts)	523,000	1,974,600	5,083,000	14,700	7,603,000
Loans (% of All)	6.9%	26.0%	66.9%	0.2%	100.0%
Possibly Eligible Loans	**Loan Terms (years)**				
	<15	15-25	30	>30	All*
Enterprise (% of column)	0.0%	13.2%	4.8%	9.1%	5.9%
Gov't (% of column)	0.0%	0.0%	13.1%	0.0%	10.2%
Other (% of column)	100.0%	86.8%	82.1%	90.9%	83.8%
Loans (column counts)	3,500	12,900	74,100	4,400	95,300
Loans (% of All)	3.7%	13.5%	77.8%	4.6%	100.0%
Ineligible Loans	**Loan Terms (years)**				
	<15	15-25	30	>30	All*
Loans (column counts)	1,500	4,800	23,200	1,400	30,900
Loans (% of All)	4.7%	15.5%	75.1%	4.7%	100.0%

2011 Originations

Eligible Loans	Loan Terms (years)				
	<15	15-25	30	>30	All*
Enterprise (% of column)	36.1%	66.6%	52.4%	25.0%	54.8%
Gov't (% of column)	6.4%	7.3%	31.4%	4.2%	22.3%
Other (% of column)	57.5%	26.1%	16.3%	70.8%	22.9%
Loans (column counts)	591,600	1,819,200	4,098,000	9,600	6,525,200
Loans (% of All)	9.1%	27.9%	62.8%	0.1%	100.0%
Possibly Eligible Loans	**Loan Terms (years)**				
	<15	15-25	30	>30	All*
Enterprise (% of column)	0.0%	6.1%	4.8%	0.0%	4.4%
Gov't (% of column)	6.3%	3.0%	10.5%	0.0%	8.9%
Other (% of column)	93.8%	90.9%	84.7%	100.0%	86.7%
Loans (column counts)	6,400	13,200	83,600	5,200	108,400
Loans (% of All)	5.9%	12.2%	77.1%	4.8%	100.0%
Ineligible Loans	**Loan Terms (years)**				
	<15	15-25	30	>30	All*
Loans (column counts)	800	2,800	28,400	1,600	34,000
Loans (% of All)	2.4%	8.2%	83.5%	4.7%	100.0%

Source: Prototype NMDB

**Missings are not included in the table. Missing values are under 1% of the sample.*

Table E4. Distribution of Loan Purpose for 2009-2011 Single-Family Mortgage Originations

2009 Originations

Eligible Loans	Loan Purpose		
	Purchase	Refinance	All
Enterprise (% of column)	32.3%	62.7%	52.5%
Gov't (% of column)	45.1%	18.1%	27.1%
Other (% of column)	22.6%	19.3%	20.4%
Loans (column counts)	3,379,800	6,768,300	10,148,200
Loans (% of All)	33.3%	66.7%	100.0%
Possibly Eligible Loans	**Loan Purpose**		
	Purchase	Refinance	All
Enterprise (% of column)	3.3%	5.6%	4.7%
Gov't (% of column)	13.9%	11.0%	12.1%
Other (% of column)	82.9%	83.4%	83.2%
Loans (column counts)	33,200	49,100	82,300
Loans (% of All)	40.3%	59.7%	100.0%
Ineligible Loans	**Loan Purpose**		
	Purchase	Refinance	All
Loans (column counts)	17,300	17,500	34,700
Loans (% of All)	49.7%	50.3%	100.0%

2010 Originations

Eligible Loans	Loan Purpose		
	Purchase	Refinance	All
Enterprise (% of column)	31.9%	64.6%	53.1%
Gov't (% of column)	41.7%	13.5%	23.4%
Other (% of column)	26.4%	21.9%	23.4%
Loans (column counts)	2,676,600	4,926,400	7,603,000
Loans (% of All)	35.2%	64.8%	100.0%
Possibly Eligible Loans	**Loan Purpose**		
	Purchase	Refinance	All
Enterprise (% of column)	9.4%	3.8%	5.9%
Gov't (% of column)	10.9%	9.8%	10.2%
Other (% of column)	79.7%	86.5%	83.8%
Loans (column counts)	37,000	58,400	95,300
Loans (% of All)	38.8%	61.2%	100.0%
Ineligible Loans	**Loan Purpose**		
	Purchase	Refinance	All
Loans (column counts)	11,800	19,100	30,900
Loans (% of All)	38.1%	61.9%	100.0%

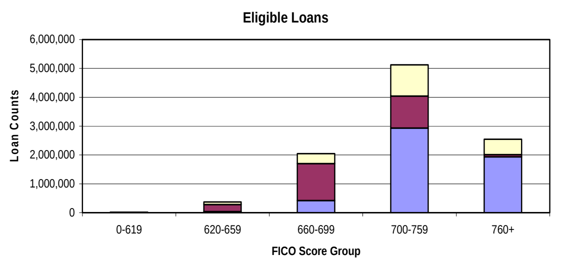
2011 Originations

Eligible Loans	Loan Purpose		
	Purchase	Refinance	All
Enterprise (% of column)	35.4%	65.7%	54.8%
Gov't (% of column)	41.1%	11.8%	22.3%
Other (% of column)	23.5%	22.5%	22.9%
Loans (column counts)	2,351,200	4,174,000	6,525,200
Loans (% of All)	36.0%	64.0%	100.0%
Possibly Eligible Loans	**Loan Purpose**		
	Purchase	Refinance	All
Enterprise (% of column)	2.8%	5.6%	4.4%
Gov't (% of column)	12.8%	6.2%	8.9%
Other (% of column)	84.4%	88.3%	86.7%
Loans (column counts)	43,600	64,800	108,400
Loans (% of All)	40.2%	59.8%	100.0%
Ineligible Loans	**Loan Purpose**		
	Purchase	Refinance	All
Loans (column counts)	11,200	22,800	34,000
Loans (% of All)	32.9%	67.1%	100.0%

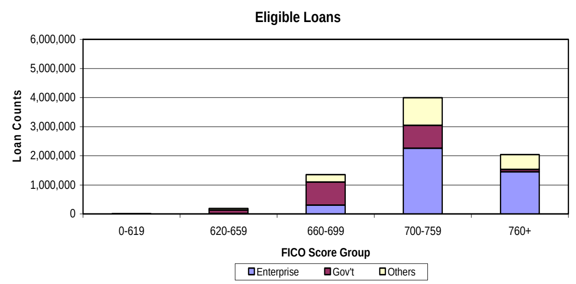
Source: Prototype NMDB

Table E5. Distribution of FICO Score for 2009-2011 Single-Family Mortgage Originations

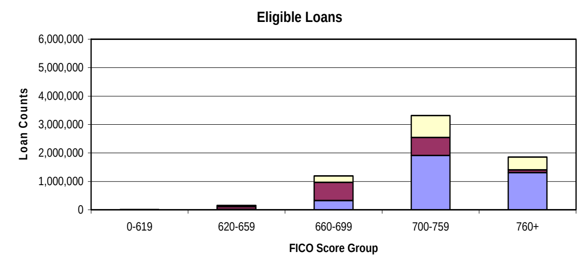
2009 Originations



2010 Originations



2011 Originations



Eligible Loans

2009 Originations

	FICO Score Group*					
	0-619	**620-659**	**660-699**	**700-759**	**760+**	**All****
Enterprise (% of column)	4.0%	9.6%	20.5%	57.2%	75.7%	52.5%
Gov't (% of column)	43.0%	67.3%	62.8%	21.7%	3.3%	27.1%
Other (% of column)	53.1%	23.1%	16.7%	21.1%	21.0%	20.4%
Loans (column counts)	15,700	373,300	2,045,400	5,126,900	2,550,400	10,148,200
Loans (% of All)	0.2%	3.7%	20.2%	50.5%	25.1%	100.0%

2010 Originations

	FICO Score Group*					
	0-619	**620-659**	**660-699**	**700-759**	**760+**	**All****
Enterprise (% of column)	17.4%	11.1%	22.6%	56.5%	70.9%	53.1%
Gov't (% of column)	18.3%	58.6%	58.7%	19.8%	3.9%	23.4%
Other (% of column)	64.3%	30.3%	18.7%	23.7%	25.2%	23.4%
Loans (column counts)	7,000	189,800	1,356,800	3,992,700	2,045,400	7,603,000
Loans (% of All)	0.1%	2.5%	17.8%	52.5%	26.9%	100.0%

2011 Originations

	FICO Score Group*					
	0-619	**620-659**	**660-699**	**700-759**	**760+**	**All****
Enterprise (% of column)	11.1%	13.9%	27.3%	57.8%	70.7%	54.8%
Gov't (% of column)	22.2%	59.7%	53.4%	19.1%	5.0%	22.3%
Other (% of column)	66.7%	26.4%	19.4%	23.1%	24.3%	22.9%
Loans (column counts)	3,600	152,800	1,195,200	3,311,200	1,856,800	6,525,200
Loans (% of All)	0.1%	2.3%	18.3%	50.7%	28.5%	100.0%

Possibly Eligible Loans

2009 Originations

	FICO Score Group*					
	0-619	**620-659**	**660-699**	**700-759**	**760+**	**All****
Enterprise (% of column)	0.0%	0.0%	0.0%	5.2%	5.3%	4.7%
Gov't (% of column)	0.0%	0.0%	27.8%	22.0%	2.2%	12.1%
Other (% of column)	0.0%	100.0%	72.2%	72.8%	92.5%	83.2%
Loans (column counts)	0	500	8,000	31,100	42,000	82,300
Loans (% of All)	0.0%	0.6%	9.7%	37.8%	51.0%	100.0%

2010 Originations

	FICO Score Group*					
	0-619	**620-659**	**660-699**	**700-759**	**760+**	**All****
Enterprise (% of column)	0.0%	0.0%	0.0%	4.2%	7.7%	5.9%
Gov't (% of column)	0.0%	0.0%	35.6%	16.1%	3.9%	10.2%
Other (% of column)	0.0%	100.0%	64.4%	79.7%	88.4%	83.8%
Loans (column counts)	0	100	5,700	34,400	55,100	95,300
Loans (% of All)	0.0%	0.1%	6.0%	36.1%	57.8%	100.0%

2011 Originations

	FICO Score Group*					
	0-619	**620-659**	**660-699**	**700-759**	**760+**	**All****
Enterprise (% of column)	0.0%	0.0%	0.0%	3.9%	4.6%	4.4%
Gov't (% of column)	0.0%	0.0%	28.6%	7.8%	7.2%	8.9%
Other (% of column)	0.0%	0.0%	71.4%	88.2%	87.7%	86.7%
Loans (column counts)	0	0	5,600	40,800	61,600	108,400
Loans (% of All)	0.0%	0.0%	5.2%	37.6%	56.8%	100.0%

Ineligible Loans

2009 Originations

	FICO Score Group*					
	0-619	**620-659**	**660-699**	**700-759**	**760+**	**All****
Loans (column counts)	300	0	1,400	11,300	20,900	34,700
Loans (% of All)	0.8%	0.0%	4.0%	32.7%	60.2%	100.0%

2010 Originations

	FICO Score Group*					
	0-619	**620-659**	**660-699**	**700-759**	**760+**	**All****
Loans (column counts)	300	0	1,500	11,800	16,900	30,900
Loans (% of All)	1.0%	0.0%	4.9%	38.1%	54.7%	100.0%

2011 Originations

	FICO Score Group*					
	0-619	**620-659**	**660-699**	**700-759**	**760+**	**All****
Loans (column counts)	0	0	400	11,200	22,400	34,000
Loans (% of All)	0.0%	0.0%	1.2%	32.9%	65.9%	100.0%

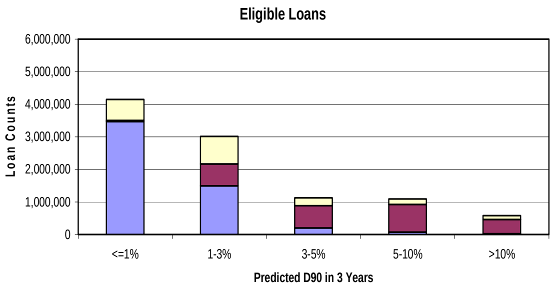
Source: Prototype NMDB

**FICO Score is an approximate through VantageScore*

***Missings are not included in the table. Missing values are under 1% of the sample.*

Table E6. Distribution of Predicted 90-Day Delinquency (D90) Rate in 3 Years after Origination for 2009-2011 Single-Family Mortgage Originations

2009 Originations



Eligible Loans

	Predicted D90 in 3 Years					
	<=1%	1-3%	3-5%	5-10%	>10%	All*
Enterprise (% of column)	83.8%	49.5%	18.2%	6.6%	3.9%	52.5%
Gov't (% of column)	0.7%	22.4%	60.4%	78.1%	76.4%	27.1%
Other (% of column)	15.5%	28.1%	21.4%	15.4%	19.7%	20.4%
Loans (column counts)	4,144,100	3,013,300	1,125,200	1,092,200	580,600	10,148,200
Loans (% of All)	40.8%	29.7%	11.1%	10.8%	5.7%	100.0%

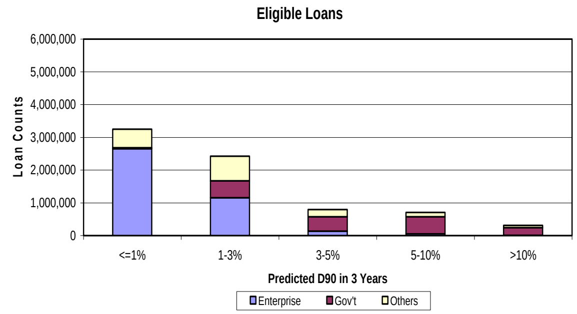
Possibly Eligible Loans

	Predicted D90 in 3 Years					
	<=1%	1-3%	3-5%	5-10%	>10%	All*
Enterprise (% of column)	19.6%	5.7%	0.0%	0.0%	0.0%	4.7%
Gov't (% of column)	0.0%	8.2%	13.6%	32.9%	17.8%	12.1%
Other (% of column)	80.4%	86.2%	86.4%	67.2%	82.2%	83.2%
Loans (column counts)	8,500	38,400	16,800	9,200	6,000	82,300
Loans (% of All)	10.3%	46.7%	20.4%	11.2%	7.4%	100.0%

Ineligible Loans

	Predicted D90 in 3 Years					
	<=1%	1-3%	3-5%	5-10%	>10%	All*
Loans (column counts)	0	16,000	8,800	4,000	4,600	34,700
Loans (% of All)	0.0%	45.9%	25.3%	11.5%	13.4%	100.0%

2010 Originations



Eligible Loans

	Predicted D90 in 3 Years					
	<=1%	1-3%	3-5%	5-10%	>10%	All*
Enterprise (% of column)	81.5%	47.6%	16.7%	7.8%	4.5%	53.1%
Gov't (% of column)	1.0%	21.3%	56.1%	73.6%	73.2%	23.4%
Other (% of column)	17.5%	31.1%	27.2%	18.6%	22.3%	23.4%
Loans (column counts)	3,251,900	2,425,000	794,100	710,700	313,200	7,603,000
Loans (% of All)	42.8%	31.9%	10.4%	9.3%	4.1%	100.0%

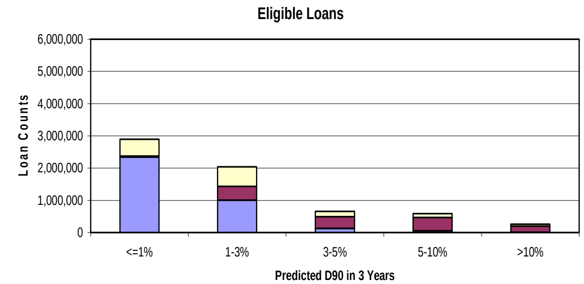
Possibly Eligible Loans

	Predicted D90 in 3 Years					
	<=1%	1-3%	3-5%	5-10%	>10%	All*
Enterprise (% of column)	22.3%	5.6%	7.3%	0.0%	0.0%	5.9%
Gov't (% of column)	0.0%	6.9%	14.3%	24.6%	15.6%	10.2%
Other (% of column)	77.7%	87.5%	78.4%	75.4%	84.4%	83.8%
Loans (column counts)	6,700	54,200	15,300	12,700	4,600	95,300
Loans (% of All)	7.1%	56.8%	16.0%	13.3%	4.8%	100.0%

Ineligible Loans

	Predicted D90 in 3 Years					
	<=1%	1-3%	3-5%	5-10%	>10%	All*
Loans (column counts)	300	14,200	6,300	4,900	4,800	30,900
Loans (% of All)	1.0%	45.9%	20.4%	15.8%	15.6%	100.0%

2011 Originations



Eligible Loans

	Predicted D90 in 3 Years					
	<=1%	1-3%	3-5%	5-10%	>10%	All*
Enterprise (% of column)	81.0%	49.2%	19.9%	9.6%	4.8%	54.8%
Gov't (% of column)	1.1%	21.0%	55.9%	70.2%	72.7%	22.3%
Other (% of column)	18.0%	29.8%	24.1%	20.2%	22.5%	22.9%
Loans (column counts)	2,890,800	2,042,400	656,400	590,000	258,000	6,525,200
Loans (% of All)	44.3%	31.3%	10.1%	9.0%	4.0%	100.0%

Possibly Eligible Loans

	Predicted D90 in 3 Years					
	<=1%	1-3%	3-5%	5-10%	>10%	All*
Enterprise (% of column)	5.9%	5.3%	3.9%	0.0%	0.0%	4.4%
Gov't (% of column)	0.0%	6.0%	13.5%	10.7%	18.8%	8.9%
Other (% of column)	94.1%	88.7%	82.7%	89.3%	81.3%	86.7%
Loans (column counts)	6,800	60,400	20,800	11,200	6,400	108,400
Loans (% of All)	6.3%	55.7%	19.2%	10.3%	5.9%	100.0%

Ineligible Loans

	Predicted D90 in 3 Years					
	<=1%	1-3%	3-5%	5-10%	>10%	All*
Loans (column counts)	400	13,200	10,800	8,400	1,200	34,000
Loans (% of All)	1.2%	38.8%	31.8%	24.7%	3.5%	100.0%

Source: Prototype NMDB

**Missings are not included in the table. Missing values are under 2% of the sample.*

Table E7. Distribution of Census Tract Income Ratio for 2009-2011 Single-Family Mortgage Originations

2009 Originations

Eligible Loans

	Census Tract Income Ratio					
	<=60%	60-80%	80-100%	100-120%	>120%	All*
Enterprise (% of column)	39.3%	44.2%	51.9%	60.7%	68.6%	52.5%
Gov't (% of column)	40.5%	32.6%	28.0%	21.7%	12.9%	27.1%
Other (% of column)	20.2%	23.2%	20.2%	17.6%	18.6%	20.4%
Loans (column counts)	821,900	2,941,400	3,243,100	1,612,300	1,520,800	10,148,200
Loans (% of All)	8.1%	29.0%	32.0%	15.9%	15.0%	100.0%

Possibly Eligible Loans

	Census Tract Income Ratio					
	<=60%	60-80%	80-100%	100-120%	>120%	All*
Enterprise (% of column)	25.7%	4.5%	8.6%	0.0%	2.0%	4.7%
Gov't (% of column)	15.7%	3.8%	12.7%	18.1%	11.3%	12.1%
Other (% of column)	58.6%	91.6%	78.7%	81.9%	86.8%	83.2%
Loans (column counts)	4,200	10,100	17,600	9,400	40,000	82,300
Loans (% of All)	5.1%	12.3%	21.4%	11.4%	48.7%	100.0%

Ineligible Loans

	Census Tract Income Ratio					
	<=60%	60-80%	80-100%	100-120%	>120%	All*
Loans (column counts)	400	4,800	2,300	3,700	22,900	34,700
Loans (% of All)	1.3%	13.9%	6.6%	10.6%	66.1%	100.0%

2010 Originations

Eligible Loans

	Census Tract Income Ratio					
	<=60%	60-80%	80-100%	100-120%	>120%	All*
Enterprise (% of column)	38.3%	45.4%	53.6%	60.7%	66.2%	53.1%
Gov't (% of column)	37.2%	28.0%	24.1%	18.4%	11.7%	23.4%
Other (% of column)	24.5%	26.5%	22.3%	20.9%	22.1%	23.4%
Loans (column counts)	608,600	2,157,200	2,384,100	1,271,500	1,166,700	7,603,000
Loans (% of All)	8.0%	28.4%	31.4%	16.7%	15.3%	100.0%

Possibly Eligible Loans

	Census Tract Income Ratio					
	<=60%	60-80%	80-100%	100-120%	>120%	All*
Enterprise (% of column)	16.0%	21.4%	6.3%	4.0%	2.6%	5.9%
Gov't (% of column)	0.0%	6.9%	26.7%	16.2%	3.1%	10.2%
Other (% of column)	84.0%	71.8%	66.9%	79.8%	94.4%	83.8%
Loans (column counts)	2,500	10,500	17,700	17,700	47,000	95,300
Loans (% of All)	2.6%	11.0%	18.5%	18.5%	49.3%	100.0%

Ineligible Loans

	Census Tract Income Ratio					
	<=60%	60-80%	80-100%	100-120%	>120%	All*
Loans (column counts)	800	700	4,400	3,300	21,600	30,900
Loans (% of All)	2.7%	2.3%	14.2%	10.8%	70.0%	100.0%

2011 Originations

Eligible Loans

	Census Tract Income Ratio					
	<=60%	60-80%	80-100%	100-120%	>120%	All*
Enterprise (% of column)	46.6%	47.6%	54.1%	60.4%	69.1%	54.8%
Gov't (% of column)	29.7%	26.3%	23.4%	19.5%	11.4%	22.3%
Other (% of column)	23.7%	26.2%	22.5%	20.1%	19.6%	22.9%
Loans (column counts)	544,400	1,903,600	1,993,200	1,049,600	1,002,800	6,525,200
Loans (% of All)	8.3%	29.2%	30.5%	16.1%	15.4%	100.0%

Possibly Eligible Loans

	Census Tract Income Ratio					
	<=60%	60-80%	80-100%	100-120%	>120%	All*
Enterprise (% of column)	0.0%	14.3%	7.7%	2.0%	2.2%	4.4%
Gov't (% of column)	20.0%	14.3%	11.5%	12.2%	5.2%	8.9%
Other (% of column)	80.0%	71.4%	80.8%	85.7%	92.7%	86.7%
Loans (column counts)	2,000	11,200	20,800	19,600	54,400	108,400
Loans (% of All)	1.8%	10.3%	19.2%	18.1%	50.2%	100.0%

Ineligible Loans

	Census Tract Income Ratio					
	<=60%	60-80%	80-100%	100-120%	>120%	All*
Loans (column counts)	400	2,800	3,200	5,600	22,000	34,000
Loans (% of All)	1.2%	8.2%	9.4%	16.5%	64.7%	100.0%

Source: Prototype NMDB

**Missings are not included in the table. Missing values are under 1% of the sample.*