

A Report on Fannie Mae's Mission Activities

May 2012



In this Mission Report, the company has presented a number of estimates, forecasts, expectations, and other forward-looking statements, including statements regarding the profitability of the company's loans; the performance and caliber of loans it has acquired and will acquire; its credit loss reduction efforts; its efforts to promote sustainable lending; its efforts to improve aspects of the housing market and mortgage finance industry; its future decisions, focus, and execution against its corporate priorities; and macroeconomic factors, such as future conditions in the U.S. economy, employment, housing activity, and future rental and multifamily market conditions. These estimates, forecasts, expectations, and statements are forward-looking statements and are based on the company's current assumptions regarding numerous factors, including assumptions about future home prices and the future performance of its loans.

The company's future expectations, as well as actual outcomes, may differ materially from what is expressed in these statements as a result of many factors, including home price changes; interest rate changes; unemployment; other macroeconomic variables; government policy matters; changes in generally accepted accounting principles; credit availability; social behaviors, including increases in the number of underwater borrowers who strategically default on their mortgage loan; the volume of loans it modifies; the nature, volume, and effectiveness of its loss mitigation strategies and activities; management of its real estate owned inventory and pursuit of contractual remedies; changes in the fair value of its assets and liabilities; impairments of its assets; the adequacy of its loss reserves; future legislative or regulatory requirements that have a significant impact on the company's business such as a requirement that the company implement a principal forgiveness program; future updates to the company's models relating to loss reserves, including the assumptions used by these models; changes to the company's accounting policies; failures by its mortgage seller-servicers to fulfill their repurchase obligations to it; its ability to maintain a positive net worth; effects from activities the company takes to support the mortgage market and help homeowners; the conservatorship and its effect on the company's business; the investment by Treasury and its effect on the company's business; changes in the structure and regulation of the financial services industry; the company's ability to access the debt markets; disruptions in the housing, credit, and stock markets; government investigations and litigation; the performance of the company's servicers; conditions in the foreclosure environment; and many other factors. Changes in the company's underlying assumptions and actual outcomes, which could be affected by the economic environment, government policy, and many other factors, including those discussed in the "Risk Factors" section of and elsewhere in the company's quarterly report on Form 10-Q for the quarter ended March 31, 2012 and its annual report on Form 10-K for the year ended December 31, 2011, and in its other filings made with the SEC from time to time, could result in actual results being materially different from what is set forth in the forward-looking statements.

Any forward-looking statements made by Fannie Mae speak only as of the date on which they are made. Fannie Mae is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements, whether as a result of new information, subsequent events, or otherwise.

May 1, 2012

© 2012 Fannie Mae

A Message from Phil Laskawy and Mike Williams

In 2011, we focused on achieving results in three critical areas: building a strong new book of business, helping distressed homeowners and stabilizing communities, and improving our company to contribute to a sustainable housing market for the future. We made tremendous progress. At the end of 2011, our new book was strong, profitable, and growing. Our loss mitigation and foreclosure prevention efforts helped limit losses on the legacy book of business and our credit-related expenses decreased substantially.

Since 2009, we have provided \$2.3 trillion in liquidity to the single-family and multifamily markets. We've helped 6.6 million households refinance and enabled 2 million buyers to purchase a home. We've provided financing for over 1 million units of quality rental housing and enabled nearly 1 million homeowners to avoid foreclosure.

These are important results but we are committed to doing more. Our progress is a product of the diligence and determination of our Board, our management, and our employees. Fannie Mae employees approach each day and each challenge with tremendous resolve to help build a better housing finance system.

We are proud of our employees for their unrelenting focus. The work they do affects real people in the real world. This report tells the stories of how we are putting our resources to work for the industry and for the American people.

Phil Laskawy

Chairman of the Board

Mike Williams

President and Chief Executive Officer

Priorities and Progress

A strong, stable housing market is critical to America's economic recovery. Fannie Mae, a \$3 trillion financial services business, is the leading provider of mortgage credit. As a secondary market participant, we do not lend directly to consumers. We are a government-sponsored enterprise (GSE) chartered by Congress to keep liquidity flowing to mortgage lenders such as local and national banks, thrifts, credit unions, and other financial institutions. We purchase and guarantee their loans to enable families to buy homes, refinance their existing mortgages, or access affordable rental housing. We package the loans into bonds and sell them to global investors.

In 2008, the federal government placed Fannie Mae under conservatorship with a mandate to continue day-to-day efforts to support the U.S. housing market, while delivering initiatives to speed the housing recovery and contribute to a sustainable housing finance system. We have made substantial progress. Fannie Mae has responded effectively to the housing crisis by ensuring funding for the market, assisting distressed homeowners, stabilizing neighborhoods, reducing credit losses on the legacy (pre-2009) book of business, and building a high quality new book. As a result, the company's financial performance has improved significantly since entering conservatorship.

Let's take a closer look at the outcomes of our mandate to ensure funding for the market. As the leading source of liquidity for the single-family and multifamily mortgage markets, Fannie Mae provided \$2.3 trillion in liquidity from 2009 through 2011 to enable homeownership and affordable rental housing.



- Fannie Mae's conventional single-family book of business had 17.7 million loans totaling approximately \$2.8 trillion in unpaid principal balance. Ninety-three percent of these loans were current and performing as of the end of 2011.
- The company purchased or guaranteed more than 8.5 million single-family mortgage loans. This enabled 6.6 million mortgages to be refinanced and almost 2 million households to purchase a home. The new book of business comprises more than half of the total single-family book.
- Fannie Mae provided approximately \$62 billion in financing for more than 1 million units of quality rental housing. More than 85 percent of those units are affordable to families earning at or below the median income in their area. Through Fannie Mae's early funding products, we provided more than \$319 billion in short-term liquidity for small and medium-sized lenders so they could continue to meet the demands of their customers.

These data points represent 2009-2011 unless otherwise noted.

2011 Outcomes

In 2011, the housing market and mortgage finance industry remained under pressure as the U.S. economy continued its slow recovery. Against this backdrop, Fannie Mae worked to meet the urgent needs of the current market while building a stronger foundation for housing in the future. The company's priorities and the results of our actions aligned with this dual responsibility:

- **Keep funds flowing.** We serve as a stable source of liquidity for the purchase of new homes and refinancing of existing mortgages, as well as the financing of multifamily rental housing. In 2011, Fannie Mae accounted for an estimated 41 percent of the single-family market and an estimated 34 percent of the multifamily market. We guaranteed or purchased approximately \$653 billion in loans, enabling lenders to finance roughly 2,680,000 single-family conventional loans and loans for 423,000 units in multifamily properties.
- **Assist distressed homeowners.** Millions of homeowners struggle to keep their homes. Everyone loses when families are faced with a foreclosure. The impact is high for homeowners, their neighborhoods, the market, and taxpayers.

Fannie Mae has the largest foreclosure prevention operation in America. We have assisted almost 1 million homeowners to retain their homes or otherwise avoid foreclosure since 2009.

To reach families in need, we created innovative outreach and education programs, including brick-and-mortar and online solutions. In 12 hard-hit communities across America, we established Fannie Mae Mortgage Help Centers, where homeowners work one-on-one with counselors to determine the best solution for their individual needs. Our online educational initiative KnowYourOptions.com provides homeowners with the information they need to make informed housing decisions.

Our efforts to assist distressed homeowners are unprecedented in scope. They not only help families, but also stabilize communities and enable Fannie Mae to reduce losses.



- **Encourage sustainable lending.** We are working to address the causes of the housing crisis and contribute to a healthier housing finance system. For example, we strengthened lending standards, which helps ensure that working Americans buy homes they can afford over the long term. We offer long-term, fixed-rate mortgages — loans that protect homeowners from interest rate swings. We require better credit quality, documentation, and property appraisals. We offer tools for lenders to understand the quality of a loan before they sell it to Fannie Mae — helping the lenders and Fannie Mae to reduce future risks.

We're also committed to developing a better model for servicing mortgages in a consistent and timely way. When the mortgage crisis hit, we turned to servicers to help hundreds of thousands of borrowers avoid losing their homes. But the existing servicing model provided little incentive for this different and greater responsibility. To address this problem, we introduced new



standards for mortgage servicers as part of a new servicing model required by our regulator, the Federal Housing Finance Agency (FHFA). The new model establishes consistent policies and processes for servicing delinquent loans owned or guaranteed by the GSEs, and directs servicers to reach families earlier, communicate more frequently and clearly, and provide relief for families. It is a major step toward creating a consistent and transparent process that enables homeowners to make better-informed decisions.

From improving loan quality to rethinking the servicing model, we are committed to creating long-term value for the industry, customers, investors, and communities.

- **Support rental housing.** Fannie Mae is the leading provider of liquidity to the rental housing market. Demand for quality, affordable rental housing continues to grow. According to the Harvard Joint Center for Housing Studies, the number of households in America is expected to surge over the next decade — up to 1 million new households per year.

We have made steady and measurable progress since 2009, but still have important work ahead to continue to improve the company's financial performance, reduce risk, assist struggling homeowners, and help build a better housing finance system.

Commitment to Homeownership

Despite the recent housing crisis, many Americans continue to have strong aspirations to own a home, according to [Fannie Mae's fourth-quarter 2011 National Housing Survey](#). While financial constraints and employment concerns may keep potential homebuyers from acting in the near term, future improvements in these areas coupled with stabilizing home prices may move Americans to pursue homeownership.

Fannie Mae enables new home sales and the refinancing of existing home loans by providing liquidity to the single-family market.

Predictable, Sustainable Mortgage Options

We have strengthened underwriting and eligibility standards to support sustainable homeownership, enabling borrowers to have access to a variety of conforming mortgage products. This includes long-term, fixed-rate mortgages, such as the 15- and 30-year fixed-rate mortgage that protect homeowners from interest rate swings.

The fixed-rate mortgage has been a staple of mortgage lending since the 1930s when it was created to help America recover from the Great Depression. As of June 2011, single-family fixed-rate mortgages constituted 86 percent of total mortgage debt outstanding. Fully amortizing fixed-rate mortgages made up 93 percent of the loans we guaranteed or purchased in 2011.

At Fannie Mae, we see the positive relationship between the fixed-rate mortgage and sustainable homeownership. Our experience shows that borrowers more effectively maintain homeownership when they have a loan with stable payments, combined with greater equity in the property and a higher credit score. With a fixed-rate mortgage, homeowners know exactly the amount and duration of their monthly principal and interest payment. We are committed to working with our customers to ensure the best mortgage products are available — products that help homeowners, support taxpayers, and strengthen America's housing market for the long term.

What Lenders Say About Fannie Mae

"Our relationship with Fannie Mae is the true definition of 'partnership.' Over the years, no matter what the issue, Fannie Mae has always been there to support and guide us as our business grew. Our dialogues are open and collaborative, and always with a sense of their willingness to cooperate."

— *Grace Currid, Senior Vice President, Real Estate Mortgage Network (REMN)*

"Fannie Mae, through its dedicated employees, plays an indispensable role in the U.S housing market in providing products, services, and liquidity in a manner that is second to none in this global economy."

— *Ping-Yin Chai, Executive Vice President, Salem Five Bank*

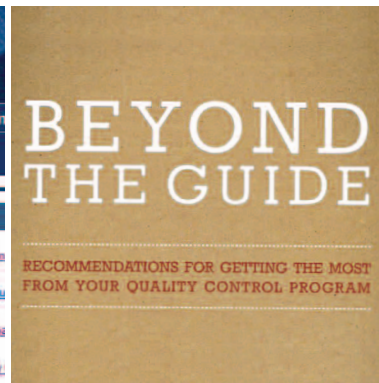
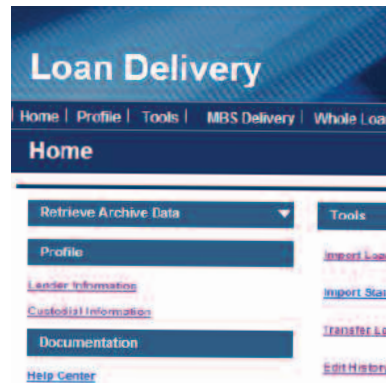
Focused on Customer Engagement

At Fannie Mae, we are working to make it easier for customers to do business with us. Since 2009, we have improved customer engagement to provide a more consistent experience while better understanding customer needs and delivering solutions to meet those needs.

- We have focused on helping our single-family customers deliver consistent, quality loans into the secondary market, which reduces loan repurchase risk in the future. Using Fannie Mae's EarlyCheck™ feature, lenders can verify loan eligibility against Fannie Mae's delivery guidelines earlier in their business process. Also, in collaboration with FHFA, we helped implement strong new industry standards for loan delivery and appraisal data through the Uniform Mortgage Data Program® (UMDP®).
- We established quality control standards such as those detailed in our [Beyond the Guide](#) publication, which offers lenders insight on appropriate control points, feedback cycles, and accountability that helps ensure loan quality is an essential aspect of loan origination.
- We are helping homeowners facing different situations, from distressed or underwater borrowers to those current on their mortgage. We do this by raising the level of service provided through programs such as the Home Affordable Modification Program (HAMP), Home Affordable Refinance Program (HARP), the Servicing Alignment Initiative (SAI), and our Servicer Total Achievement and Rewards™ (STAR)™ Performance Scorecard.

Fannie Mae's involvement in the market provides an outlet for large and mid-sized lenders to make loans — whether the borrower is refinancing or purchasing a home. Smaller lenders also play an important role. We have focused on their needs by streamlining and updating our lender approval process, increasing our focus on business development, and creating a dedicated customer engagement channel to serve this segment of the market. We also provide specific business solutions that help small lenders provide liquidity to the housing market faster and more efficiently via our new whole loan e-Committing process, early funding products, and Servicing Execution Tool (SET™) program offerings.

The customer engagement team works with lenders individually and directly to help them deliver value to their customers. We offer a wide range of loan execution options, comprehensive training through webinars and live forums, and customer management teams with expertise in capital markets, risk, servicing, and technology.



Fannie Mae's Loan Quality Focus: Strengthening the Market One Loan at a Time

Fannie Mae's focus on improving loan quality is designed to assist the lender in collecting more accurate mortgage data early in the loan process. This helps to identify loans that don't meet Fannie Mae standards for quality and eligibility before they are delivered to us.

Our standards help all stakeholders in the mortgage process chain. By following our requirements, lenders have the information they need to better manage risk. Borrowers have access to safer, more sustainable loans that they can afford for the long term. We also provide ongoing reporting tools, training, and feedback to lenders so they have the information they need to originate loans that meet our delivery eligibility guidelines.

Commitment to Affordable Multifamily Rental Housing

While Fannie Mae works to support single-family mortgage lenders, we also remain committed to working with multifamily lenders to ensure the continued supply of affordable rental housing. Nearly 100 million American households currently pay rent and analysts expect renters to account for 36 percent of U.S. households by 2015. For more than 25 years, Fannie Mae's multifamily mortgage business has successfully and consistently provided a stable, reliable secondary market for participants in the multifamily housing industry. We do this primarily through securitizing loans that finance multifamily rental housing properties.

Rising demand and a diminishing new supply of rental housing have produced strong multifamily fundamentals. With job growth slowly improving and a lack of new apartment supply coming online during the next 12 to 18 months, it is expected that rental demand will continue to outstrip supply, producing lower vacancy levels and allowing for rent growth. As a result, the business outlook remains positive for the multifamily sector.

Fannie Mae played a critical role in 2011 and will continue to do so by keeping capital flowing to the multifamily market, particularly as other institutional sources have been slow to re-emerge since the financial downturn of 2008. As the cornerstone of Fannie Mae's multifamily business, our unique Delegated Underwriting and Servicing (DUS®) program incorporates sustainable credit standards, delegation of underwriting and servicing to a network of lenders, and risk-sharing of potential losses with those lenders over the life of the loans. DUS has had a successful track record as reflected by its reputation in the marketplace among borrowers, lenders, and investors, and has outperformed other commercial mortgage-backed securities.



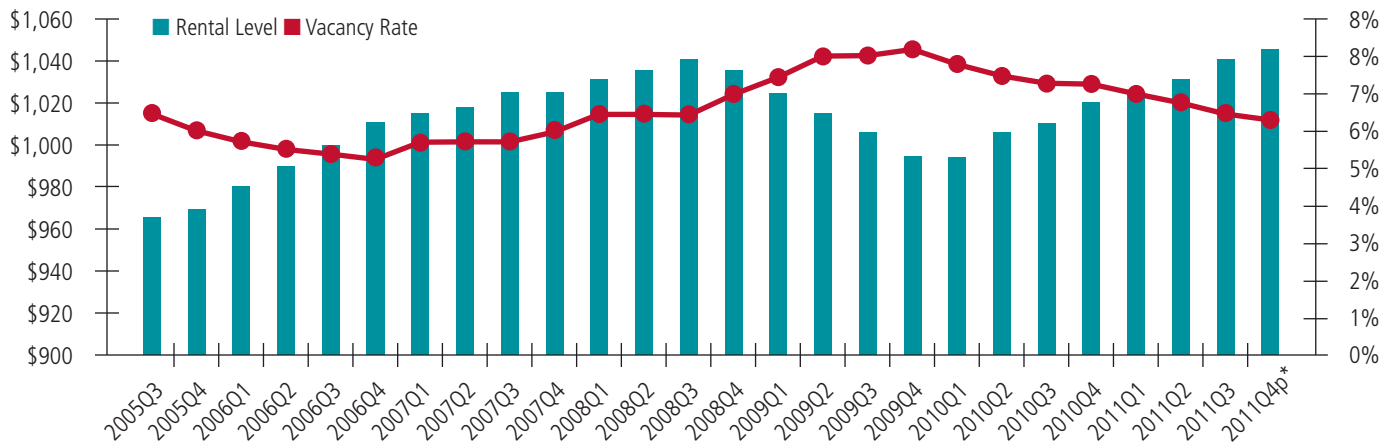
What Lenders Say About Fannie Mae

"Fannie Mae has consistently provided needed capital in the marketplace, which has allowed Walker & Dunlop to finance high-quality apartment projects for workforce rental housing. Through Fannie Mae's DUS program, we know our loans will be executed quickly and at market-competitive rates, which helps our customers. We also know that loans completed through DUS tend to perform better for the long term. We're proud to be a DUS-approved lender and we look forward to our continued partnership with Fannie Mae."

— William Walker, Chairman, President, and CEO,
Walker & Dunlop

Estimated National Rental Level and Vacancy Rates

\$1,045 (2011Q4p*) 6.25% (2011Q4p*)



Source: Fannie Mae Multifamily Economics and Market Research * Preliminary estimate

Addressing the Need for Workforce Rental Housing

While a strong business outlook can benefit those who own or invest in multifamily properties, we understand that finding affordable rental housing is an issue for many Americans. Through the secondary mortgage market we support rental housing for the workforce, senior citizens, students, members of the military, and families with significant economic need.

Multifamily rental housing accounts for a significant portion of all affordable housing available today. There are three primary segments of the multifamily market: Public Housing, Subsidized, and Conventional Market Rate Housing. Fannie Mae supports the affordable multifamily market by financing both conventional market rate rental properties and government-subsidized rental properties that are privately owned.

- As the demand for quality, affordable rental housing increased in 2011, Fannie Mae and our lender partners provided more than \$24 billion in debt financing for 2,763 mortgage loans. Approximately 98 percent (\$23.8 billion) of the debt that Fannie Mae financed in 2011 was delivered through the MBS execution.
- Fannie Mae has targeted the middle of the rental market. Eighty-nine percent of the nearly 423,000 multifamily units we financed in 2011 were affordable to families earning at or below the median income in their area. Specifically, more than 301,000 housing units were affordable to families with incomes no higher than 80 percent of the area media income. More than 84,000 units were affordable to families at or below 50 percent of the area median income.

Green Program Supports Developers, Owners, and Renters

In June of 2011, the U.S. Department of Housing and Urban Development (HUD) and Fannie Mae launched Green Preservation Plus, a product enhancement to Fannie Mae's existing risk sharing program. The program provides additional financing to affordable housing owners and developers to invest in property improvements and in energy- and water-efficiency measures at the time of refinance of an existing loan or acquisition of a new property.

Green Preservation Plus supports our ongoing commitment to creating a more sustainable rental housing market that is affordable to low- and moderate-income families. The program provides more renters with renovated apartments in which to live, allows building owners to better manage their energy costs, and helps communities by reducing the environmental footprint of rental properties.

The program gained positive traction in 2011, and we are in the process of broadening its scope to offer enhancements that help more borrowers and owners in 2012.

Promoting Environmental Sustainability and Affordability for Multifamily Housing

The nation's inventory of affordable multifamily housing is aging. Half of all multifamily properties are over 30 years old and more than 10 percent were built before 1940. As the multifamily housing stock continues to age, small to significant investments are required to preserve the quality of aging properties and, importantly, to keep them affordable for owners to operate and tenants to rent. At the same time, property owners and tenants alike are facing rising utility rates, resulting in higher costs to heat, cool, and provide water to common areas and units.

In 2010, Fannie Mae launched the Multifamily Green Initiative to integrate the benefits of energy- and water-efficiency measures into multifamily properties and financing products and processes. We help owners identify opportunities to save on energy and water costs while improving housing quality and extending the useful life of affordable and workforce housing properties.

In a joint effort with the Urban Land Institute, the National Multi Housing Council, and the Commercial Real Estate Council®, Fannie Mae began a market research project in 2011 to gather and analyze energy and water usage and cost information from multifamily rental properties across the United States. We expect this research will be of value to apartment managers and owners of apartment complexes, as well as tenants. The data are expected to be released in 2012 and will be shared with the U.S. Environmental Protection Agency as it explores the development of an ENERGY STAR energy performance rating system for multifamily properties. This rating already exists for many other property types, including offices and schools.

By the Numbers

We are a primary source of financing across the spectrum of the multifamily housing market. In 2011, Fannie Mae enabled:

- \$2.3 billion in rent-restricted housing
- \$2.4 billion in small loans (loans up to \$3 million, or \$5 million in high-cost areas)
- \$6.9 billion in large loans (loans \$25 million or higher)
- \$2 billion in structured transactions
- \$1.4 billion in seniors housing
- \$535 million in manufactured housing

Converting Foreclosures into Affordable Multifamily Rentals

As rental demand increases, the number of housing units that minimum wage households can afford has fallen, declining by nearly 16 percent from 1997 to 2007, according to the 2010 *State of the Nation's Housing Report*, published by the Harvard Joint Center for Housing Studies. Older, lower-rent buildings are being demolished or abandoned, or they are converted into higher-end rentals or condos.

Unfortunately, the production of new affordable rentals is not keeping pace with the loss of older units. This is an increasingly critical challenge at a time when more individuals and families need a safe, affordable place to live.

In 2011, we marketed multifamily real estate owned (REO) properties to non-profits and public entities who would reinvest in the properties and preserve them as affordable rental housing. In one example, UMOM New Day Centers acquired a Fannie Mae multifamily REO property with plans to redevelop it as permanently affordable and supportive housing.

UMOM is a non-profit housing and social services provider for homeless families and individuals in Phoenix, AZ. UMOM sought to redevelop North Mountain Lodge — a Fannie Mae foreclosed property — to create affordable, supportive housing for the families on their waiting lists.

Fannie Mae foreclosed on North Mountain Lodge Apartments in May of 2011. At the same time, Fannie Mae was working with the Corporation for Supportive Housing (CSH), a national non-profit committed to helping communities create permanent housing services to prevent and end homelessness. With a predevelopment and acquisition loan from CSH, UMOM had the financing available to make a competitive offer on the apartment complex. UMOM acquired North Mountain Lodge in November of 2011.

UMOM will now use the North Mountain Lodge site to create 48 units of permanently affordable, supportive housing for chronically homeless people, low-income families, and returning veterans and their families who are homeless or at risk of homelessness. Social services will be provided for the tenants including after-school programs, job development services, substance abuse counseling, medical outreach, behavioral health support, and community recreation.

Seniors Housing: An In-Demand Industry

The segment of the U.S. population aged 65 and older, representing nearly 40 million people, is expected to increase over the next few decades in large part due to the aging of the baby boomer generation, who are reaching their mid-60's and living longer, healthier lives. Many Americans within this growing segment live in single-family homes. Others are choosing seniors rental housing, which may include independent living, assisted living, or Alzheimer's care facilities.

Financing for the seniors housing sector is highly specialized and combines aspects of traditional rental housing with the business of seniors' care. As with our conventional multifamily customers, today's seniors housing borrowers require flexibility, certainty of execution, and competitive pricing. Fannie Mae's seniors housing team partners with a targeted group of lenders through our DUS platform to provide customized financing solutions that meet the unique needs of the seniors housing industry.

Providing quality housing for America's aging population is important and Fannie Mae continues to serve this market by offering various financing options. In 2011, we provided \$1.4 billion in senior debt financing to non-profit organizations and other borrowers, including private equity investors, publicly traded operators, and private and public real estate investment trusts, which helped produce and/or preserve nearly 12,000 seniors rental units across 151 U.S. cities and towns.

Fannie Mae Financing Provides Options for Seniors

In 2011, Fannie Mae helped refinance a maturing loan for a 68-unit assisted living and Alzheimer's care facility in Erie, PA. The borrower on the loan is a local, privately owned company that develops and operates its properties within the northern Great Lakes markets. By refinancing the loan, the borrower received immediate cash-out proceeds to use in the development of a new seniors housing property. The structure of the 10-year fixed-rate loan also enabled the borrower to lock in low-cost, long-term financing so that affordable rents for current and future residents could be maintained.



Manufactured Housing Communities

Manufactured housing provides affordable homes for many low- and moderate-income borrowers, especially in high-cost and rural areas. In fact, nearly 7 percent of the nation's occupied housing units are manufactured homes.

Fannie Mae supports manufactured housing to expand affordable homeownership by providing liquidity to this growing market segment. Through our multifamily mortgage business, we offer financing options through lender partners for residential real estate developments where the borrower owns the manufactured housing community (MHC) sites and manages associated common amenities and infrastructure. Here, individual tenants can lease a lot in the community and connect their home to utility services, providing them with an affordable place to live.

Agency financing for MHCs exists only through Fannie Mae's nationwide network of approved lenders. We provide low-cost capital and a steady source of funding to lenders active in the manufactured housing sector through standardized underwriting, valuation, and documentation processes. Our MHC business has grown substantially and typically serves an older and lower area median income population.



Using Fannie Mae's products, Grandbridge Real Estate Capital LLC financed Azalea Gardens, a manufactured housing community near Tacoma, WA.

Our Role in Capital Markets

Fannie Mae's capital markets group supports the single-family and multifamily businesses by providing lender customers various avenues to sell the mortgages they originate. This enables customers to replenish their funds, make more loans, and hedge their risks in a cost-efficient manner.

The capital markets group also promotes general liquidity in the mortgage market. As America's largest single issuer of mortgage-backed securities (MBS), Fannie Mae has helped create a reliable securitization market that supports the recovery and growth of U.S. housing. To achieve our business objectives, we must excel in evaluating, pricing, and managing credit risk and deliver superior MBS and fixed-income products to the capital markets.

With dedicated teams in both the single-family and multifamily capital markets space, we provide a diverse line of product offerings and transaction alternatives aimed at meeting investor needs. Fannie Mae's current business activity is focused on making short-term use of our balance sheet, rather than long-term investments. To do so, the capital markets team works with lender customers to provide funds to the mortgage market through short-term financing and investing activities, including but not limited to the following:

- **The Whole Loan Conduit** — Whole Loan Conduit activities involve our purchase of loans principally for the purpose of securitizing them. We purchase loans from a large group of lenders and securitize them as Fannie Mae MBS, which may then be sold to dealers and investors. In 2011, Whole Loan Conduit volumes totaled \$85 billion.
- **Early Funding** — Through our Early Funding products, we can purchase whole loans or pools of loans on an accelerated basis. This allows lenders to replenish their funds faster and to continue originating new loans. Programs like Early Funding have proven to be a critical source of liquidity during challenging economic times. In 2011, early funding volumes totaled \$111 billion and have exceeded \$319 billion since 2009.

- **REMICs and Other Structured Securitizations** — We issue structured Fannie Mae MBS (including REMICs, SMBS, and Megas), typically for lender customers or securities dealer customers, in exchange for a transaction fee. In 2011, structured transactions volumes totaled \$770 billion.
- **MBS Trading** — We regularly enter into purchase and sale transactions with other market participants involving mortgage-backed securities issued by Fannie Mae, Freddie Mac, and Ginnie Mae, which we refer to as "agency MBS." These transactions can provide for the future delivery of MBS with underlying loans that share certain general characteristics (often referred to as the "TBA market"), or specifically identified MBS with loans having other characteristics that some investors seek (often referred to as the "Specified Pools market"). Through our trading activity in the TBA and Specified Pools markets, we provide significant liquidity to the agency MBS markets. In 2011, these MBS trading volumes totaled \$112 billion.

Through our capital markets activities, Fannie Mae contributes to a stronger housing finance industry by providing immediate liquidity to the market and by helping lenders conduct their business more efficiently.



Fannie Mae GeMS™

When the U.S. economy began to contract in 2007, many financial institutions exited the multifamily financing market. Fannie Mae stayed in the game and raised our stake, keeping credit flowing as more families sought affordable workforce rental housing. Today, we are the market leader in financing U.S. multifamily mortgages. And, Fannie Mae's suite of multifamily MBS products are helping provide a continuous source of stable funding to support the nation's rental housing market. Our GeMS™ executions are a big part of this success.

Fannie Mae GeMS are Guaranteed Multifamily Structures. Introduced in late 2011, they provide a platform for designing structured securities from the multifamily MBS in our portfolio. GeMS help us reduce balance sheet usage and operate more efficiently, and we tailor them to meet investors' specific needs based on market conditions.

We took the first step toward GeMS in 2009 when we started to shift production in the multifamily business

from whole loans we bought and held in the portfolio toward a more market-driven, MBS-style execution that resulted in securities we could sell to others. Through this shift, we have been able to provide competitive, transparent, auction-style pricing that allows outside investors direct access to our multifamily product. Having an MBS execution means that there are more dealers willing to commit their resources — including traders, sales, balance sheet, analytics, and research — which leads to a more liquid multifamily market.

Today, through GeMS and other initiatives, Fannie Mae's multifamily MBS outstanding has grown to over \$100 billion. In the fourth quarter of 2011, we issued \$7.2 billion multifamily MBS, the highest quarterly issuance since Fannie Mae began reinvigorating our multifamily MBS business in 2009. Our total new multifamily issuance for last year was \$23.8 billion, up from \$16.4 billion in 2010. This includes \$6 billion of DUS MBS resecuritized through the GeMS program, a significant milestone for the program's first year.

Progress Through Partnership

At Fannie Mae, we work with a variety of industry partners to meet the needs of America's homeowners and strengthen the housing system for the future. Whether supporting a specialized lender or an organization fighting mortgage fraud, Fannie Mae is a dedicated partner to those who work throughout the housing industry.

State Housing Finance Agencies

State Housing Finance Agencies (HFAs) use Fannie Mae products and pricing to expand homeownership and rental possibilities for families earning at or below the area median income. They also focus their business on first-time homebuyers. We provide critical financing to HFAs by purchasing high-performing loans at preferred rates and terms.

Through our alliance with the National Council of State Housing Agencies (NCSHA), we help HFAs meet the affordable housing needs of the communities they serve. We do this by granting participating members access to a suite of distinct Fannie Mae mortgage lending options designed to help them bridge the affordable housing gap in their state.

Credit Unions

Fannie Mae's continued support for credit unions remains strong throughout the economic recovery. As community-based trusted advisors, credit unions exist to meet their members' lifetime financial needs for affordable credit. We purchase their loans to free up capital so they can issue more loans to families who rely on credit unions for their specific banking needs. Through an alliance with the National Association of Federal Credit Unions (NAFCU) and the Credit Union National Association (CUNA), we're able to help credit unions expand the appeal of the mortgage products and services they currently offer their membership.

Supporting State Housing Finance Agencies

While the housing market remains challenging, state HFAs continue to make homeownership affordable and sustainable for working families. Over the years, HFAs have helped millions of families purchase a home or obtain rental housing.

While the agencies often work with borrowers who are new to homeownership, HFAs have a solid record of successful, sustainable lending. Their formula includes education and counseling that prepares borrowers for the responsibilities of homeownership and mortgage debt, as well as providing high-quality mortgage products with low fixed rates, fully documented, prudent underwriting, and proactive servicing.

As a result, delinquency and foreclosure rates of HFA loans are well below those of the conventional market, according to the NCSHA.

Fannie Mae has provided reliable liquidity for HFA lending, including support for local HFAs. In 2011, Fannie Mae acquired nearly 3,500 HFA-originated loans totaling \$518 million. We also launched a new set of offerings to NCSHA members that simplify pricing structures and improve underwriting capabilities in exchange for high-performing, fixed-rate mortgages.

Community Organizations

Through partnerships at the community level, Fannie Mae is able to meet the needs of families in a far more direct and impactful way. We work with established organizations in communities across the country to prevent foreclosure, revitalize neighborhoods, address homelessness, and much more. For example, in 2011 we partnered with HomeFree-USA, local community and elected officials, and area mortgage servicers to open a Mortgage Help Center in Prince George's County, MD, to help struggling homeowners in the Washington, DC area. ([Read more about Fannie Mae Mortgage Help Centers on page 19 of this report.](#)) Also, as a result of our long-standing partnership with Habitat for Humanity, Fannie Mae employee volunteers built and refurbished homes and properties in particularly hard-hit communities.



Building a Difference in Atlanta

In March 2011, a team of Atlanta employees and their family members and friends participated in a volunteer event to help make homeownership a reality for one family.

The group joined Atlanta Habitat for Humanity for a day of hammering, dry-walling, painting, and more as part of a house build to benefit a married couple and their five children. The homebuyers had to qualify to purchase the home by meeting Habitat for Humanity's standards.

For more than 20 years, our employees have participated in Atlanta Habitat for Humanity home builds sponsored by Fannie Mae. "Fannie Mae's long-standing partnership with Atlanta Habitat for Humanity has been a great way for employees to get involved and make a difference in the community in a very hands-on way," said Mac Smith, a customer account risk manager and event coordinator in Fannie Mae's eastern region. "We are very proud to be part of these efforts."

Public Entities Using Neighborhood Stabilization Program Funds

We work closely with public entities through the Neighborhood Stabilization Program (NSP), established by HUD. Nearly \$7 billion was allocated to state and local governments for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. To assist these public entity partners with their neighborhood stabilization strategies, Fannie Mae created the First Look™ program that allows a public entity, non-profit, or owner-occupant buyer the exclusive opportunity to purchase Fannie Mae properties before an investor during the first 15 days of property listing. ([Learn more about First Look on page 21 of this report.](#))

We also created a pool sale program that allows public entities to purchase pools of properties that are strategic to their stabilization strategies. As of December 2011, over 9,500 Fannie Mae properties have been purchased by public entities, non-profits, and owner occupants using NSP and other public funds, with sales totaling over \$850 million.



Fannie Mae employees participate in a home build project with Habitat for Humanity.

Land Banks

Fannie Mae works collaboratively with local land banks to support the acquisition and stabilization strategies of the local community. Cities, counties, and states across the country have created land banks to address the increase in vacant and abandoned properties within their boundaries. Typically, land banks enable local governments to acquire neglected, vacant parcels of land or properties, and redevelop them to help transform struggling neighborhoods into healthier, safer communities. These projects often result in new affordable housing, commercial facilities, and even green spaces and parkland.



Partnering with Detroit Land Bank Authority

In 2011, Fannie Mae worked closely with the Detroit Land Bank Authority (DLBA) to identify Fannie Mae REO properties that would support their mission to restore six historic neighborhoods to their original condition. Using First Look™, the DLBA acquired 55 Fannie Mae REO properties before they were purchased by investors. The homes were renovated with historic and energy-efficient improvements and resold to owner occupants who also received homebuyer education training. Through these efforts, DLBA and Fannie Mae helped to restore vibrant neighborhoods and create affordable, sustainable homeownership.

National and Local Law Enforcement

Mortgage fraud remains a large and growing problem in the United States, especially because many struggling homeowners are targeted by foreclosure prevention scams. Fannie Mae works with partners to help prevent and stop mortgage fraud, whether it's perpetrated by a borrower, a lender, or another person or institution.

We collaborate closely with national and local law enforcement by providing detailed, real-time information about mortgage and financial frauds to assist in their investigations and prosecution. Fannie Mae employees also frequently attend and speak at mortgage fraud training events designed to familiarize law enforcement with the trends that we encounter.

Helping Homeowners and Stabilizing Hard-Hit Communities

In 2011, many homeowners struggled to avoid foreclosure. Fannie Mae is strongly committed to helping distressed homeowners stay in their homes whenever possible. Our efforts focus on encouraging borrowers to work with their servicers to find the best solution to meet their needs. We completed more than 328,000 single-family loan workouts in 2011.

Sometimes foreclosure cannot be avoided. In these situations, Fannie Mae works to help borrowers exit their home gracefully, through options such as a short sale or deed-in-lieu (DIL) of foreclosure. Our REO sales team works on selling Fannie Mae foreclosed properties for the highest price possible to stabilize communities and minimize taxpayer losses.

Preventing Foreclosures and Promoting Sustainable Solutions

Fannie Mae uses an array of tools to help distressed homeowners understand their options, get help, and find the best solution.

Most of Fannie Mae's home retention solutions are loan modifications. A loan modification enables the homeowner to achieve a more affordable monthly payment, which helps them sustain payments on the modified loan and remain in their home.

- We completed more than 213,000 loan modifications in 2011, for a total of more than 715,000 since January 2009.
- Homeowners in loan modifications save a median of \$352 per month in principal and interest payments, or 31 percent of the median before-modification payment.
- About 52 percent of Fannie Mae's modifications to help homeowners in 2011 were completed under HAMP. HAMP is a part of Making Home Affordable (MHA) — a program created in 2009 by the U.S. Department of the Treasury (Treasury) and HUD to help struggling homeowners.

A loan refinance allows the homeowner to take advantage of today's historically low interest rates.

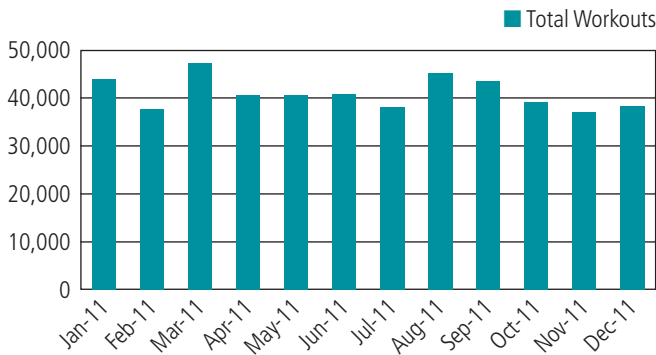
- Through our Refi Plus™ initiative, which provides expanded refinance opportunities for eligible Fannie Mae borrowers, we acquired more than 730,000 loans in 2011, for a total of approximately 1.7 million loans since 2009.
- About 29 percent of these refinances have been completed through MHA's Home Affordable Refinance Program (HARP) — the refinance program available to borrowers who have stayed current on their mortgage, including those who have a mortgage with a higher loan-to-value ratio as well as “underwater” borrowers who owe more on their loan than the value of their home.

In situations where a homeowner has an unsustainable mortgage and homeownership is no longer viable, Fannie Mae offers alternatives to foreclosure. These alternatives can enable homeowners to start repairing their credit sooner than if they go through foreclosure, and some may be able to get a Fannie Mae mortgage to purchase a home in as little as two years.

- Since January 2009, Fannie Mae has completed more than 195,000 short sales and DIL, including over 79,000 in 2011.

From 2009 through 2011, Fannie Mae helped almost 1 million homeowners retain their homes or otherwise avoid foreclosure. During the fourth quarter of 2011, we completed more than 82,000 single-family loan workouts, including more than 60,000 home retention solutions (modifications, repayment plans, and forbearances).

Total Single-Family Loan Workouts Per Month in 2011



Adminstrating the MHA Program

In addition to being a participant in MHA, Fannie Mae is the MHA program administrator in support of the U.S. Department of the Treasury. In this role, Fannie Mae implements guidelines and policies for the program, develops and maintains the MHA technology system of record, facilitates program incentive payments, manages MHA servicer relationships, provides training, and develops and coordinates borrower outreach events. Since its launch in 2009, MHA has helped struggling homeowners avoid foreclosure through programs designed to modify first and second liens, provide unemployment forbearance, and facilitate short sales and deeds-in-lieu of foreclosure.

MHA has helped establish industry standards and practices for affordable modifications, homeowner protections, and outreach. In 2011, Fannie Mae continued to support Treasury and HUD's efforts to make the benefits of HAMP and HARP available to American homeowners:

In 2011, Fannie Mae continued to support the Treasury's efforts to make the benefits of HAMP and HARP available to American homeowners:

- As of the end of 2011, HAMP enabled over 930,000 homeowners to receive permanent modifications of their mortgages.
- In November 2011, we helped launch HARP 2.0 to enable more borrowers take advantage of MHA benefits.

Providing Direct Mortgage Assistance in Hard-Hit Communities

We provide free education and one-on-one support for distressed homeowners through a network of new Fannie Mae Mortgage Help Centers. In cooperation with HUD-certified non-profit agencies, homeowners can speak directly with on-site English- and Spanish-speaking staff and experienced housing counselors to discuss their mortgage situation and the foreclosure prevention options available to them. In addition to providing counseling and access to mortgage education and financial literacy resources, the centers assist homeowners by coordinating with their mortgage servicers to help ensure a timely resolution.

We manage centers in 12 of America's hardest-hit housing markets: Atlanta, Chicago, Dallas, Jacksonville, Los Angeles (Culver City), Miami, Philadelphia, Phoenix, Sacramento, St. Louis (Clayton, MO), Tampa, and Washington, DC (Greenbelt, MD). Each facility supports the metropolitan area where it is located as well as borrowers from across the state. These centers helped borrowers obtain nearly 6,100 home retention plans in 2011.

In addition to the Mortgage Help Center facilities, Fannie Mae has established partnerships with counseling agencies in 16 markets across the country, referred to as the Mortgage Help Network, to allow more Fannie Mae customers access to existing housing counselor facilities. Like the Mortgage Help Centers, these customer outreach channels provide face-to-face, free, and expedited assistance to struggling borrowers.

Through our expanded partnership with the HOPE Hotline (888-995-HOPE) — which offers free, comprehensive, and around-the-clock foreclosure assistance and housing counseling services — Fannie Mae borrowers anywhere in the country can now be connected to the Mortgage Help Network or a Mortgage Help Center. Fannie Mae also provides counseling through partnerships with qualified credit and debt advisory organizations through a current pilot program for borrowers who have already received a loan modification.

What Borrowers Say About Fannie Mae Mortgage Help Centers

In 2011, Fannie Mae opened a Mortgage Help Center in St. Louis, MO, and provided assistance to borrower Pete Farley, helping his family avoid foreclosure and keep their home.

“My daughter and I had applied for a loan modification on her home, as we were having a difficult time making the monthly mortgage payments. We had been turned down three times before learning about a new Fannie Mae Mortgage Help Center in our area. We were their first customer!

Our Fannie Mae housing counselor and documentation review specialist took us through the application process with ease. Their knowledge, guidance, and professionalism was a welcomed change from what we had experienced before, and we were elated to hear that our application was quickly approved. I truly believe had it not been for their due diligence, persistent follow-up, and advocating on our behalf, we would have been turned down again and may have lost our home. Our Fannie Mae team uncomplicated what was an extremely long and frustrating process and brought it to a quick and positive resolution. They far exceeded our expectations.”

— Pete Farley, St. Louis, MO

Leveraging Technology Solutions

We have created innovative online tools, with a focus on usability and efficiency, and aligned Fannie Mae's external-facing websites and resources with those of our partners, to help consumers access the information they need more easily and quickly.

- [KnowYourOptions.com](#) is a bilingual consumer education website that outlines the options that may be available to homeowners who are looking to refinance or struggling with their mortgage. Since its debut in August 2010, the website has logged nearly 700,000 visits (more than 530,000 in 2011 alone) and averages more than 40,000 visits per month. More than eight in 10 visitors are new to the site, which indicates that a consistent stream of people are learning about the resource and getting the information they need to enable them to take action.

- [KnowYourOptions.com](#) also features [WaysHome™](#), a unique and innovative educational video launched in early 2011. The interactive simulation allows homeowners to participate in real-life scenarios, make hypothetical choices, learn the consequences of those choices, and identify the best options for retaining or exiting their homes. In 2011, users launched the video and navigated through the simulation nearly 22,000 times. [Launch the video simulation](#)
- [HomePath.com](#) lists Fannie Mae-owned properties for sale and provides information about special financing options available only on our properties. The website makes it easy for all potential buyers to search thousands of move-in ready foreclosed properties — including single-family homes, town houses, and condominiums — learn about mortgage financing, access handy tools and resources, and get help with the buying process.

In August 2009, the first month after HomePath.com launched, the site logged more than 400,000 visits. In 2011, it averaged more than 2.2 million visits per month, roughly one-third of which were unique visits. Overall, the website has logged over 45 million visits since its debut, and more than 27 million in 2011 alone.

The screenshot shows the HomePath.com website. At the top, there's a navigation menu with options like 'Find Homes', 'Financing Options', 'Special Offers & Incentives', 'Helpful Resources', 'For Real Estate Professionals', and 'For Investors'. Below the navigation, there's a section titled 'Finance Your Home with HomePath' which includes a search bar for 'Address or City, State or Zip Code or PLCEID' and filters for 'Price (\$)', 'Bedrooms', and 'Bathrooms'. There's also a 'Find a Lender' button. Below this is a 'Featured Homes' section with five property listings, each showing a photo, address, and price.

Location	Address	Price
Strasburg, CO	3 bed / 2 ba 1629 sq ft	\$279,000
Montgomery Village, MD	3 bed / 3 ba 1099 sq ft	\$148,000
Mesa, AZ	3 bed / 3 ba 2942 sq ft	\$344,000
Mesa, AZ	3 bed / 2 ba 1602 sq ft	\$174,000
Pleasant Prairie, WI	4 bed / 3 ba 2054 sq ft	\$180,110

Improving Mortgage Servicing Standards

In an effort to establish greater consistency in the servicing of delinquent loans, Fannie Mae has implemented new delinquency management and default prevention standards, requiring mortgage servicers to use a uniform approach, consistent guidelines, and clear timelines when working with delinquent borrowers. Through the FHFA-mandated Servicing Alignment Initiative (SAI), the GSEs have aligned their servicing requirements for borrower contact, delinquency management practices, loan modifications, and foreclosure timelines. This approach will allow servicers to streamline and simplify their processes, resulting in:

- Improved service to borrowers as well as greater consistency and clarity in borrower communications.
- More efficient processing of loan modifications.
- Consistency, fairness, and efficiency in the foreclosure process.
- Increased servicer accountability, reinforced by new incentives and compensatory fees.

These new servicing standards aim to achieve faster resolution and lessen borrower frustration, with the ultimate goal of keeping people in their homes whenever possible and minimizing financial losses to Fannie Mae and to taxpayers.

In accordance with SAI, Fannie Mae launched a new effort designed to measure and evaluate servicers' performance as a way to further promote transparency, accountability, and excellence in mortgage servicing, while recognizing and incentivizing those who consistently deliver strong, customer-driven results.

The Servicer Total Achievement and Rewards (STAR) Program is a comprehensive performance management system. It provides clear expectations and specific, consistent measurements to help Fannie Mae servicers increase their focus on improving customer satisfaction and overall housing outcomes. The program directly links service performance to homeowners whom the servicer has helped as well as the customer's overall experience with their servicer. A key component of the STAR Program is the Servicer Performance Scorecard, which provides monthly performance indicators to help servicers effectively assess their progress.

The STAR Program is designed to:

- Provide consistent, specific, and measurable expectations for Fannie Mae servicers.
- Align servicer activities to Fannie Mae's business goals.
- Focus on success drivers to help prioritize efforts.
- Gauge and communicate relative performance.
- Standardize data feeds to promote future analytic capabilities.
- Provide financial incentive and opportunities for recognition of top performers.

Putting Fannie Mae Properties Back on the Market

When all other options are exhausted and foreclosure is the end result, Fannie Mae works to sell foreclosed properties for the highest price possible and to buyers who will make the properties their homes. We seek to keep properties in good condition and, in some cases, conduct repairs to make them more marketable. This provides quality, affordable housing options to new homebuyers and also helps to stabilize neighborhoods and home values.

Foreclosed homes become part of Fannie Mae's real estate owned (REO) inventory. In 2011, we completed repairs to approximately 89,800 properties sold from our single-family REO inventory. Overall, we sold nearly 244,000 Fannie Mae single-family REO properties in 2011, approximately 44,000 more than we added to our inventory during the year. Roughly 60 percent of these properties were sold to individuals, non-profit organizations, or public entities versus investors.

In particular, through our [First Look™](#) program we give potential homebuyers the opportunity to make an offer on our REO properties before investors. Fannie Mae understands that owner occupants are vital to neighborhoods and communities. Owner occupants tend to work, go to school, and shop in their neighborhoods. They are also more likely to make improvements to their residences and contribute to their communities' livability. The First Look period is typically the first 15 days a property is listed on HomePath.com, during which eligible buyers can apply to purchase the home before facing investor competition.

First Look has proven to be such a success that it is now replicated by others in the industry. In 2011, Fannie Mae sold an average of 3,000 First Look homes per month. For tens of thousands of First Look buyers, a Fannie Mae-owned foreclosed property has become a family home.

First Look™ Program

Fannie Mae's innovative First Look marketing period was created to promote homeownership and contribute to neighborhood stabilization — allowing homebuyers to bid and purchase foreclosed properties before they are made available to investors.

Details include:

- First Look is typically the first 15 days a property is listed on HomePath.com (Nevada is 30 days).
- Properties in the First Look period have a countdown clock on the property information page of HomePath.com displaying the days remaining to purchase.
- Eligible buyers during First Look are owner occupants*, public entities and their partners, and some non profits.

*Owner occupants are those buyers that will occupy the property as their principal residence within 60 days of closing and will maintain their occupancy for at least 1 year. Owner-occupant purchasers are required to sign an Owner Occupant Certification as a rider to the Real Estate Purchase Addendum. A buyer purchasing in the name of a trust, purchasing as a vacation/part-time residence, or purchasing so another person or relative can live in the property will typically be considered an investor and not eligible during First Look.

Investor offers submitted after the First Look period expires will be considered along with all other offers.

Ask a Fannie Mae listing broker for more details. If you are concerned that the First Look marketing period is not being handled appropriately on a particular property, contact the Fannie Mae Resource Center immediately at 1-800-732-6643.

FirstLook

Look for the logo in the listings and the details page

11214 Linwood Cir
Dallas, Texas 75216
\$214,000
MLS #: 1410000
Signatures

Stabilizing Communities Through REO Sales

Chicanos Por La Causa (CPLC) is a leading non-profit organization in the areas of economic development, community development, education, and social services. It is the largest community development corporation in Arizona with a mission “to build stronger, healthier communities.”

In 2009, CPLC led a national collaborative in an application for Neighborhood Stabilization Program (NSP) 2 funds. Along with partners in 15 different markets, in early 2010 they were awarded \$137 million — the second-largest NSP 2 allocation in the nation. With this funding, they sought to acquire, rehabilitate, and resell single-family REO assets; acquire, redevelop, and manage multifamily REO assets; and acquire and demolish severely blighted homes to establish a land bank.

In 2011 alone, CPLC and the consortium purchased 95 single-family REO properties from Fannie Mae, making them one of the largest non-profit REO purchasers of 2011. Though based in Arizona, this collaborative is building stronger, healthier communities across the United States. The homes are actively rehabilitated and sold to qualified homebuyers in Arizona, Colorado, New Mexico, California, Texas, Illinois, Pennsylvania, Maryland, and Washington, DC.

REOs Provide Homes for First-time Homebuyers

The GA Dream Homeownership Program — provided through the Georgia Department of Community Affairs (DCA), the state’s lead agency in housing finance and development — is available to first-time homebuyers and those who purchase a home in targeted areas. GA Dream makes purchasing a home more affordable for low- to moderate-income families and provides free homebuyer education. Applicants seeking down payment and closing cost assistance are required to complete a homebuyer education class prior to closing.

Sharing a mission to promote homeownership, in late 2010 Fannie Mae and DCA collaborated to create a streamlined process for GA Dream homebuyers to purchase a Fannie Mae-owned home. This collaboration facilitated more REO purchases by GA Dream homebuyers and further strengthened our relationship with the Georgia DCA.

In 2011 Fannie Mae sold 230 REO properties to owner occupants using the GA Dream Homeownership Program. This program not only helps fulfill the dream of homeownership to first-time homeowners, but also provides homebuyers the opportunity to learn more about the process of purchasing a home and the responsibilities of homeownership, while promoting affordable housing, community development, and neighborhood stabilization.

Making a Difference in the Communities Where We Live and Work

Employee Volunteerism

Our commitment to making a positive difference in the communities where we live and work is reflected in our mission, our people, and our long-standing spirit of volunteerism and community support.

Employee volunteer efforts in 2011 not only aligned with and deepened the impact of Fannie Mae's business, but also helped build and strengthen relationships with the communities we serve. In 2011, 50 percent of our employees volunteered over 40,000 hours with more than 500 local community organizations on a wide range of projects and initiatives.

We encourage employees to use their skills and time to optimize their contributions to America's communities. Here are just a few of the ways our people made a difference in 2011:

- Over 2,000 Fannie Mae employees volunteered nearly 12,000 hours with local non-profits nationwide to help serve the homeless.
- During the holidays, Fannie Mae Board members and employees nationwide worked with more than 10 non-profits to purchase and deliver gifts, toys, and food for nearly 500 children and families in need.
- Over 500 employees participated in more than 10 borrower outreach events through the Making Home Affordable Program, Know Your Options®, and other foreclosure prevention efforts. Through these activities, employees donated more than 4,300 hours to help thousands of families across the country keep their homes.

- More than 200 Fannie Mae employees contributed over 2,000 hours of labor to help build and rehabilitate 37 affordable homes.
- Through board membership opportunities, more than 80 employees volunteered more than 2,400 hours applying their professional knowledge and expertise to help non-profits become stronger, more sustainable organizations in their local communities.

Diversity and Inclusion

Fannie Mae has a long-standing commitment to diversity and inclusion as part of our ongoing work to support America's communities. We recognize the tremendous opportunities to create value by leveraging the unique talents and abilities of Fannie Mae's workforce.

In 2011, Fannie Mae's office of diversity and inclusion (ODI) supported professional development programs to help employees improve critical business skills to serve customers and communities more effectively. Our mentoring and employee engagement activities help ensure that employees are building strong relationships across divisions and can continue to learn and grow throughout their careers. Fannie Mae has received numerous awards for leadership in diversity, and we continue to actively seek ways to enhance current programs and create new, more innovative opportunities for employees.

The ODI also supports 10 Employee Resource Groups (ERGs) that promote cultural awareness and are aligned around common interests and goals. Our ERGs provide market intelligence, serve as business advisors on cultural competencies, and work to ensure that all voices are heard on important business issues. For example, the Muslim ERG and Christian Salt and Light ERG collaborated to conduct successful foreclosure outreach events for hundreds of families at risk of losing their homes. ERGs also supported many volunteer initiatives that helped connect Fannie Mae with underserved communities.

We align our business strategies with diversity and inclusion efforts to further support lenders, partners, and multicultural communities. In 2011, the ODI sponsored a lender training program that helped customers increase their awareness of the importance of diversity and inclusion in housing finance. We also supported financial literacy events for women in multicultural communities.

Community Investments

In an environment of declining resources and increasing demand, Fannie Mae's community investment and engagement activities continue to be an important resource for partners who are committed to addressing the nation's housing challenges.

Fannie Mae makes grants to well-established non-profit organizations that work to address housing-related issues and build stronger communities. All investments are monitored regularly to ensure that our funds and our people are being effectively and appropriately leveraged to produce the most benefit.

In 2011, Fannie Mae's investments in non-profit organizations supported:

- Foreclosure prevention counseling for more than 250,000 at-risk borrowers, helping over 100,000 families avoid foreclosure.
- Acquisition of more than 4,400 foreclosed properties to help stabilize neighborhoods.
- Rehabilitation of more than 3,700 foreclosed properties and the sale of over 4,800 REO properties.
- Education of more than 26,000 potential homebuyers in hard-hit markets.
- Preservation of more than 10,000 affordable housing units.
- Production of more than 1,300 affordable housing units and development of a pipeline of over 6,800 units.
- Delivery of more than 1,100 units of permanent supportive housing and development of a pipeline of over 1,600 units.

Help the Homeless®



Fannie Mae's commitment to housing-related issues includes partnering with communities to address homelessness. Now in its 25th year, Fannie Mae's [Help the Homeless \(HTH\) Program](#) is the nation's largest fundraising model focused on building the capacity of non-profits working to prevent and end homelessness. In 2011, HTH raised more than \$6.2 million and engaged more than 115,000 community members on behalf of nearly 100 non-profit beneficiary organizations. This fundraising and community engagement enabled the beneficiaries to assist more than 180,000 clients and supply more than 6,300 housing units.

The company's focus on increasing the efficiency and effectiveness of HTH continues to evolve. In 2012, we will transition from the centralized walk on the National Mall in Washington, DC, to regional community walks that will include five additional markets. Based on best practices from the historically successful DC-based model, the community walk model places an emphasis on education and awareness as well as donations, sponsorships, and volunteerism.

Since its inception in 1988, HTH has raised more than \$90 million, positively impacting thousands of families, children, and veterans who were homeless or at risk of homelessness. Fannie Mae remains committed to partnering with community-based non-profit organizations who provide housing opportunities and critical services to these individuals and families.



Employee Volunteer Profile: Lisa Brown

Lisa Brown is an outstanding example of Fannie Mae employees who share their professional skills and expertise through volunteerism and make a measurable impact in the community.

In 2009, Lisa, who works in Fannie Mae's legal division, was selected to participate in our Non-profit Board Leadership Training program. After taking part in an intensive two-day training workshop, she was paired with a board opportunity at Bright Beginnings, an organization focused on preventing homelessness in Washington, DC. The opportunity allowed her to focus on an issue she is deeply passionate about while giving her the chance to serve and make a direct impact in her own neighborhood.

Bright Beginnings is a beneficiary of Fannie Mae's Help the Homeless Program. Over the past two decades, the organization has provided education and therapeutic services that prepare homeless infants, toddlers, and pre-school-aged children for kindergarten. They also provide on-site support services for the children's families and other essential services and referrals.

"Lisa has enthusiastically pitched in at every opportunity to help Bright Beginnings succeed," says Dr. Betty Jo Gaines, the executive director of Bright Beginnings. "She is always ready, willing, and able to lend her expertise and compassion to everything we do. She is one of our most enthusiastic advocates inside and outside Fannie Mae."

After being selected to the Bright Beginnings' board nearly three years ago, Lisa also served on the finance and corporate governance committees where her professional skills were best suited. In 2011, she volunteered nearly 80 hours with Bright Beginnings and was appointed the role of board secretary.



Fannie Mae employee Lisa Brown volunteers in the classroom at Bright Beginnings, a non-profit organization serving homeless children and families.

This year, Lisa plans to engage even more of her colleagues in volunteering and visiting Bright Beginnings, especially through invitations to their Dream Booster Tours, 20th Anniversary celebration, and Capital Campaign activities. Also, she will renew her board membership for a second three-year term in December. "I'd like to think that my passion for Bright Beginnings and the work we're doing is infectious, as many of my coworkers are seeking ways to get involved. It means so much to have our leadership in full support of our volunteer aspirations and to be able to use the skills and knowledge I've gained as a Fannie Mae employee to help make a positive difference in the lives of those in need."

Fannie Mae in 2012

In 2012, we expect the economy to continue its slow recovery with slightly stronger growth in housing activity.

We will continue to make sound business decisions that protect the interests of taxpayers and assist struggling homeowners. We will focus our expertise and resources on creating a stronger housing finance system and we will make progress by executing effectively against our corporate priorities.

There will be additional challenges ahead but we appreciate the opportunity to deliver solutions. A healthy housing finance system is essential for a strong America.





3900 Wisconsin Avenue, NW
Washington, DC 20016-2892
Phone (202) 752-7000
www.fanniemae.com