



Fannie Mae

2016 Progress Report

Building toward the future of housing

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Published May 4, 2017

For more information on our business, including information on our recent financial results and credit performance, the credit profile of our book of business, and significant risks relating to our business, see our annual report on Form 10-K for the year ended December 31, 2016, filed with the Securities and Exchange Commission on February 17, 2017 ("2016 Form 10-K").

This report includes our expectations regarding the focus of our business and the impact of our actions on our business and the U.S. housing finance system. These expectations are forward-looking statements based on our current assumptions regarding numerous factors. Our actual results and future expectations may differ materially from our current expectations as a result of many factors, including those discussed in the "Risk Factors" and "Forward-Looking Statements" sections of and elsewhere in our 2016 Form 10-K. These forward-looking statements are representative only as of the date they are made, and we undertake no obligation to update any forward-looking statement as a result of new information, future events, or otherwise, except as required under the federal securities laws.

Data in this report as of or through December 31, 2016, unless otherwise indicated.



We work at the heart of housing, providing financing to create housing opportunities across the nation.

Our vision is to be America's most valued housing partner.



Delivering value for housing



A message
from our CEO,
Timothy J.
Mayopoulos

→ In 2016, America's housing market continued to grow stronger. Serving this market and helping meet its challenges are what drive the people who work at Fannie Mae. Our story is on the pages that follow.

To us, Fannie Mae's job is not housing. It is homes.

We make sure that banks, credit unions, and other lenders have the funds they need to create housing opportunities that are affordable. Every day. Whether a family is looking to get a mortgage with an affordable monthly payment or an apartment with an affordable rent, our role is to help our customers serve that family's needs.







“The spirit of home breathes life into all facets of our work.”

What is our ambition? To enable our customers to better serve the next generation of Americans who are looking for housing options that meet their needs. We are striving to take complicated financing processes and make them easy and simple for lenders and buyers alike. This means constant re-evaluation and retooling of the way we work.

If you are a mortgage lender, this ambition spurs us to deliver great service and technology solutions that make your business more efficient and enable you to make mortgage lending faster, less complicated, and safer. We also deliver solutions that make it easier for you to lend to every qualified borrower.

If you are a lender in multifamily housing, we make sure you have the low-cost, flexible financing you need to create rental options that are affordable to working families.

If you invest in mortgages, we offer a number of products and options to help you meet your investment objectives, while moving credit risk away from taxpayers.

If you are a family looking for the protection and predictability of a 30-year fixed-rate mortgage, we work with our customers to make those loans possible.

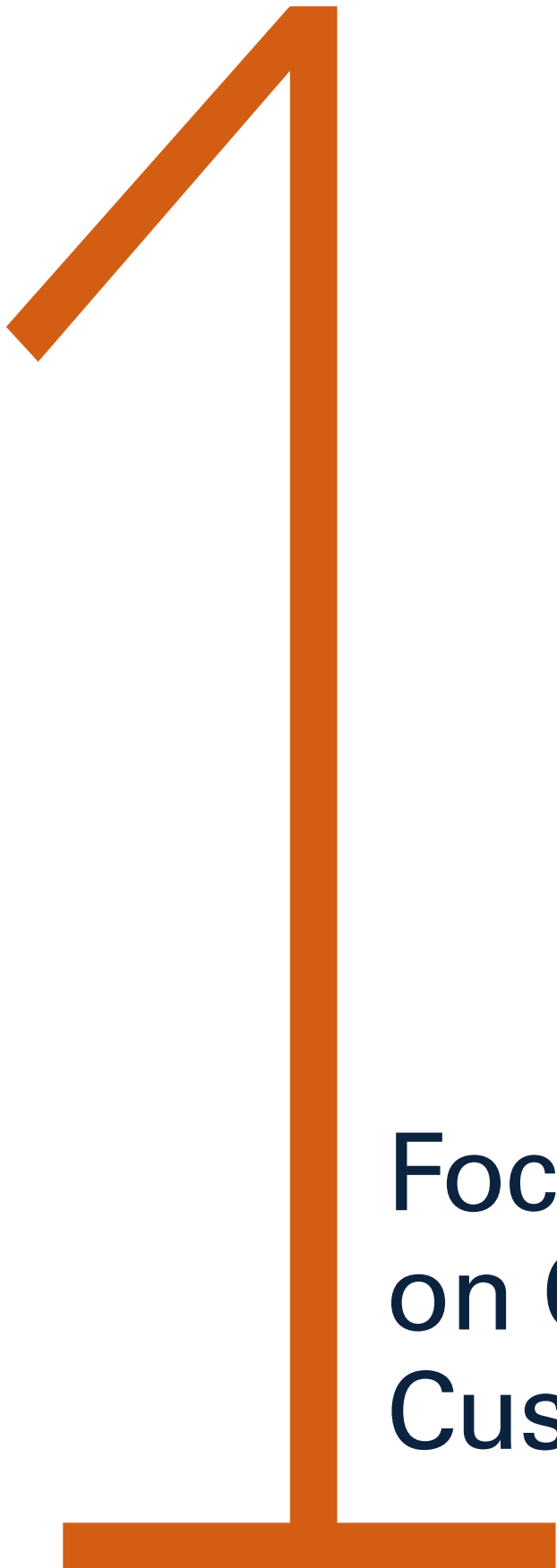
The spirit of home breathes life into all facets of our work. Guided by this spirit, Fannie Mae has become a vastly different company. We have put in place strong, sensible lending standards, improved our business model, reduced taxpayer exposure, and made mortgage lending simpler and more efficient. Our goal is better outcomes for everyone who contributes to and counts on the safety, efficiency, and agility of the nation's mortgage market.

The ultimate source of this progress is the people of Fannie Mae, who put their diverse backgrounds, perspectives, and talents to work for customers and communities across our country. They are driven to make Fannie Mae America's most valued housing partner. They are joined together by a commitment and a cause larger than themselves: to work at the heart of housing, serving the people who make it possible for America's families to have a place called home.

I invite you to learn more about our 2016 progress and to let us know how we are doing.



TIMOTHY J. MAYOPOULOS



Focusing on Our Customers







**Our customers
are at the center
of everything
we do**

→ At Fannie Mae, we serve the people who house America. Our culture guides us all to focus on the needs of our customers and industry partners, to assist them in creating more opportunities for buyers and renters.

Doing business with Fannie Mae is now easier and more efficient. We've changed the way we're organized, so we can provide answers quickly. And we're providing services and solutions that address industry pain points.

At Fannie Mae, we work to earn our customers' business, loyalty, and satisfaction every day.

We work to
earn our customers'
business, loyalty,
and satisfaction
every day.



Making progress through partnership

→ To serve a community well, you need to work closely with the people who know that community best. Fannie Mae has a longstanding commitment to our partners at the state and local levels, working together to meet the diverse housing needs of people in their communities.

Our flexible and affordable housing solutions enable mortgage lenders, credit unions, banks, and community organizations to make homes accessible to more Americans, in big cities and small towns alike. At the same time, we know we can do more. Fannie Mae will continue to focus on driving innovation that makes mortgage lending simpler, more efficient, and less costly for our partners, so they can continue to deliver affordable, safe, and sustainable housing opportunities across the country.

Smarter insights for a smarter housing market

→ Fannie Mae's research and market intelligence can help you understand what's happening now in housing and the economy—and what it might signal for the future. Our economists, analysts, and thought leaders are passionate about uncovering trends in housing and sharing their insights to help improve the housing market at large. By making our expert research readily available to the public, we enable better transparency and informed decision-making. The result is a safer, smarter housing market for all Americans.





Helping lenders transform their business

→ We believe in the power of simplicity, innovation, and partnership to drive a better housing system. By introducing Day 1 Certainty™, we're bringing greater speed and clarity to lenders and borrowers—and setting a new standard for lending in America. We have given lenders tools to validate key data about borrower income and assets, as well as home value.

Day 1 Certainty enables lenders to streamline the way they create mortgages. It empowers our customers to grow their business and meet market demands. Now, lenders can deliver more loans faster without sacrificing quality, allowing them to lend with confidence to qualified borrowers and provide borrowers with a better customer experience.

Launched in 2016, Fannie Mae's Day 1 Certainty is transforming the way mortgages are made and giving lenders the tools to do more business.

It means greater speed, by making the process of creating loans faster and more efficient. It means more simplicity, through automated steps and reduced paper-dependency.

It also means less risk and greater certainty that when a lender sells a loan to Fannie Mae, it stays sold.

We believe Day 1 Certainty will reshape the housing system through improved loan quality, stronger risk management, and more digitization. Taken together, Day 1 Certainty gives lenders the ability to reimagine and improve the experience they can provide to their customers—starting from day one.

“This is a win-win, as the customer’s experience is improved through reduced documentation and accelerated closing dates, while we receive freedom from reps and warrants and operational efficiencies.”

– Glenn Brunner, President, BOK Financial



Reimagining America's Way Home





Investing in innovation to meet America's housing needs

→ Our lenders demand innovation. They are looking for new solutions that will make doing business simpler and more efficient. And borrowers' expectations about the ease and speed of the mortgage experience are growing.

Fannie Mae provides fully integrated online tools that are helping lenders reimagine what it means to create a mortgage. We are introducing new options, such as our flexible HomeReady® mortgage, to expand affordable lending opportunities for creditworthy borrowers. We are investing in improved capabilities, including Day 1 Certainty and the use of trended credit data in our Desktop Underwriter® platform, to provide lenders with better insight. And we are partnering with FinTech companies to help the industry bring the digital mortgage closer to reality.

From unique loan flexibilities that address changing demographics to groundbreaking technologies that streamline the home-buying process, we are redefining the way America does housing and mortgage finance.

Helping Homeowners with Student Debt

In 2016, we launched a cash-out refinance option for student loan debt. With Student Loan Payoff Refi, homeowners can pay off student debt using the equity in their homes. And by consolidating remaining student and mortgage debt into one loan, consumers can benefit from comparatively low mortgage rates.

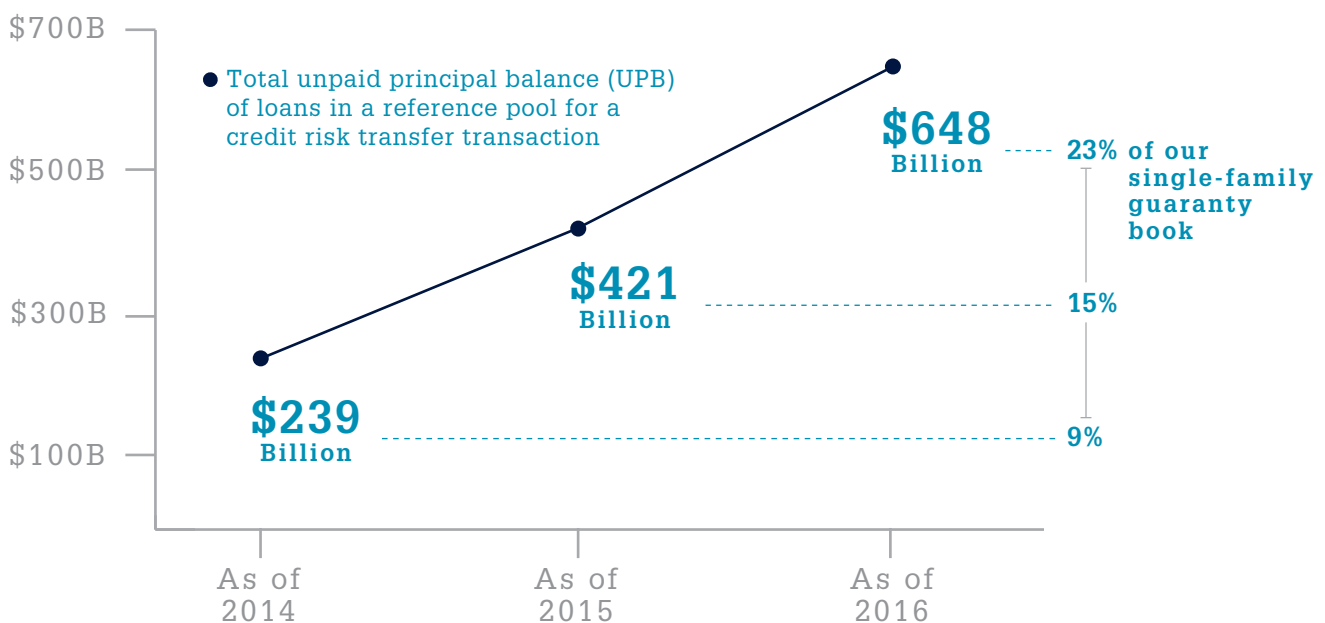


Managing and sharing credit risk smartly

→ In just over three years, Fannie Mae has created attractive new markets to transfer mortgage credit risk to private investors, protecting America's taxpayers. Before, when we bought or securitized mortgages for single-family homes, we acquired and held on to the credit risk. Now, we distribute some of the risk through our capital markets and reinsurance transactions. We use industry-leading innovations to manage credit risk through the entire life cycle of the loan. These capabilities make our credit risk transfer transactions attractive to investors, enhancing our ability to facilitate the flow of private capital throughout the market.

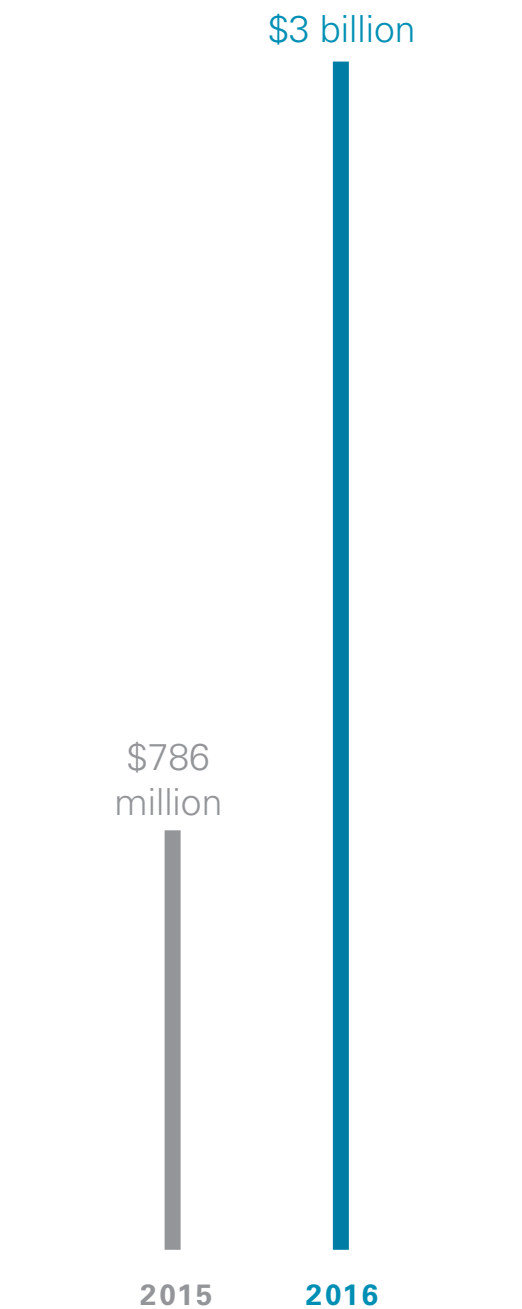
Single-Family Loans Covered by Credit Risk Transfer Transactions

As of year-end 2016, nearly one-quarter of the loans in our single-family conventional guaranty book of business were included in a reference pool for a credit risk transfer transaction.



For more information on our credit risk transfer transactions, including information on the portion of the credit risk of these loans we have transferred, refer to our 2016 Form 10-K.





Manufactured Housing Communities

In 2016, we provided \$3 billion in financing for Manufactured Housing Communities—an increase of 282% from \$786 million in 2015.

Manufacturing new ideas in affordable housing

→ Manufactured Housing Communities have been a vital part of America's housing stock for several decades. Today, they are an increasingly attractive option for families seeking affordable and safe places to call home.

Fannie Mae is proud to be a leading source of financing for Manufactured Housing Communities. Our financing solutions support evolving market needs and bring desirable, high-quality home rental and ownership options to thousands of families, especially in rural parts of the country.

Working with Manufactured Housing Communities

In 2016, we announced our largest-ever Manufactured Housing Communities transaction, which will offer workforce housing for more than 29,000 families across the country. We worked with KeyBank National Association and Wells Fargo Multifamily Capital to provide financing to YES! Communities, LLC. Taking a unique approach to managing its properties, YES! encourages a sense of community for residents.

120

communities in

13

states

\$1 billion

deal

“Fannie Mae took the time to understand how we do business and to provide us with the creative structuring to execute on our investment objectives.”

– Gary McDaniel, Chief Executive Officer, YES! Communities

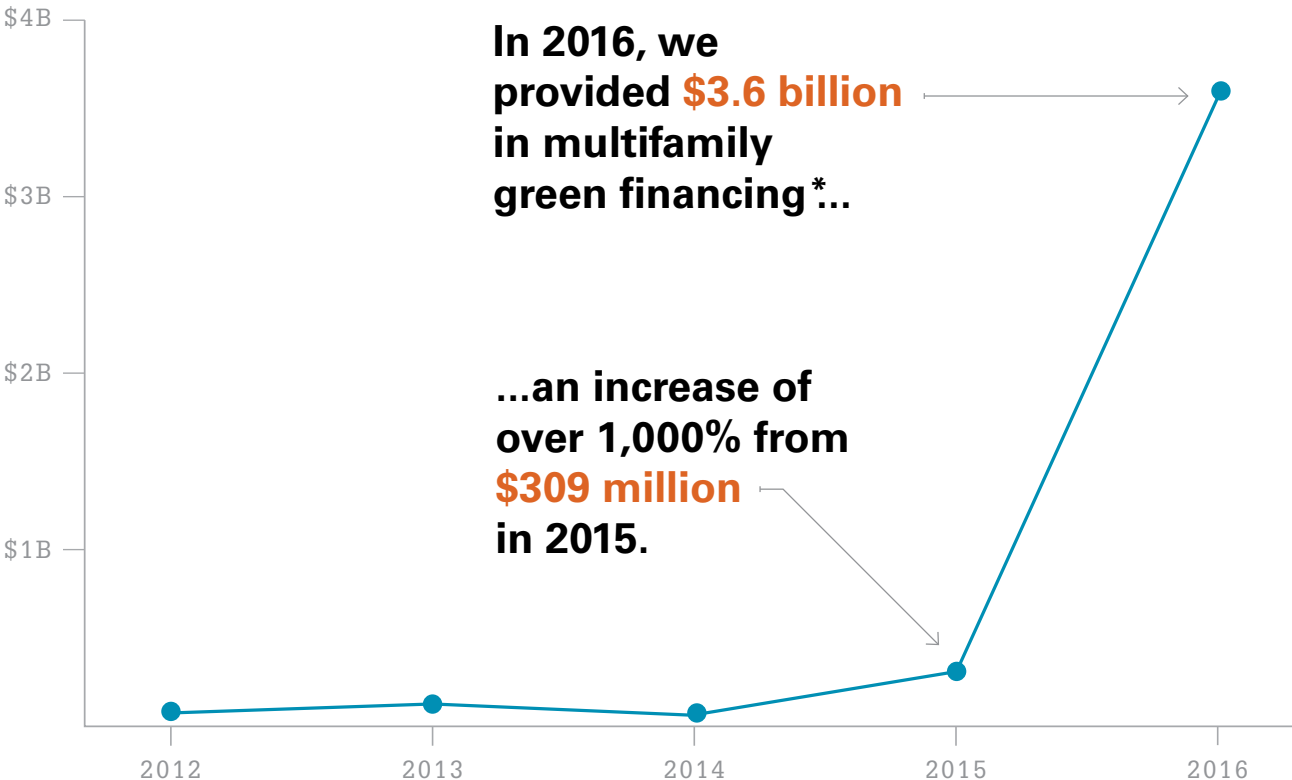




Making environmentally friendly homes possible

→With our affordable green financing options, the owners of apartment buildings and cooperatives can make energy- and water-saving improvements that reduce their properties' environmental impact. These investments also improve a property's bottom line through lower utility costs—with potential savings for both building owners and renters.

Homeowners, too, can finance or pay off energy-saving improvements using our HomeStyle® Energy mortgage. Today's existing homes are 37 years old on average—HomeStyle Energy makes it easy for buyers to invest in energy improvements at the time of purchase or refinance.



*Properties with Green Building Certifications or loans targeting a 20% (or greater) reduction in energy or water consumption.



**Building
Toward
the Future**



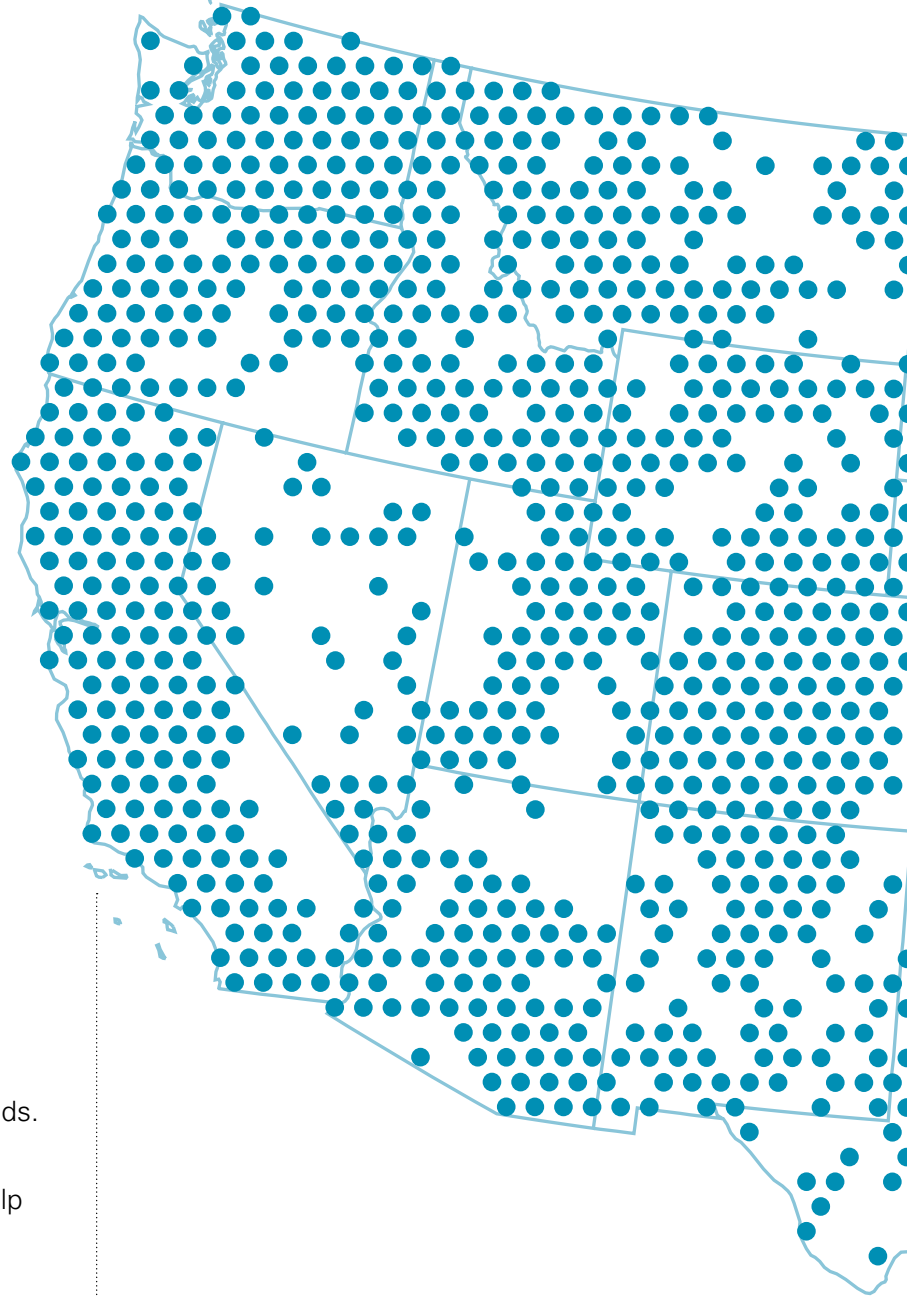
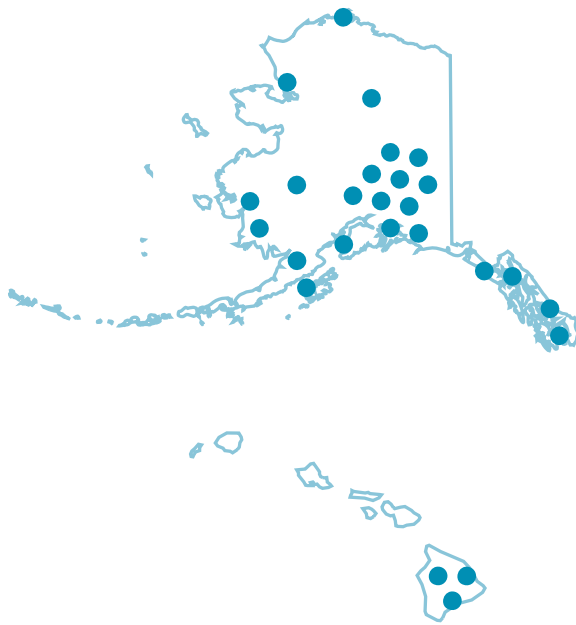






Creating housing opportunities together

→ We are building on 80 years of experience and expertise to meet the future needs of home buyers and renters across America. Working closely with lenders, servicers, industry partners, and the Federal Housing Finance Agency, we're creating a stronger, smarter, better mortgage finance system—one that continues to create affordable, sustainable home opportunities.

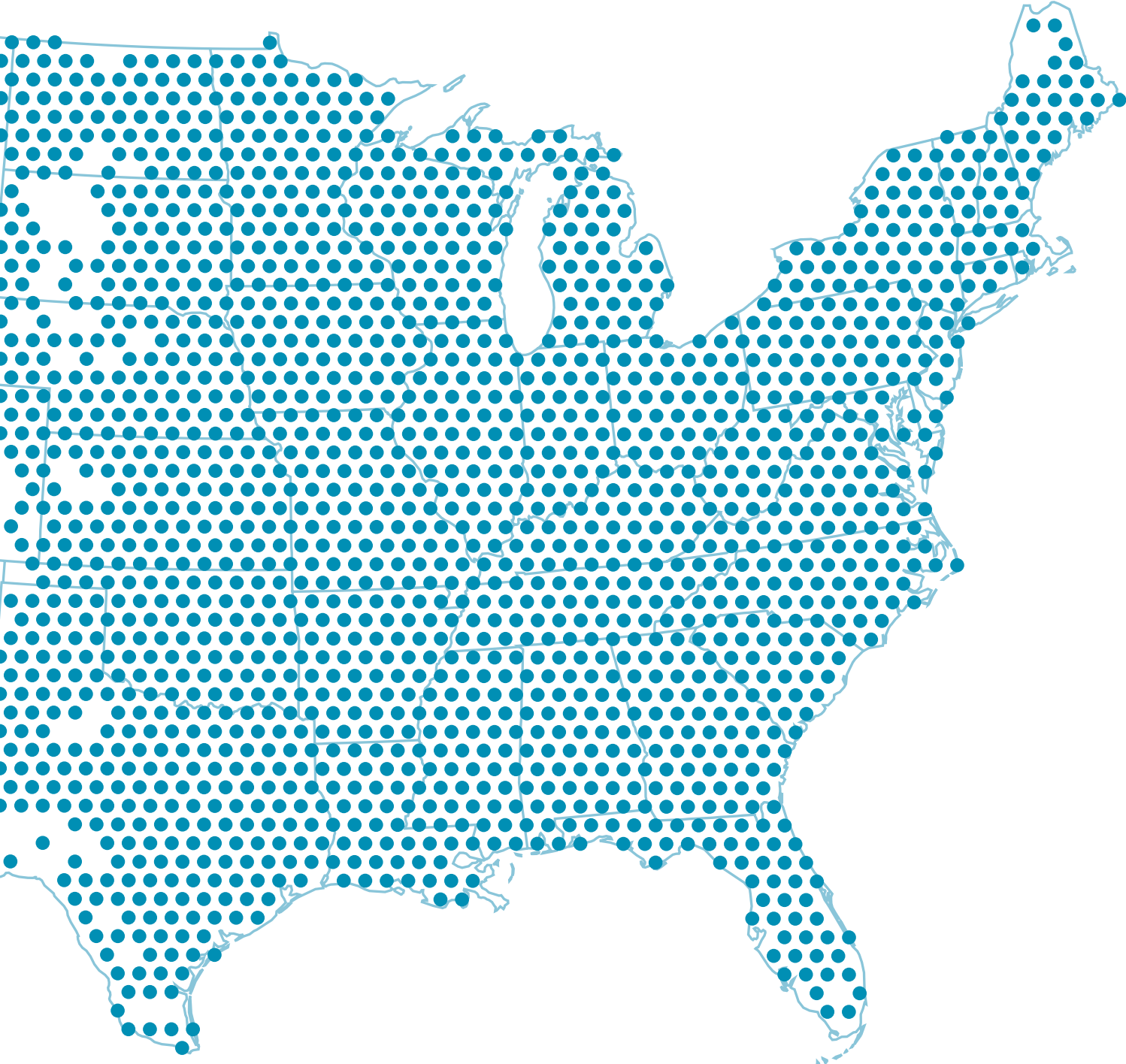


National scope, community focus

→ Every community has unique housing needs. That's why Fannie Mae operates in every community across the country. We're there to help banks, credit unions, and other lenders give qualified borrowers a chance at homeownership. We also finance rental housing units for working families, and we help those who have fallen on tough times avoid foreclosure.

We Are Where People Are

In 2016, we provided \$637 billion in mortgage financing across the country, enabling 1.1 million home purchases, 1.4 million mortgage refinancings, and 724,000 units of affordable rental housing.





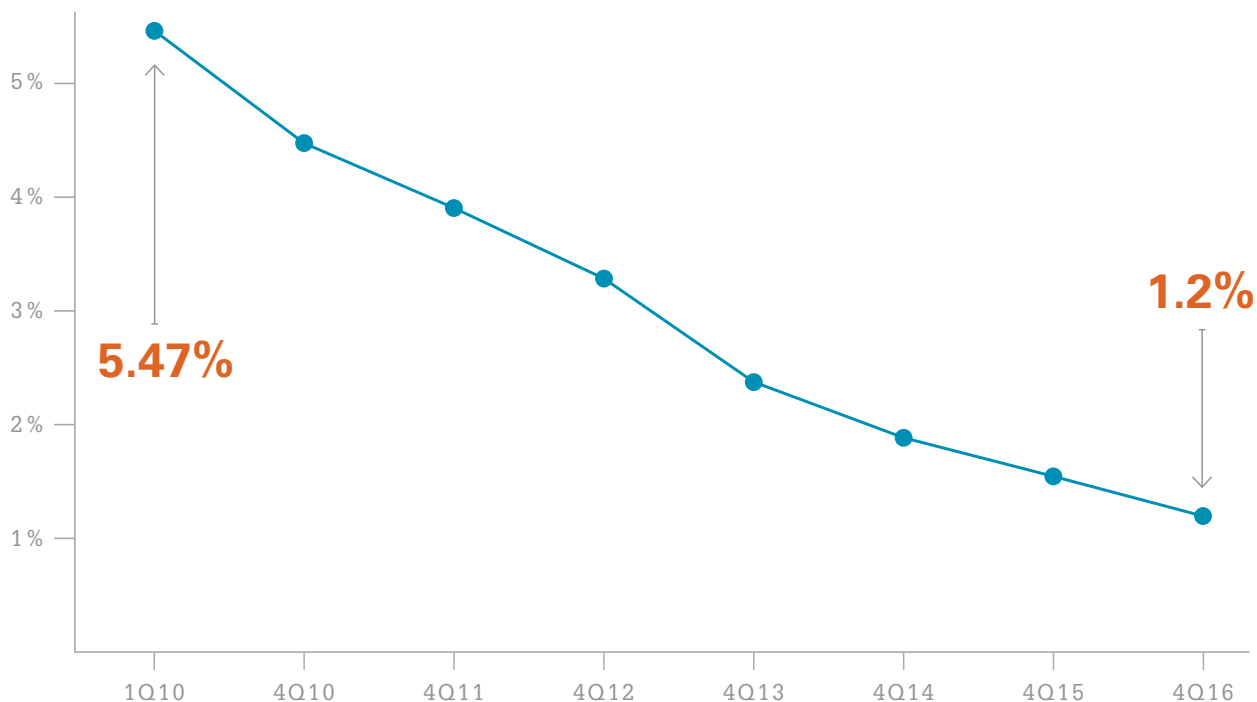
Responsible, sustainable homeownership

→ We don't just want to help families get into homes—we want to help them stay there. The first step is making sure buyers only take on mortgages they can afford.

As the nation's leading source of mortgage financing, we play a central role in setting standards for loan eligibility, underwriting, and risk management. Our standards are prudent, fair, and flexible. Homebuyers must be creditworthy and demonstrate an ability to repay. At the same time, we know buyers have wide-ranging credit characteristics. We have a variety of new resources and solutions that recognize these situations. Now lenders can find the right fit for a larger number of borrowers.

Strong Credit Performance...

As of December 31, 2016, the share of single-family loans in our book of business that are seriously delinquent has dropped for 27 consecutive quarters.



...And a Strong Book of Business

Single-family conventional loans acquired since 2009 vs. 2008 and earlier

88%

single-family loans acquired since January 1, 2009

12%

single-family loans acquired prior to 2009

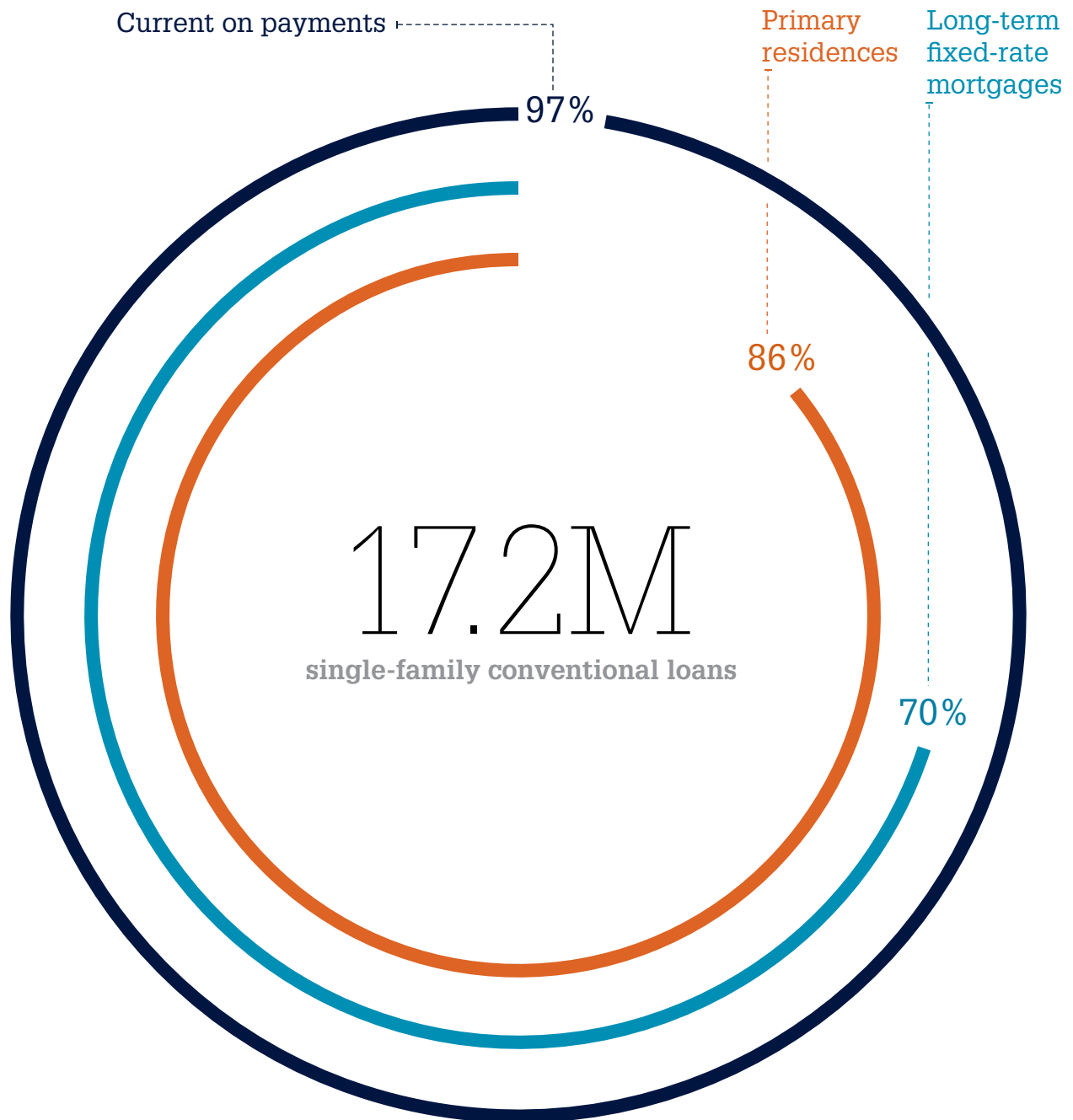


In 2008, we began to strengthen our standards to improve loan quality. We now have a stronger, more stable single-family book of business.

Single-family conventional guaranty book of business as of December 31, 2016.



Characteristics of Our Single-Family Loans



Single-family conventional guaranty book of business as of December 31, 2016.

America's most popular mortgage

→ Affordability, stability, and reliability. These are the reasons why the 30-year fixed-rate mortgage remains America's favorite—and why Fannie Mae continues to be a leading source of financing for it.

When taking on a mortgage, buyers don't like surprises. They want a clear understanding of their financial obligations. Long-term fixed-rate mortgages offer peace of mind because the interest rate and monthly payment won't change. Borrowers can also refinance at any time and may be able to prepay without penalty, letting them save money over the life of the loan.

When taking
on a mortgage,
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like surprises.



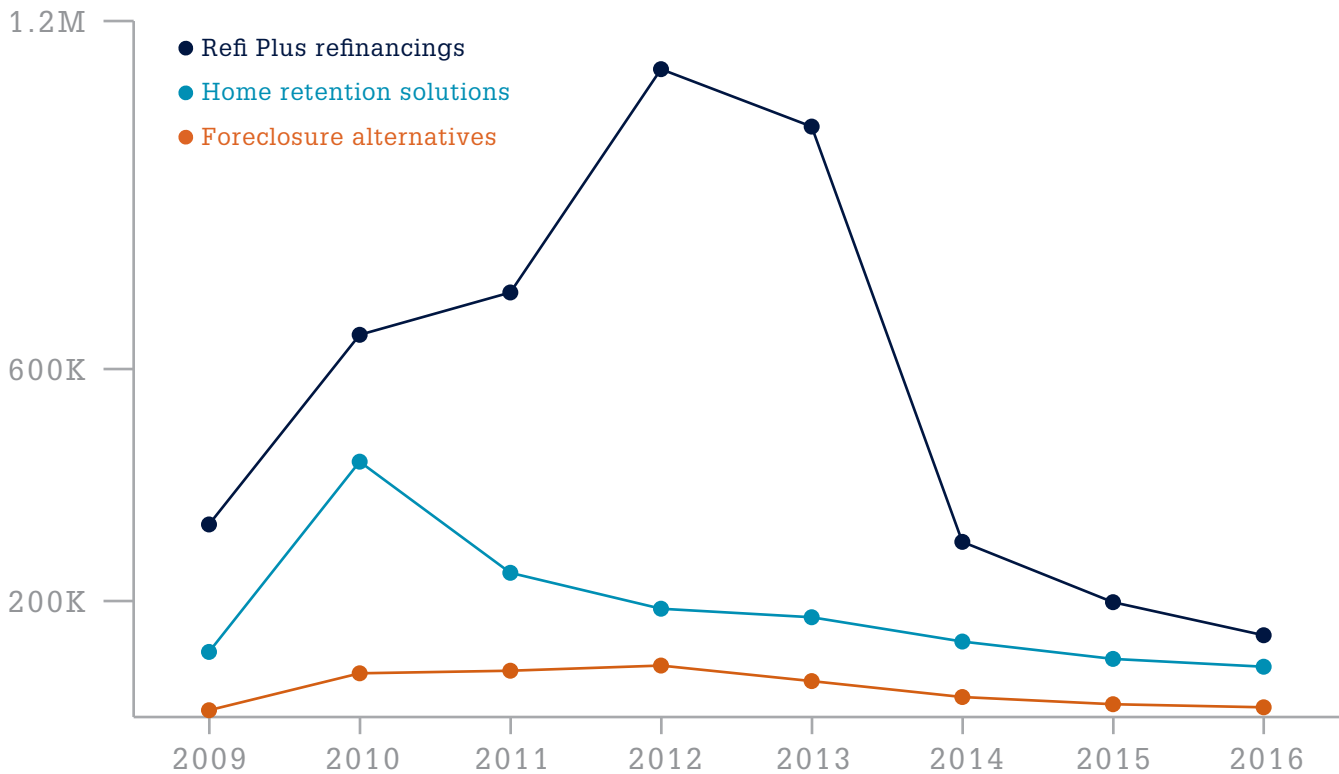
Helping people through hardships

→ A mortgage can be difficult to manage for a family facing serious hardship. We are dedicated to helping homeowners avoid foreclosure through free, hands-on mortgage counseling and effective loan workout options.

If you are having difficulty paying your mortgage, visit knowyouroptions.com to learn about available resources.

Helping Homeowners Avoid Foreclosure

Since 2009, we've helped families avoid foreclosure through approximately 1.9 million loan modifications and other workouts and 4.5 million Refi Plus™ refinancings.







**Serving
People
in Need**



Farmie Inc.

SENIOR

CAPITAL AREA
FOOD BANK

Grocery Plus

Healthy Food for Seniors

Lunch 44-9890





Giving back is a big part of who we are

→ At Fannie Mae, everything we do is designed to strengthen America's housing industry and build stronger communities. Making it easy for our employees to contribute to the communities where they live and work is an important part of that mission.

Through our SERVE volunteer program, employees can lead or participate in activities that support eligible nonprofit organizations. From helping to end homelessness and working to stabilize hard-hit neighborhoods to providing education and resources to local youth, Fannie Mae employees are eager to serve.

Share of employees who
volunteered in 2016:

43%

For our 9/11 Day of Service:

4000

employees participated with

17

nonprofit partners around the country.

Number of hours volunteered
with our nonprofit partners:

15,273

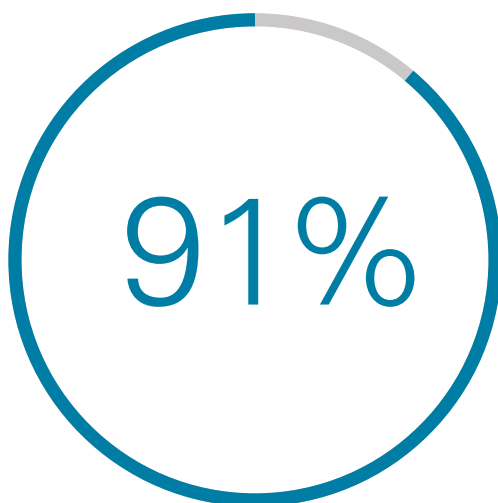
Trained

71

employees in best practices in nonprofit board leadership through our popular Get on Board program.

\$133,737

We supported 46 Help the Homeless fundraisers, raising \$133,737 from across the company for eight nonprofit partners.



In our 2016 employee survey, 91 percent of respondents said Fannie Mae's community-service and volunteerism offerings help support a more positive workplace.

7 Days to SERVE

For the fourth year in a row, Fannie Mae hosted 7 Days to SERVE, an enterprise-wide program focused on employee volunteerism during a special week of community service.

In 2016,

40%

of employees contributed approximately

9,500

volunteer hours, tackling more than

200

volunteer projects, benefiting

72

nonprofit partners around the country.



**Recognized by
the Industry**





Some of
the best
and the
brightest
talent
at work

→ We are glad that respected organizations have recognized the work we're doing to improve our business. The awards we received in 2016 reflect our talents, expertise, and achievements in building a better housing finance system.

Our employees work tirelessly to ensure access to affordable financing opportunities for homeowners, homebuyers, and renters in all market conditions. Our teams have been recognized for leadership in workplace diversity, energy efficiency, technology, and more. We are making a difference, thanks to the deep commitment of our people.

2020 Winning Companies

Gender Diversity Index (top ranking)

2020 Women on Boards Campaign

TAM Customer Day
Award for Automated Data
Center Operations and
Application Automation

RapidIT team

VMworld 2016

Finalist-CSR Awards

Volunteer Program: 7 Days to SERVE

PRNews

Women in Housing Awards

Power Player Kimberly Johnson;

Leading Ladies Nadine Bates, Charmaine Brown,
Kristy Fercho, Sarah Goldfrank, Mercedes Henriksson,
Kimberly Johnson, Katrina Jones, Hilary Provinse,
Renee Schultz, Marianne Sullivan, Tujuanna Williams

MReport

**Premier 100
Technology
Leaders 2016**

Michael Garcia

Computerworld Digital Magazine

**Top
Women
in PR**

Maureen Davenport

PRNews

**In-House
Innovators
Award
Winner**

Association for Corporate Counsel,
National Capital Region

**Best
Places to
Work**

Corporate Equality
Index (100%)

Human Rights Campaign

**50 Best
Companies
for
Diversity**

Black Enterprise

**50 Best
Companies
for Mortgage
Women**

(Ranked #4)

Mortgage Women's Magazine

**MakingHome
Affordable.com,
HomePath**

Communicator Awards

**Women of
Excellence
Award**

Kimberly Johnson
(Community Service)

*National Association
for Female Executives*

**Young
Leaders
Award**

Angela Kelcher

Affordable Housing Finance

**NABE
Outlook
Award**

Doug Duncan

*National Association for
Business Economics*

**Power 50
List**

Michele Evans and
Jeff Hayward

Commercial Observer

**Los Angeles
Power
Women**

Phyllis Klein

Bisnow

Join the Conversation

We encourage you to share your feedback about how we can make housing in America better. Visit fanniemae.com to learn more about our company and join us on Facebook, Twitter, and LinkedIn to be part of the conversation.

Contact Us

800-2FANNIE
(800-232-6643)

[http://fanniemae.com/
portal/about-fm/contact-us.html](http://fanniemae.com/portal/about-fm/contact-us.html)

Corporate News

Learn about our work and keep up on our progress. Connect with us on Facebook, Twitter, and YouTube.



Careers

If you're ready to make a difference, then we're ready for you. Connect with us on Glassdoor, Twitter, and LinkedIn.



KnowYourOptions.com

Fannie Mae's Know Your Options website is your one-stop resource for housing education and foreclosure-prevention support. Connect with us on Facebook and Twitter.



HomePath.com

Visit Fannie Mae's HomePath website to find Fannie Mae-owned properties for sale. Connect with us on Facebook, Twitter, YouTube, and Pinterest.







Fannie Mae®

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