FANNIE MAE

CORPORATE GOVERNANCE GUIDELINES

1. <u>The Roles and Responsibilities of the Board and Management</u>

On September 6, 2008, the Director of the Federal Housing Finance Authority, or FHFA, our safety and soundness regulator, appointed FHFA as conservator of Fannie Mae (formally, the Federal National Mortgage Association) in accordance with the Federal Housing Finance Regulatory Reform Act of 2008 and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. Upon its appointment, the conservator immediately succeeded to all rights, titles, powers and privileges of Fannie Mae, and of any stockholder, officer or director of Fannie Mae with respect to Fannie Mae and its assets, and succeeded to the title to all books, records and assets of Fannie Mae held by any other legal custodian or third party.

In July 2017, FHFA, as conservator, issued Order No. 2017-003 to Fannie Mae outlining functions, responsibilities, and authorities of the Board. The Board serves on behalf of the conservator and shall exercise its authority as directed by the conservator. In performing its functions, the conservator has directed the Board to review and approve matters related to the following areas:

a. matters requiring consent of or consultation with the U.S. Department of the Treasury under the Senior Preferred Stock Purchase Agreement, as amended, or the PSPA, between the U.S. Department of the Treasury and Fannie Mae, including:
    i. paying dividends or other distributions on or repurchasing Fannie Mae equity securities;
    ii. selling or issuing additional equity securities (except in limited instances);
    iii. any reorganization or recapitalization involving Fannie Mae's common stock;
    iv. incurring indebtedness in excess of limits in the PSPA;
    v. issuing subordinated debt;
    vi. entering into a merger with or acquiring all or substantially all of the assets of another entity;
    vii. engaging in a non-ordinary course transaction with an affiliate, unless transaction terms are at least as favorable as those that could be obtained in an arm's length transaction with an unrelated third party;
    viii. selling, transferring, or otherwise disposing of any assets, other than dispositions for fair market value, except in limited circumstances including (a) if the transaction is in the ordinary course of business and consistent with past practice, (b) if the assets have a fair market value individually or in the aggregate of less than $250

million, among others, (c) for cash or cash equivalents or (d) circumstances necessary to comply with the PSPA's limits on ownership of Mortgage Assets; and

ix. compensation arrangements or increasing amounts or benefits payable (i) "named executive officers" as defined in Item 402(a)(3) of SEC Exchange Act Regulation S-K, and (ii) all officers who are "executive officers" as defined in Rule 3b-7 under the SEC Exchange Act;

b. actions to redeem or repurchase subordinated debt issued by Fannie Mae, except as may be necessary to comply with the PSPA;
c. the creation of any subsidiary or affiliate or any substantial non-ordinary course transactions with any subsidiary or affiliate, except for routine ongoing transactions with Common Securitization Solutions, LLC;
d. actions involving changes in or removal of Board risk limits that would result in an increase in the amount of risk that may be taken by Fannie Mae;
e. actions involving retention and termination of external auditors;
f. actions involving termination of law firms serving as consultants to the Board;
g. actions amending by-laws or Board committee charters;
h. actions setting or increasing the compensation or benefits payable to the members of the Board; and
i. actions establishing the annual operating budget.

The conservator has directed the Board to oversee that management obtain the decision of the conservator before taking action in the following areas:

a. actions involving material changes in accounting policy;
b. actions involving proposed changes in the business operations, activities, and transactions that in the reasonable business judgment of management are more likely than not to result in a significant change in current business practices, operations, policies or strategies;
c. matters relating to conservatorship, including conservator powers, the status of Fannie Mae in conservatorship, interpretations of the PSPA, the terms and conditions of the Financial Agency Agreement with the U.S. Department of the Treasury or Fannie Mae's performance under that agreement, or the legal effect of the conservatorship on contracts, such as, but not limited to, the initiation of material actions or substantive response to litigation addressing the actions or authority of the Conservator, repudiation of contracts, qualified financial contracts in dispute due to conservatorship status, and counterparties attempting to nullify or amend contracts due to conservatorship status;

d. matters relating to litigation, claims, regulatory proceedings, or tax-related matters where the value of the claim is in excess of $50 million, including related matters that aggregate to more than $50 million (other than loan workouts); regarding a “securities litigation claim,” the conservator must make a decision regardless of the amount;

e. actions relating to the mergers, acquisitions and changes of control of key Fannie Mae counterparties where Fannie Mae has a contractual right to cease doing business with the counterparty or object to such transaction;

f. the creation of any subsidiary or affiliate or any substantial non-ordinary course transactions with any subsidiary or affiliate, except for routine ongoing transactions with Common Securitization Solutions, LLC;

g. actions involving credit risk transfers that are new transaction types, recurring transactions with any material change in terms, and transactions that involve a collateral type not previously included in a risk-transfer transaction;

h. matters relating to mortgage servicing rights sales and transfers involving 100,000 or more loans to a non-bank transferee; or 25,000 or more loans to any transferee servicer when the transfer would increase the number of transferee Fannie Mae-owned seriously delinquent (SDQ) loans by at least 25 percent and the servicing transfer has a minimum of 500 SDQ loans; and

i. actions involving any changes in employee compensation that could significantly impact the employees, including but not limited to retention awards, special incentive plans, and merit increase pool funding.

Subject to the consultation, consent and decision requirements above, the Board performs, directly or through its committees, the following specific functions, among others:

a. Oversees the procedures for the selection, retention, evaluation and compensation of senior management with appropriate qualifications and expertise to operate the corporation's business;

b. Oversees the key compensation, benefits and skill development programs governing employees of the corporation;

c. Oversees corporate performance and reviews and approves the corporation's annual operating budget;

d. Oversees the corporation's risk policies (including market, credit and operational risks);

e. Advises management on significant issues facing the corporation;

f. Reviews and approves significant corporate actions and any action, upon advisement of the CEO, that in the reasonable business judgment of the management of Fannie Mae at the time the action is taken is likely to cause significant reputational risk to Fannie Mae or result in substantial negative publicity;

g. Oversees the integrity of the corporation's accounting and financial reporting systems and processes, including independent audits, systems of internal controls, and the relationship with the external auditor;

h. Oversees an independent review, no less frequently than every five years, of the corporation's organizational, structural, staffing, and control matters;

i. Oversees the process and adequacy of reporting, disclosures and communications to investors;

j. Oversees the corporation's legal and regulatory compliance program, including prohibitions on personal loans or extensions of credit to executive officers and members of the Board;

k. Nominates directors and oversees effective corporate governance;

l. At least once annually, reviews, with appropriate professional assistance, the requirements of laws, rules, regulations, and guidelines that are applicable to the Board's activities and duties; and

m. Oversees the responsiveness of management to Federal regulators.

Members of the Board are expected to perform their responsibilities diligently, prepare for and attend meetings, and participate fully in the Board's activities.

The CEO is the leader of management and, pursuant to the Bylaws and a Delegation of Authority to the CEO and the management-level committees, as may be amended from time to time, the Board has vested the CEO and the management-level committees with the authority to manage and conduct the business of the corporation except where the Board has reserved authority or the right of approval as specified in the Bylaws and its Delegation of Authority to the CEO and management-level committees. From time to time, the Board will adopt policies and procedures to assist it in its oversight responsibilities and to promote the safety and soundness of Fannie Mae. Officers and employees are expected to implement any policies or procedures adopted by the Board. Officers and employees (consistent with the provisions of their delegations of authority from the CEO) may retain outside consultants and advisors, as necessary, to assist them in the performance of their functions.

2. The Corporate Governance Guidelines

These Corporate Governance Guidelines have been developed by Fannie Mae's Nominating and Corporate Governance Committee and formally adopted by the Board. The Nominating and

Corporate Governance Committee reviews these guidelines at least annually and recommends changes to the Board as appropriate. These guidelines (along with the charters of the Board committees as well as the corporation's Bylaws, the Employee Code of Conduct and the Code of Conduct for the Board of Directors) are published on Fannie Mae's corporate website, www.fanniemae.com.

3. Board Composition, Size and Membership Criteria; Limitations on Board Service

The Fannie Mae Charter Act provides that the Fannie Mae Board will consist of thirteen persons, or such other number that the Director of FHFA determines appropriate. FHFA, in its capacity as conservator, has determined that the appropriate number of directors shall be a minimum of nine and not more than thirteen directors. It is the policy of the Board that a substantial majority of the seated Fannie Mae directors will be independent, in accordance with the standards adopted by the Board.

In addition, the Board, as a group, must be knowledgeable in business, finance, capital markets, accounting, risk management, public policy, mortgage lending, real estate, low-income housing, homebuilding, regulation of financial institutions, technology, and any other areas as may be relevant to the safe and sound operation of Fannie Mae. At the time of election, or within a reasonable time thereafter, each director shall have a working familiarity with basic finance and accounting practices, including the ability to read and understand Fannie Mae’s balance sheet and income statement and to ask substantive questions of Fannie Mae’s management and internal and external auditors.

It is the responsibility of the Nominating and Corporate Governance Committee to identify and evaluate prospective candidates for the Board that have expertise in the areas described above. The Nominating and Corporate Governance Committee will also seek out Board members who possess the highest personal values, judgment, and integrity; who represent diversity in ideas and perspectives; and who have an understanding of the regulatory and policy environment in which the corporation does its business. The Nominating and Corporate Governance Committee is committed to considering minorities, women and individuals with disabilities in the identification and evaluation process of prospective candidates. The Nominating and Corporate Governance Committee also considers whether a prospective candidate for the Board has the ability to attend meetings and fully participate in the activities of the Board, including whether the candidate's service on outside boards and other activities will permit the candidate sufficient time to devote to responsibilities associated with being a Fannie Mae director. Stockholders may submit written recommendations for candidates directly to the Chair of the Nominating and Corporate

Governance Committee in care of the Office of the Secretary of the corporation, and these recommendations should include the information set forth in Section 4.20 of the corporation's Bylaws. During conservatorship, these recommendations are subject to FHFA's discretion as conservator of Fannie Mae. The Chair of the Nominating and Corporate Governance Committee formally invites new director candidates to stand for election to the Board.

Directors are required to inform the Nominating and Corporate Governance Committee of any changes in employment responsibilities in order for the Nominating and Corporate Governance Committee to determine whether it is appropriate to re-nominate the Board member for continuing Board service. A director will not be re-nominated after having served for ten years or after reaching the age of 72, whichever comes first, except with the approval of the conservator. A director may serve his or her full term if he or she has served less than 10 years or is 72 years of age on the date of his or her election or appointment to the Board. Unless otherwise requested by the Board, the CEO will cease to be a member of the Board at the termination of his or her employment as CEO.

The CEO and Designated Executive Officers (as such term is defined in the Nominating and Corporate Governance Committee Charter) must obtain approval from the Nominating and Corporate Governance Committee before accepting a seat on the board of another for-profit organization. Non-management directors must notify the Nominating and Corporate Governance Committee before accepting a seat on the board of another for-profit organization, and the Nominating and Corporate Governance Committee will review such opportunity. Unless the Nominating and Corporate Governance Committee determines otherwise, non-management directors may not serve on the boards of directors of more than four public companies (inclusive of the Fannie Mae Board) and Designated Executive Officers may not serve on the boards of directors of more than three for-profit organizations (inclusive of the Fannie Mae Board in the case of the CEO). Unless the Board determines otherwise, Audit Committee members may not serve on the audit committees of more than three public companies.

4. Director Independence

The Board, with the assistance of the Nominating and Corporate Governance Committee, on an annual basis, reviews the independence of all directors. The Board affirmatively makes a determination as to the independence of each director, and Fannie Mae discloses those determinations. The definition of "independence" adopted by the Board meets the requirements of independence as set forth in FHFA corporate governance regulation 12 C.F.R. §1239.5, which requires that the Board committees comply with the charter, independence, composition, expertise, duties, responsibilities, and other requirements set forth under rules issued by the New York Stock Exchange. An "independent director" must be determined to have no material relationship with Fannie Mae, either directly or through an organization that has a material relationship with Fannie Mae. A relationship is "material" if, in the judgment of the Board, it would interfere with the director's independent judgment. In addition, FHFA corporate governance regulation 12 C.F.R. §1239.5 requires the Audit Committee to comply with the requirements set forth under Section 301 of the Sarbanes-Oxley Act of 2002.

To assist it in determining whether a director is independent, the Board has adopted the guidelines set forth below:

- A director will not be considered independent if, within the preceding three years:
  i. the director was employed by Fannie Mae; or
  ii. an immediate family member of the director was employed by Fannie Mae as an executive officer.
- A director will not be considered independent if:
  i. the director is a current partner or employee of Fannie Mae's external auditor, or within the preceding three years, was (but is no longer) a partner or employee of Fannie Mae's external auditor and personally worked on Fannie Mae's audit within that time; or
  ii. an immediate family member of the director is a current partner of Fannie Mae's external auditor, or is a current employee of Fannie Mae's external auditor and personally works on Fannie Mae's audit, or within the preceding three years, was (but is no longer) a partner or employee of Fannie Mae's external auditor and personally worked on Fannie Mae's audit within that time.
- A director will not be considered independent if, within the preceding three years:
  i. the director was employed as an executive officer by a company at a time when a current Fannie Mae executive officer sat on that company's compensation committee; or
  ii. an immediate family member of the director was employed as an executive officer by a company at a time when a current Fannie Mae executive officer sat on that company's compensation committee.
- A director will not be considered independent if, during any 12-month period within the preceding three years:
  i. the director received more than $120,000 in direct compensation from Fannie Mae, other than fees for service as a director; or
  ii. an immediate family member of the director received more than $120,000 in direct compensation from Fannie Mae, other than compensation received for service as

an employee (other than an executive officer) of Fannie Mae.

- A director will not be considered independent if:
    i. the director is a current employee of a company or other entity to which Fannie Mae made, or from which Fannie Mae received, payments within the preceding three years that, in any single fiscal year, were in excess of $1 million or 2 percent of the entity's consolidated gross revenues, whichever is greater; or
    ii. an immediate family member of the director is a current executive officer of a company or other entity to which Fannie Mae made, or from which Fannie Mae received, payments within the preceding three years that, in any single fiscal year, were in excess of $1 million or 2 percent of the entity's consolidated gross revenues, whichever is greater.
- A director will not be considered independent if the director or the director's spouse is an executive officer, employee, director, or trustee of a nonprofit organization to which Fannie Mae makes or has made contributions within the preceding three years that, in a single year, were in excess of the greater of 2 percent of the organization's consolidated gross annual revenues, or $1 million.

Where the guidelines above do not address a particular relationship, the determination of whether the relationship is material, and whether a director is independent, will be made by the Board, based upon the recommendation of the Nominating and Corporate Governance Committee.

The Board may determine in its judgment, and consistent with the New York Stock Exchange definition of independence, that a director that does not meet these guidelines nonetheless, under the relevant facts and circumstances, does not have a relationship with Fannie Mae that would interfere with the director's independent judgment. The Board will disclose the basis for any such determination in the corporation's next annual report or proxy statement.

5. Board Leadership

The positions of Chairperson of the Board and CEO are separate and the Chairperson is an independent director.

6. Board Meetings

The Fannie Mae Board holds regularly scheduled meetings and calls at least eight times per year, and once per quarter. At least one of these meetings includes a session at which the Board reviews strategic matters. In addition to regularly scheduled meetings, unscheduled Board meetings may be called with adequate notice, if needed. Directors are expected to attend in person, or by phone if necessary, all regularly scheduled Board and committee meetings. In years in which Fannie Mae holds an Annual Meeting of Stockholders, Directors are expected to attend such Annual Meeting. The presence of a majority of the seated directors at the time of any meeting constitutes a quorum for the transaction of business, and the act of a majority of such directors present at a meeting at which a quorum is present constitutes the act of the Board. Directors may not vote or participate by proxy. The Board may act by unanimous written consent of all incumbent directors. The Chairperson, in consultation with the Chairs of the Board's committees, determines the agenda for Board meetings. Directors will be asked regularly by the Chairperson to evaluate the information being provided to the Board and to submit suggestions for Board agenda items.

Fannie Mae's non-management directors meet in executive session on a regularly scheduled basis. Time for an executive session is placed on the agenda for every regular Board meeting. The Chairperson of the Board presides over these sessions. Board dinners are scheduled at least quarterly each year to give Board members an opportunity to informally discuss Fannie Mae issues.

7. Minutes

At each meeting of the Board and its standing committees, minutes will be taken. The minutes will reflect the deliberative process and actions taken in those meetings. The minutes will also reflect whether an executive session occurred and identify the issues addressed during executive session, as reported to the Corporate Secretary.

8. Board Materials

Fannie Mae management provides directors with information and materials necessary for the Board to fulfill its oversight functions. Directors are expected to review and devote appropriate time to studying Board and committee materials. Materials for meetings are generally distributed one week in advance of each Board and committee meeting to allow directors to prepare for discussion of the items at the meeting and to request additional information as appropriate. In certain cases, due to the sensitive nature of a matter or rapidly evolving developments, presentations and/or other materials are provided only at the Board or committee meeting.

9. Committees

The current standing Board committees are the Executive, Audit, Compensation, Nominating and Corporate Governance, Risk Policy and Capital, and Strategic Initiatives and Technology Committees. The Bylaws give the Board authority to create additional committees. Each committee, except for the Executive Committee, has a written charter setting forth the responsibilities, duties and authorities of the committee. The responsibilities, duties and authorities of the Executive Committee are set forth in the Bylaws. The full Board reviews and approves committee charters.

The Audit, Compensation, and Nominating and Corporate Governance Committees consist solely of independent directors. The Risk Policy and Capital Committee shall have an independent Chair. Committee assignments, including the designation of committee Chairs, are made annually by Board resolution and based on recommendations from the Nominating and Corporate Governance Committee. Assignments are made based on a combination of factors including each individual Board member's expertise, requirements noted in each committee charter, applicable FHFA corporate governance regulations, and the needs of the corporation.

Each committee meets as frequently as needed and for an appropriate length of time based on the specific meeting agenda. Committee agendas are developed by the committee Chair in consultation with the appropriate members of management and with the input of other directors. Each committee Chair makes a report on committee matters to the Board, generally at the next scheduled Board meeting.

Annually, the Nominating and Corporate Governance Committee will consider rotation of committee members and committee Chairs. Such consideration will address duration of service, continuity, succession planning, relevant expertise and qualifications and Board member areas of expressed interest, among other factors.

10. Director Access to Management and Outside Advisors

The corporation's senior management team attends Board meetings as needed to make special presentations and as a discussion resource, and is available directly to Board members outside of meetings.

The Board and its committees (consistent with the provisions of their respective charters) generally have the authority to retain such outside counsel, experts, and other advisors as they determine necessary to assist them in the performance of their functions. The retention and termination of external auditors and law firms serving as consultants to the Board requires the decision of the conservator.

11. Communications with the Board

To facilitate the ability of interested parties to communicate their concerns or questions, Fannie Mae publishes on its website and in its proxy statement a mailing address and an e-mail address for communications directly with the Board. Communications may be addressed to a specific director or directors, or to independent directors as a group. The office of the Corporate Secretary is responsible for processing all the communications to the relevant director or directors. Communications that are commercial solicitations, ordinary course customer inquiries or complaints, incoherent or obscene, will not be forwarded to the Board. In addition, Fannie Mae publishes on its website and in its proxy statement a procedure for communicating with the Audit Committee regarding accounting, internal accounting controls or auditing matters.

12. Director Compensation and Reimbursement

Compensation for members of the Board will be reasonable, appropriate, and commensurate with the duties and responsibilities of their Board service. The Nominating and Corporate Governance Committee is responsible for recommending compensation for non-management directors on the Board to the conservator for its decision. The Nominating and Corporate Governance Committee also reviews non-management director compensation trends as appropriate. A change to director compensation requires the decision of the conservator. Management directors do not receive additional cash or equity compensation for Board service. Board members will also receive reimbursement for necessary and reasonable expenses in the performance of their duties, including reasonable expenses associated with continuing education on matters applicable to Board or committee service.

13. Director Orientation and Continuing Education

New directors participate in an orientation program to assist in familiarizing them with Fannie Mae's business and their responsibilities as directors. The orientation program addresses at a minimum Fannie Mae's corporate powers and limitations; an overview of Fannie Mae's business; the housing finance industry; strategic goals; risks; the Fannie Mae workforce; and Fannie Mae's corporate governance practices. Orientation sessions are also provided to new members of Board committees. Fannie Mae supports directors' periodic participation in continuing education programs to assist them in performing their Board responsibilities. In addition, on at least an annual basis, the corporation provides, directly or through third parties, in-house director education programs on significant developments applicable to the Board and Fannie Mae's operations.

14. Board Performance Evaluation

The Board conducts an annual self-evaluation to assess its effectiveness and the adequacy of the information flow to the Board, on the basis of criteria developed by the Nominating and Corporate Governance Committee and reviewed by the Board. Each of the Board's committees conducts an annual self-evaluation.

The Nominating and Corporate Governance Committee evaluates the performance of directors on an annual basis. The Nominating and Corporate Governance Committee takes into consideration factors related to a director's contribution to the effective functioning of the Board, including: (i) any change in the director's principal area of responsibility with his or her company or in his or her employment; (ii) the director's retirement from his or her principal area of responsibility with his or her company; (iii) whether the director continues to bring relevant experience to the Board; (iv) whether the director has the ability to attend meetings and fully participate in the activities of the Board; (v) whether the director has developed any relationships with Fannie Mae or another organization, or other circumstances have arisen, that might make it inappropriate for the director to continue serving on the Board; and (vi) the director's age and length of service on the Board.

15. Management Evaluation and Succession

The Compensation Committee conducts an annual review of the performance of the corporation, the CEO and senior management. Neither the CEO nor senior management is present when the Compensation Committee meets to evaluate their individual performance. The Chairperson of the Board presents the CEO’s annual performance review for the Compensation Committee’s approval. The CEO's annual performance review is based, in large part, upon an annual performance report prepared by the Chairperson of the Board and upon ratings and commentary provided by individual Board members. The senior management performance reviews include the Compensation Committee's own assessment and reflect discussions with other Board members. The Board’s independent directors approve the compensation of the CEO, and the full Board approves the compensation of the corporation’s executive officers (as defined by Securities Exchange Commission rules), both approvals subject to the decision of the conservator.

On an annual basis, the Compensation Committee reviews management succession planning with the CEO in preparation for discussion by the entire Board. The Board discussion on management succession occurs during executive session, and focuses on succession planning for the CEO and other key members of senior management.

16. Compliance; Codes of Conduct

Fannie Mae's Board oversees the corporation's legal and regulatory compliance program. The Board has adopted the Employee Code of Conduct applicable to all Fannie Mae employees, which is posted on the corporation's website. Each employee must annually commit to follow the

Employee Code of Conduct. The Nominating and Corporate Governance Committee has primary responsibility for overseeing implementation of and compliance with the Employee Code of Conduct and the Designated Executive Officers' (as such term is defined in the Nominating and Corporate Governance Committee Charter) compliance with the employee Conflict of Interest Policy and Procedure and the Business Courtesies Policy and Procedure, each of which implements provisions of the Employee Code of Conduct, and other matters with respect to the Designated Executive Officers as set forth in the Nominating and Corporate Governance Committee Charter.

The Board has adopted the Code of Conduct for the Board of Directors (Director Code), which is posted on the corporation's website. Each director must annually certify compliance with the Director Code. The Nominating and Corporate Governance Committee oversees implementation and compliance with the Director Code.

The Board reviews at least once every three years the adequacy of the Employee Code of Conduct and the Director Codefor consistency with best practices and practices appropriate to Fannie Mae, and upon the recommendation of the Nominating and Corporate Governance Committee, makes revisions as appropriate.

17. Implementation of the Guidelines

The Board has provided these guidelines to clarify further the policies and procedures that govern its operations. These guidelines are effective immediately. If the Board ascertains at any time that any of the guidelines set forth herein are not in full force and effect, the Board shall take such action as it deems necessary to restore compliance.

Effective Date: May 10, 2018