We also recognize that we have an outsized role in the market. In a properly functioning housing market, Fannie Mae would play a smaller role. However, private capital is naturally opportunistic, participating when times are good and moving to the sidelines when conditions are bad. Almost five years after the onset of the financial crisis, we see limited evidence of substantial private capital ready to share mortgage credit risk. By keeping funds flowing when other sources are not, we support the housing recovery, which strengthens the U.S. economy.

In addition to ensuring the availability of residential mortgage credit, we are committed to doing our part to improve the mortgage finance system. What does a better system look like? It strikes the right balance, providing access to mortgage credit while protecting society from too much risk. It offers everyone more visibility up front and an ability to price for the risk that is inherent in mortgage finance. We are working to establish and implement industry standards, develop better tools to price and manage credit risk, build new infrastructure to ensure a liquid and efficient market, and facilitate the collection and reporting of data for accurate financial reporting and improved risk management.

2012 Marked a Turning Point at Fannie Mae,
the year in which the fruits of four years of labor manifested in tremendous progress. We have taken actions to improve our financial performance, build a profitable new book of business, and reduce losses on our legacy book. In 2012, we reported $17.2 billion in net income, the largest net income in the company’s history. Our profits go back to taxpayers. Through March 31, 2013, Fannie Mae paid taxpayers $35.6 billion in dividends. We expect to remain profitable for the foreseeable future.

Fannie Mae today is about more than turning a profit. We are an essentially different company with different leadership and our priorities are aligned with the public interest. We fill the indispensable role of enabling families to buy, refinance, or rent a home. To do so, Fannie Mae has provided $3.3 trillion in mortgage credit since 2009. We appreciate that we could not fulfill this important role without taxpayer support.

We appreciate that we could not fulfill this important role without taxpayer support.
Ultimately, we measure our progress not only by paying taxpayers and improving the housing finance system, but also by the difference we make in people's lives. This is where the value we deliver and our values intersect.

For example, we help families avoid foreclosure – more than 1.2 million since 2009. We work with mortgage servicers to reach at-risk homeowners early, helping them stay in their homes. Unfortunately, many properties still enter foreclosure and, as the investor, the homes come to us. In these cases, we help stabilize neighborhoods by caring for the properties we own and selling them for the highest possible price. This enables communities to rebound and the neighbors to rebuild equity more quickly.

Fannie Mae also provides opportunity for new homeownership, especially for middle-income families, and we enable millions of refinances every year, which often result in a lower monthly mortgage payment. Between 2009 and 2012, Fannie Mae refinanced more than 9.7 million mortgages, including more than 1.3 million loans refinanced through the Home Affordable Refinance Program (HARP). Borrowers who refinance through HARP have an average weekly savings of approximately $82. This savings would more than pay for the average household’s weekly clothing costs or about 50 percent of a household’s weekly food consumption. We also fund the market for quality, affordable rental housing. It all adds up to more Americans having a good place to call home.

The people behind our progress are my colleagues at Fannie Mae. Collectively, we are intent on achieving something remarkable. More than half of our employees joined Fannie Mae since we entered conservatorship, signing up for the daunting tasks of turning around our company, responding to an unprecedented housing crisis, supporting our country’s recovery, and making housing better for the future. The other half stuck with us through crisis and uncertainty for the same important reasons. Together, the people of Fannie Mae are part of the solution.

In the pages of this report, we will drill down into the progress Fannie Mae made in 2012. We have come a long way, but there is much important work ahead. While the housing market’s turnaround in 2012 appears poised to continue in 2013, the recovery is fragile and uneven. Many borrowers remain at risk in underwater mortgages and it will take years to rebuild lost value. Unanswered policy questions fuel uncertainty in the market. Against this backdrop, we maintain a focus on making meaningful, lasting contributions for the housing system and for the American people.

Timothy J. Mayopoulos
President and Chief Executive Officer, Fannie Mae
AMERICA’S HOUSING RECOVERY
requires a stable, steady strategy. At Fannie Mae, we are committed to supporting the housing recovery and building a better housing finance system for the future.

To best meet the needs of the market, our business is organized into three segments: Single-Family, Multifamily, and Capital Markets. Although each segment plays a distinct role in providing liquidity, all three engage in complementary activities to ensure Fannie Mae offers the best products, solutions, and customer service to our partners while helping millions of middle-income families buy, refinance, or rent a home.

**Backing America’s Preferred Mortgages**

Long-term fixed-rate mortgages are America’s preferred mortgage offering – approximately 74 percent of homebuyers say they prefer them over other mortgage products. These mortgages, such as the 30-year fixed-rate loan, provide millions of homeowners with certainty and predictability in their monthly payments. At the end of 2012, approximately 72 percent of Fannie Mae’s single-family conventional guaranty book of business was composed of long-term fixed-rate mortgages.

**Supporting Sustainable Homeownership**

Laying the foundation for a better housing finance system requires a collective effort to establish and implement industry standards, develop better mechanisms to price and manage credit risk, build new infrastructure for accessing global capital markets, and facilitate the collection and reporting of data for accurate financial reporting and improved risk management. This foundation must be capable of attracting and retaining sufficient capital to fund our existing and future housing needs.

“The 30-year fixed-rate mortgage continues to play a vital role in our business. This important product provides strong stability at all points in the mortgage chain. We, and most importantly our customers, derive a tremendous amount of value from this type of loan. As our primary partner in the 30-year mortgage business, Fannie Mae is crucial in helping us ensure we can continue to make this popular option available to American homebuyers.”

– Breck Tyler, President, Trustmark Bank

The environment that led to the housing crisis was characterized by an erosion of credit standards, an industry chasing volume, and poor visibility into loan quality. At Fannie Mae, we are charged with being a responsible standard setter. We, and the industry as a whole, have taken action to evolve standards in a direction to help borrowers sustain homeownership.

The aim of robust underwriting standards and verification of the creditworthiness of borrowers is not to eliminate any possibility that a mortgage will fail over its lifetime. As we work toward a better system, creditors make reasonable and rigorous assessments of one’s ability to pay (including one’s
In 2010, Fannie Mae joined FHFA, Freddie Mac, and other industry participants to launch the Uniform Mortgage Data Program® (UMDP®), which provides a common framework for improved and consistent data standards and collection processes. The program defines all required appraisal data, allows for the electronic collection of that data, and provides a common set of required data for single-family loans that are delivered to Fannie Mae and Freddie Mac.

Complementing the UMDP is Fannie Mae’s Early-Check™ service, which helps lenders to identify and correct potential eligibility and data issues early in their processes and before they deliver loans to the government-sponsored enterprises (GSEs). Together, these improved mortgage data and delivery standards support our lender partners and enable the GSEs to better manage risk, benefiting everyone with a role in the mortgage market.

These new tools have contributed to a significant decline in the post-purchase review defect rate. The improvements in underwriting and eligibility standards also have led to a profitable new book of business at Fannie Mae, which now accounts for 66 percent of our overall single-family guaranty book of business. Our single-family serious delinquency (SDQ) rate has declined 11 consecutive quarters and is substantially lower than private-market levels. Overall, 94 percent of our 17.5 million single-family loans were current as of the end of 2012.
Attracting Private Capital to the Single-Family Market

Fannie Mae has fulfilled an essential role over the last five years by providing liquidity when other funding sources exited the secondary mortgage market. Along with the Federal Housing Administration, Fannie Mae and Freddie Mac’s combined market share was nearly 85 percent in 2012.

While we’ve taken steps to sustain critical liquidity for the market, we continue to be concerned about market capacity and our outsized role. We’ve seen significant deconsolidation in the industry as major market participants have pulled back or left the market entirely. Moreover, lenders tell us regulatory concerns, repurchase risk, and lack of underwriting capacity limit their willingness to extend credit.

To encourage private capital participation in the secondary market and reduce our market share in a safe and sound manner, Fannie Mae has made a number of key pricing changes since 2008. Our strategy focuses on pricing for risk and responding to changing market dynamics. For example, the guaranty fees we require on loans are designed to align with the risk of the loan and earn an appropriate market return. In 2012, we raised our guaranty fees to create competition, entice private capital back to the market, and reduce potential future risk to taxpayers.

To date, private capital largely remains on the sidelines and Fannie Mae continues to provide liquidity to meet market demand.

Refinancing into Safer, More Affordable Terms

For many homeowners, especially those with adjustable-rate loans or who bought when interest rates were higher, refinancing is a valuable option that helps lower monthly payments, shorten the loan term, or move into a more secure fixed-rate loan. We work with more than a thousand lenders offering a variety of refinancing options to help homeowners take advantage of lower interest rates and enjoy a more affordable and sustainable mortgage loan. We ensure a steady stream of credit availability for refinanced mortgages, helping to keep the market liquid and active. Between 2009 and 2012, Fannie Mae refinanced more than 9.7 million mortgages.

Our Refi Plus™ initiative provides expanded refinance opportunities for eligible Fannie Mae borrowers and includes the Administration’s Home Affordable Refinance Program (HARP). (Learn more about HARP on page 13.) The initiative is designed to make more homeowners eligible to refinance and to make the process faster and easier for both borrowers and lenders. In general, Fannie Mae requires borrowers to be currently employed, current on their mortgage, and have an acceptable pay history during the past 12 months.

In 2012, Fannie Mae acquired approximately 1,117,000 refinanced loans through Refi Plus. Borrowers either reduced their monthly payments or switched to a safer, more sustainable mortgage. Overall, refinancings delivered to Fannie Mae through Refi Plus in the fourth quarter of 2012 reduced borrowers’ monthly mortgage payments by an average of $237.
Our website KnowYourOptions.com provides tools and resources to help homeowners evaluate whether refinancing is the right option for them. (Learn more about Know Your Options™ on page 13.)

**A Critical Backstop in the Multifamily Market**

With approximately one-third of all Americans renting a home at the end of 2012, and with many indicators suggesting even greater demand for rental housing in the coming years, the market requires reliable partners to provide financing across the spectrum of multifamily rental housing needs. Working through our Delegated Underwriting and Servicing (DUS®) lender partners, Fannie Mae helps to meet this need. During the crisis, we never left the market – we were, and remain today, a vital source of financing in the multifamily rental sector, providing much-needed capital as other institutional sources fully re-emerge. Our multifamily credit book of business has performed well and continued to experience low delinquency rates in 2012, while our multifamily guaranty fees are priced to cover credit risk.

**SUPPORTING THE MULTIFAMILY MARKET IN 2012**

- $33.8 billion in financing
- 560,000 units financed
- approximately 98% of loans delivered through mortgage-backed securities execution
- more than 85% of units affordable to families at or below area median income

$560,000 billion in financing approximately 98% of loans delivered through mortgage-backed securities execution more than 85% of units affordable to families at or below area median income
Delegated Underwriting and Servicing: A Model in Successful Risk-Sharing

For 25 years, Fannie Mae’s Delegated Underwriting and Servicing (DUS) program, a unique private capital shared-risk model, has provided effective, reliable financing solutions for multifamily housing lenders and borrowers. DUS lenders are pre-approved to underwrite and service loans on our behalf, which provides certainty, speed of execution, and competitive pricing. In exchange, the lenders share risk of potential loss over the life of the loan, which encourages strong credit risk management.

In 2012, our DUS lenders delivered 98 percent of the company’s multifamily loan acquisitions. Importantly, while our multifamily market share increased when private capital left the market, it has now returned to the pre-recession level of approximately one-fourth of the market.

Meeting Specialty Housing Needs

We are committed to providing financing for quality homes to meet the needs of the rental housing market. In 2012, we continued our support of rental housing for the workforce, senior citizens, students, and families.

- $3.8 billion in multifamily affordable housing, which provides financing for rent-restricted properties and properties receiving other federal and state subsidies
- $3 billion in small loans (loans of up to $3 million, or $5 million in high-cost areas)
- $11.6 billion in large loans (loans $25 million or higher)
- $912 million in manufactured housing communities
- $712 million in student housing
- $1.8 billion in structured transactions
- $1.2 billion in seniors housing

“The DUS program continues to deliver exceptional value for our customers. It does so because it reflects Fannie Mae’s ongoing sensitivity to the dynamics of the multifamily market as well as its commitment to serving the needs of worthy borrowers who provide affordable rental housing throughout the country. As a DUS-approved lender, I appreciate Fannie Mae’s high standards, its timely execution, and its trust in its partners. Thanks in large part to the reliable, consistent liquidity that Fannie Mae provides, the multifamily market has proven remarkably resilient.”

– Grace Huebscher, President and CEO, Beech Street Capital

Fannie Mae provided $33.8 billion in financing to the multifamily market in 2012. Approximately $33.1 billion of that total was issued as multifamily MBS, up from $23.8 billion in 2011. We also continue to provide additional liquidity to the market through our Fannie Mae Guaranteed Multifamily Structures (GeMS™) program. First introduced in 2011, the GeMS program packages individual MBS into larger, more liquid structured products. Fannie Mae GeMS structures offer collateral diversity to investors, larger investment size, and a variety of maturities. In 2012, we securitized more than $10 billion through the GeMS program. Attracting additional investors to our MBS products provides more consistent execution for our lenders and lowers costs for multifamily borrowers.
Capital Markets: Investment in the Housing Market

Fannie Mae’s Capital Markets group supports our Single-Family and Multifamily businesses and offers a range of products and services that enable us to provide liquidity to lenders and the housing finance system. Through Capital Markets, we purchase individual loans from lenders and assist them with selling mortgage-backed securities (MBS) into the secondary market, and also provide lenders with temporary funding services.

When lenders originate loans, they generally have three “execution” options: sell the loans individually for cash through our whole loan conduit, aggregate or “pool” the loans and swap them for an MBS, or retain the loans on their balance sheet.

Through the whole loan conduit, nearly 1,100 lenders deliver loans to us in exchange for cash, which they can use to issue more loans to homebuyers and multifamily property owners. Typically, smaller and mid-sized lenders who lack the scale or experience to participate in the MBS market use this service.

Alternatively, lenders can deliver loans to us in exchange for an MBS that they hold as an investment, sell into the secondary market, or sell to us. This execution, known as a “swap,” typically is used by larger lenders who sell a significant portion of their loan originations into the secondary market. In 2012, approximately 145 Fannie Mae lenders issued MBS.

Through our Capital Markets activities, Fannie Mae’s Single-Family and Multifamily business segments can provide our lender customers with a suite of best execution options – choices in how to sell the mortgages they originate so they can replenish their funds, make more loans, and hedge their risks in a cost-efficient manner. The Capital Markets group also helps to promote general liquidity in the mortgage market.
HELPING HOMEOWNERS AND NEIGHBORHOODS
IN OUR ROLE in the secondary mortgage market, we do not lend directly to consumers – but we keep them top of mind in everything we do. This became particularly important in the wake of the financial and housing crisis, which left millions of Americans facing foreclosure.

Working Together to Keep People in Their Homes
Fannie Mae has taken a leading role in helping families avoid foreclosure and in stabilizing communities that have felt the heavy burden of a struggling housing market. Over the past few years, we have developed new solutions and protocols to incent servicers – third-party entities that work directly with borrowers on mortgage payments and terms – to help borrowers, and to hold the servicers accountable for their performance.

Every day counts when a family is facing foreclosure. Together with FHFA and Freddie Mac, we created the Servicing Alignment Initiative (SAI) – a joint effort to ensure servicers are better and more consistently prepared to help at-risk homeowners by reaching them sooner and keeping them engaged throughout the process. As part of SAI we established Servicer Total Achievement and Rewards™. STAR™ combines operational assessments of the servicer’s capabilities with an objective, balanced scorecard that measures the servicer against its peers.

In cooperation with our servicers and bolstered by STAR, SAI helps families to stay in their homes whenever possible or find suitable options that prevent or limit the long-term financial fallout of a foreclosure. For example, we emphasize the loan modification as an effective way for a servicer to adjust a homeowner’s existing loan so that the terms are more affordable and sustainable. Our modification programs are designed to meet a borrower’s needs while accommodating the servicer’s capabilities. Since 2009, we have completed 879,000 modifications.

Homeowners in distress can learn about loan modifications, refinances, and other options at our Mortgage Help Centers, 12 on-the-ground facilities located in the hardest hit communities across the country. Borrowers speak directly with the centers’ professional housing counselors by

“During the recession, my husband and I lost our jobs and weren’t able to sell our house because we were too far underwater. We kept up with our mortgage payments and eventually found new work, but our personal financial situation took a big hit.

When HARP 2.0 came out, it effectively saved our home and our retirement planning. Even though our loan-to-value ratio was 150 percent, HARP enabled us to refinance into a 15-year fixed-rate mortgage with a significantly lower interest rate. Our monthly payment went up by $50 a month, but we were able to cut the loan term in half. Now we can look at retirement in a different way because we know our home will be paid off. And that’s a terrific feeling.”

– Kim Kaplan, Homeowner
phone or in person to find an appropriate workout solution that meets their needs. In 2012, the number of homeowners making an appointment online increased from around 50 to 500 per week. By the end of 2012, nearly seven out of 10 borrowers we helped through the centers were able to stay in their homes. To broaden the reach of the centers, we established the Mortgage Help Network (MHN). The MHN is a partnership with 13 HUD-approved housing counseling agencies that provide access to counseling and loss mitigation solutions in additional hard-hit metropolitan areas, and by phone in all 50 states through the 1-888-995-HOPE hotline.

In addition to our brick-and-mortar facilities, we offer innovative online tools such as KnowYourOptions.com. The website provides a one-stop resource for people who are interested in getting a mortgage, refinancing a mortgage, and for those interested in renting a home. The loan lookup tool on KnowYourOptions.com helps homeowners determine if Fannie Mae owns their loan, and the site provides resources and information for homeowners in distress to take action early.

**HAMP:** Fannie Mae participates in the Administration’s Home Affordable Modification Program (HAMP), launched in 2009 to help more troubled borrowers benefit from the loan modification option. Under HAMP, eligible borrowers can have their loans modified to an affordable, sustainable level, which is based on the family’s monthly income. Since 2009, more than 1.1 million homeowners have received permanent modifications through HAMP.

**HARP:** Fannie Mae also participates in the Administration’s Home Affordable Refinance Program (HARP), available to those with GSE-owned or guaranteed loans. Under HARP, homeowners whose homes have dropped in value (and therefore do not qualify for traditional refinancing options) have the opportunity to refinance into a safer loan and take advantage of lower interest rates. In late 2011, the program was expanded to increase access for more responsible homeowners. For example, certain risk-based fees were removed for those who refinanced into shorter-term mortgages, and the 125 percent loan-to-value ceiling was lifted. From the program’s inception in 2009 through December 2012, eligible homeowners have received more than 2.1 million HARP refinancings.

**HARP REFINANCING SAVINGS COMPARED WITH AVERAGE HOUSEHOLD WEEKLY EXPENDITURES**

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<td>Health Care</td>
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Refinance Weekly Savings $82
We expanded KnowYourOptions.com in 2012 to better support all borrowers – not just those facing foreclosure. A new refinance overview has helped homeowners learn whether they’re eligible to lower their interest rate or adjust their loan term and type of mortgage, which can improve their financial situation. We also made it easier for potential homebuyers to find out what opportunities may be available to them and to learn how to prepare for homeownership, which helps to prevent future delinquencies and foreclosures. Since we launched it in 2010, the website has received approximately 15 million page views and 2 million unique visitors.

**Improving Alternatives to Foreclosure**

Sadly, some homeowners simply cannot afford to stay in their homes. In these circumstances, we provide alternatives that allow for a graceful exit and help borrowers repair their credit sooner than they would following a foreclosure. A short sale, for example, allows a homeowner to settle their mortgage debt in most cases even if the amount owed is greater than what the house is worth. Depending on the circumstances, the borrower might also qualify for financial assistance to help them transition to a more affordable place to live.

Short sales are an important tool in the fight against foreclosure – but we’ve heard from our industry partners about the roadblocks they’ve faced when executing short sales. To combat this, we rolled out an assistance and escalation program that helps resolve delays during the handling of short sale offers on Fannie Mae mortgages. In early 2013, we significantly enhanced our capability and broadened access through the use of our HomePath.com website. The new page provides information to both borrowers and real estate professionals (REPs), including a link for REPs to escalate a case directly to Fannie Mae for issues including list price assistance, valuation disputes, and non-responsive servicers. This is available to REPs across the country, no matter their location, increasing both transparency and availability. We continue to look for ways to improve and

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**MORTGAGE HELP CENTERS / NETWORK**

- Atlanta, GA
- Chicago, IL
- Dallas, TX
- Greenbelt, MD
- Inland Empire, CA*
- Jacksonville, FL
- Los Angeles, CA
- Miami, FL
- Philadelphia, PA
- Phoenix, AZ
- Sacramento, CA
- St. Louis, MO
- Tampa, FL
- Charlotte, NC
- Cleveland, OH
- Denver, CO
- Detroit, MI
- Las Vegas, NV
- New York, NY
- Orlando, FL
- Portland, OR
- Prince Georges County, MD
- San Diego, CA
- Seattle, WA
- Twin Cities, MN

*extension of Los Angeles Mortgage Help Center

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National coverage through 1-888-995-HOPE
streamline our processes to benefit both homeowners and the REPs who are trying to help.

Our Mortgage Release™ program is an additional option for delinquent homeowners to exit their home gracefully. In this program, the homeowner voluntarily transfers the ownership of their property to Fannie Mae in exchange for a release from the mortgage loan and payments. Options are available (sometimes with a relocation incentive) to help the homeowner leave the home immediately; stay in the home for up to three months with no rental payment required; or lease the home (at market rates) for up to one year.

Since 2009, through a combination of foreclosure alternatives such as short sales and home retention solutions such as loan modifications, we have helped more than 1.2 million homeowners stay in their homes or find other workout options.

**Stabilizing Neighborhoods**

Despite everyone’s best efforts, some foreclosures are unavoidable. When a home with a loan owned by Fannie Mae goes into foreclosure, we acquire the property, which then becomes part of our inventory. In this scenario, we continue to work with the affected borrower by offering post-sale loss mitigation options. For example, we offer relocation assistance in exchange for leaving the property in a clean and acceptable condition. We also offer the option to repurchase the home after foreclosure for the total debt owed.

Fannie Mae does not walk away from a home. We work to sell our properties for the highest possible price, which helps to stabilize neighborhoods and reduce taxpayer losses. Through our First Look™ initiative, we give preference to buyers over investors for the first 15 days a property is listed (30 days in Nevada). We also repair our homes when appropriate, which increases the likelihood that they will be financeable and appealing to families. In 2012, we repaired more than 80,000 properties, and the vast majority of our total inventory was sold through local real estate professionals (agents and brokers). We also work extensively with municipalities, nonprofits, and land banks to help them achieve their objectives for properties that aren’t suitable for typical borrower retail sale.

All of our properties available for sale are listed on HomePath.com, an easy-to-use property search and information website for both borrowers and real estate professionals. Potential homebuyers
across the country can search for quality affordable homes, view pictures and property descriptions, and contact the listing agent with questions. The site also promotes transparency by requiring that all offers to purchase Fannie Mae properties are made online by a real estate professional. This allows us and the potential buyer to know that all offers are presented to us for review.

A Culture of Giving Back
At Fannie Mae, our role in helping families and stabilizing neighborhoods goes well beyond our business activities. We have a proud tradition of volunteerism, and we provide grants to support the housing recovery and to serve the homeless and those at risk of becoming homeless.

We’re sensitive to our obligation to be responsible stewards. Our community investment model, strategy, and budget are approved by our regulator, and we monitor investments to ensure our funds are used appropriately and in a way that will produce the most meaningful impact. We also ensure that our charitable investments are aligned with our business priorities, and our community engagement efforts are targeted primarily to nonprofit organizations that are helping communities and markets in need.

In 2012, Fannie Mae partnered with Home Depot, naming it a provider of repair services and goods for Fannie Mae-owned properties. An early step in Home Depot’s involvement with a property is often simply putting its sign on the lawn, helping show that the house and neighborhood are receiving attention.

In 2012, Fannie Mae made charitable investments nationwide in support of the housing recovery. The key projected outcomes from our 2012 funding include:

• Foreclosure prevention counseling for more than 215,000 at-risk borrowers, helping more than 65,000 families avoid foreclosure
• Post-foreclosure counseling and transitional counseling for more than 6,700 homeowners
• Acquisition of more than 4,000 foreclosed properties to help stabilize neighborhoods
• Rehabilitation of more than 2,400 foreclosed properties and the sale/leasing of over 3,000 Fannie Mae properties
• Pre-purchase education for more than 38,000 potential homebuyers, and post-purchase and financial literacy counseling for over 19,000
• Acquisition, development, and preservation of more than 20,000 affordable housing units
• Preservation and development of more than 16,000 units of permanent supportive housing

Our employee volunteer efforts also are aligned with and deepen the impact of Fannie Mae’s business while helping to build and strengthen relationships with the communities we serve. In 2012, more than 2,000 Fannie Mae employees volunteered approximately 24,000
hours on a wide range of projects and initiatives to benefit 261 local community organizations. Whether staffing foreclosure prevention events or rebuilding homes in hard-hit neighborhoods, refurbishing inner-city schools, donating money to homeless service providers, or hosting food and clothing drives for struggling families, our employees rolled up their sleeves and donated time and money to give back to those in need.

For example, 143 Fannie Mae employees donated 1,015 volunteer hours in 2012 to help struggling homeowners avoid foreclosure through the Making Home Affordable Program, Know Your Options, and other outreach events. More than 1,060 employees volunteered nearly 7,500 hours to help prevent homelessness across the country. In the wake of Hurricane Sandy, Fannie Mae employees contributed $9,845 to the Blanket the City program, which provided blankets and towels for affected families, and donated approximately $35,000 to the American Red Cross to help provide shelter, food, and other assistance.

In 2013, Fannie Mae employees will participate in “7 Days to SERVE” – a corporate-wide engagement program that emphasizes seven days of community volunteerism. Through the initiative, employees can participate in coordinated hands-on or skills-based volunteer service projects that address America’s housing-related issues. The program bolsters our year-round commitment to community service through programs such as Help the Homeless®.

25 Years of Helping the Homeless
Since 1987, Fannie Mae’s Help the Homeless Program has provided a fundraising model to help build the capacity of nonprofits working to prevent and end homelessness. Each year, tens of thousands of people get involved by participating in a community walk, making a donation, being a sponsor, or volunteering their time to support organizations dedicated to serving those who are homeless or at risk of becoming homeless.

Help the Homeless remains the nation’s largest fundraising effort focused on homelessness. First launched as a Washington, DC-centered initiative, Fannie Mae has distributed approximately $100 million to nonprofit partners while raising awareness of the issue of homelessness around the country.

In 2012, we continued our support for nonprofits beyond the Washington, DC area and successfully introduced the program in five new cities – Atlanta, Chicago, Dallas, Philadelphia, and Los Angeles. By expanding Help the Homeless into a broader community-focused initiative that facilitates neighborhood and city walks, we are able to raise money and awareness directly in the communities in which we live and work.
Our first year of a decentralized Help the Homeless program made an impact. We held approximately 700 local walks, bringing together neighbors, Fannie Mae employees, and beneficiary organizations committed to ending homelessness in their communities. Our nonprofit partners successfully transitioned to the new model and found innovative ways to engage their communities. Together, more than 100,000 people participated, raising $4.5 million in 2012.

“A Diverse Workforce Supporting a Diverse Housing Market

In 1992, we launched Fannie Mae’s Office of Diversity and Inclusion to foster a culture of inclusion and respect for all Fannie Mae employees. The goal was to create an environment where our employees always feel confident bringing their whole selves to work and can contribute their diverse ideas and perspectives to help address our complex business challenges and meet the needs of our constituencies.

Twenty years later, the concept of diversity and inclusion is fully ingrained into who we are and what we do. We all come with different backgrounds, experiences, and abilities – and we value and leverage those differences within the company and outside our walls. This has enabled us to make a bigger difference in the lives of the diverse families and communities we serve.

“Demand for our services has increased three-fold in the last four years. Without partners like the Help the Homeless Program, we would not be able to serve these additional people.”

– Michael Bartscherer, Martha’s Table
WE UNDERSTAND that Fannie Mae is not going to continue in the future as it operated in the past and that its role and structure will change over time. We are determined to restore trust and create a positive legacy. We will do this through our performance. The best way to show our gratitude for the support we received is to pay America – literally as we return our profits to taxpayers, and in spirit as we move forward in a way that will improve the housing experience in our country for generations to come.
This report includes our expectations regarding our future financial results, the outcome of our efforts to lay the foundation for a better housing finance system, our ability to pay taxpayers, and the growth, profitability, and caliber of the loans in our new single-family book of business. These expectations are forward-looking statements based on our current assumptions regarding numerous factors, including future home prices. Our actual results and future expectations may differ materially from our current expectations as a result of home price changes, unemployment rates, other macroeconomic variables, government policy, social behaviors, and many other factors, including those discussed in the “Risk Factors” section of and elsewhere in our annual report on Form 10-K for the year ended December 31, 2012. 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.