GOVERNMENT–SPONSORED ENTERPRISES

This chapter contains descriptions of the data on the Government-sponsored enterprises listed below. These enterprises were established and chartered by the Federal Government for public policy purposes. They are not included in the Federal Budget because they are private companies, and their securities are not backed by the full faith and credit of the Federal Government. However, because of their public purpose, detailed statements of financial condition are presented, to the extent such information is available, on a basis that is as consistent as practicable with the basis for the budget data of Government agencies. These statements are not reviewed by the President; they are presented as submitted by the enterprises.

—The Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation provide assistance to the secondary market for residential mortgages.

—The Federal Home Loan Banks assist thrift institutions, banks, insurance companies, and credit unions in providing financing for housing and community development.

—Institutions of the Farm Credit System, which include the Agricultural Credit Bank and Farm Credit Banks, provide financial assistance to agriculture. They are regulated by the Farm Credit Administration.

—The Federal Agricultural Mortgage Corporation, under the regulation of the Farm Credit Administration, provides a secondary mortgage market for agricultural real estate and rural housing loans as well as for farm and business loans guaranteed by the U.S. Department of Agriculture.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

Portfolio Programs

Status of Direct Loans (in millions of dollars)

Identification code 99–2500–0–3–371		2007 actual	2008 est.	2009 est.
1131	Direct loan obligations			
1150	Total direct loan obligations			
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year			
	Disbursements:			
1231	Direct loan disbursements			
1232	Purchase of loans assets			
1251	Repayments: Repayments and prepayments			
1264	Write-offs for default: Other adjustments, net			
1290	Outstanding, end of year			

Note: Consistent with Government-wide practice for GSEs information for 2008 and 2009 was not required to be collected.

The Federal National Mortgage Association (Fannie Mae) is a Government-sponsored enterprise (GSE) in the housing finance market. The Administration has announced a proposal to strengthen regulation of all the housing GSEs, including Fannie Mae.

As a housing GSE, Fannie Mae is a Federally chartered, privately owned company with a public mission to provide stability and to increase the liquidity of the residential mortgage market and to help increase the availability of mortgage credit to low- and moderate-income families and in underserved areas. Fannie Mae engages primarily in two forms of business: guaranteeing residential mortgage securities and investing in portfolios of residential mortgages.

The Federal Government has equipped Fannie Mae with certain advantages over wholly private firms in carrying out these activities. These include an exemption from State and local taxes (except real property taxes), and an exemption of its debt and mortgage securities from Securities and Exchange Commission registration requirements. An additional advantage is that the Secretary of the Treasury may purchase and hold up to $2.25 billion of securities issued by Fannie Mae under terms and conditions and at prices determined by the Secretary to be appropriate. Securities guaranteed and debt issued by Fannie Mae are solely the corporation's obligations and are not backed by the full faith and credit of the U.S. Government. The common stock of the corporation is owned by the public, is fully transferable, and trades on the New York, Midwest, and Pacific stock exchanges.

Fannie Mae was established in 1938 to assist private markets in providing a steady supply of funds for housing. Fannie Mae was originally a subsidiary of the Reconstruction Finance Corporation and was permitted to purchase only loans insured by the Federal Housing Administration (FHA). In 1954, Fannie Mae was restructured as a mixed ownership (part government, part private) corporation. Legislation directed the sale of the Government's remaining interest in Fannie Mae in 1968 and completed the transformation to private shareholder ownership in 1970. Using the proceeds from the sale of subordinated debentures, Fannie Mae paid the Treasury $216 million for the Government's preferred stock, which was retired, and for the Treasury's interest in the corporation's earned surplus. As a result, the corporation was taken off the Federal Budget.

In 1992, the Congress reaffirmed and clarified Fannie Mae's role in the housing finance system through charter act amendments included in the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Act). Fannie Mae's charter purposes, as amended by the Act, are: "to provide stability in the secondary market for residential mortgages; respond appropriately to the private capital market; provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities); and promote access to mortgage credit throughout the Nation (including central cities, rural areas, and underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital for residential mortgage financing." For additional discussion and analyses of Fannie Mae, please see the *Analytical Perspectives* volume of the Budget documents.

Balance Sheet (in millions of dollars)

Identification code 99–2500–0–3–371		2006 actual	2007 actual
	ASSETS:		
1101	Fund balances		
	Investments in US securities:		
1102	Treasury securities, par		
1104	Other		
	Net value of assets related to direct loans receivable and acquired defaulted guaranteed loans receivable:		
1601	Direct loans (net of discount)		
1602	Federal Agencies		

PORTFOLIO PROGRAMS—Continued

Balance Sheet (in millions of dollars)—Continued

Identification code 99–2500–0–3–371		2006 actual	2007 actual
1603	Allowance for estimated uncollectible loans and interest (–)	....	....
1699	Value of assets related to direct loans	....	....
1801	Cash and other monetary assets	....	....
1803	Property, plant and equipment, net	....	....
1999	Total assets	....	....
	LIABILITIES:		
2101	Accounts payable	....	....
2102	Accrued interest payable	....	....
2105	Other	....	....
2203	Debt	....	....
2204	Estimated liability for loan guarantees	....	....
2206	Pension and other actuarial liabilities	....	....
2207	Subtotal, Federal taxes payable	....	....
2999	Total liabilities	....	....
	NET POSITION:		
3300	Cumulative results of operations	....	....
3300	Change in Stockholder Equity	....	....
3999	Total net position	....	....
4999	Total liabilities and net position	....	....

MORTGAGE-BACKED SECURITIES

Status of Direct Loans (in millions of dollars)

Identification code 99–2501–0–3–371		2007 actual	2008 est.	2009 est.
1131	Direct loan obligations	....	....	....
1150	Total direct loan obligations	....	....	....
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	....	....	....
1231	Disbursements: Direct loan disbursements	....	....	....
1251	Repayments: Repayments and prepayments	....	....	....
1290	Outstanding, end of year	....	....	....

Note: Consistent with Government-wide practice for GSEs, information for 2008 and 2009 was not required to be collected.

According to accounting practices for private corporations, the mortgages in the pools of loans supporting the mortgage-backed securities are considered to be owned by the holders of these securities. Consequently, on the books of Fannie Mae, these mortgages are not considered assets and the securities outstanding are not considered liabilities. However, the concepts of the budget of the U.S. Government consider these mortgages and mortgage-backed securities to be assets and liabilities, respectively, of Fannie Mae. For the purposes of this document, therefore, they are presented as assets and liabilities in the accompanying schedules. On the schedule of Status of Direct Loans for mortgage-backed securities, the items labeled "New loans" and "Recoveries: Repayments and prepayments" are budgetary terms. However, from Fannie Mae's perspective, these items are "Amounts issued" and "Amounts passed through to the holders of securities", respectively.

Financial data for Fannie Mae is not presented here because Fannie Mae has not provided audited financial results for 2007.

Balance Sheet (in millions of dollars)

Identification code 99–2501–0–3–371		2006 actual	2007 actual
	ASSETS:		
	Net value of assets related to direct loans receivable and acquired defaulted guaranteed loans receivable:		
1601	Direct loans, gross	....	....
1603	Allowance for estimated uncollectible loans and interest (–)	....	....
1699	Value of assets related to direct loans	....	....
1999	Total assets	....	....
	LIABILITIES:		
2104	Resources payable	....	....
2999	Total liabilities	....	....
4999	Total liabilities and net position	....	....

FEDERAL HOME LOAN MORTGAGE CORPORATION

PORTFOLIO PROGRAMS

Status of Direct Loans (in millions of dollars)

Identification code 99–4420–0–3–371		2007 actual	2008 est.	2009 est.
1131	Direct loan obligations	....	....	....
1150	Total direct loan obligations	....	....	....
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	....	....	....
1231	Disbursements: Direct loan disbursements	....	....	....
1251	Repayments: Repayments and prepayments	....	....	....
1290	Outstanding, end of year	....	....	....

Note: Consistent with Government-wide practice for GSEs, information for 2008 and 2009 was not required to be collected.

The Federal Home Loan Mortgage Corporation (Freddie Mac) is a Government-sponsored enterprise (GSE) in the housing finance market. The Administration has announced a proposal to strengthen regulation of all the housing GSEs, including Freddie Mac.

As a housing GSE, Freddie Mac is a Federally-chartered, shareholder-owned, private company with a public mission to provide stability and increase the liquidity of the residential mortgage market, and to help increase the availability of mortgage credit to low- and moderate-income families and in underserved areas. Freddie Mac engages primarily in two forms of business: guaranteeing residential mortgage securities and investing in portfolios of residential mortgages.

The Federal Government has equipped Freddie Mac with certain advantages over wholly private firms in carrying out these activities. These advantages include an exemption from State and local taxes (except real property taxes), and an exemption for its debt and mortgage securities from Securities and Exchange Commission registration requirements. An additional advantage is that the Secretary of the Treasury may purchase and hold up to $2.25 billion of securities issued by Freddie Mac under terms and conditions and at prices determined by the Secretary to be appropriate. Securities guaranteed and debt issued by Freddie Mac are explicitly not backed by the full faith and credit of the U.S. Government. The common stock of the corporation is owned by private shareholders, is fully transferable, and trades on the New York and Pacific stock exchanges.

Freddie Mac was established in 1970 under the Emergency Home Finance Act. The Congress chartered Freddie Mac to provide mortgage lenders with an organized national secondary market enabling them to manage their conventional mortgage portfolio more effectively and gain indirect access to a ready source of additional funds to meet new demands for mortgages. Freddie Mac serves as a conduit facilitating the flow of investment dollars from the capital markets to mortgage lenders, and ultimately, to homebuyers.

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) significantly changed the corporate governance of Freddie Mac. The company's three member Board of Directors, which had corresponded with the Federal Home Loan Bank Board, was replaced with an eighteen member Board of Directors. In addition, FIRREA converted Freddie Mac's 60 million shares of non-voting, senior participating preferred stock into voting common stock.

Financial data for Freddie Mac is not presented here because Freddie Mac has not provided audited financial results for 2007. For additional discussion and analyses of Freddie Mac, please see the *Analytical Perspectives* volume of the Budget documents.

Balance Sheet (in millions of dollars)

Identification code 99–4420–0–3–371		2006 actual	2007 actual
	ASSETS:		
1201	Investments in other securities, net		
1206	Receivables, net		
	Net value of assets related to direct loans receivable and acquired defaulted guaranteed loans receivable:		
1601	Direct loans, gross		
1603	Allowance for estimated uncollectible loans and interest (–)		
1699	Value of assets related to direct loans		
1801	Cash and other monetary assets		
1803	Property, plant and equipment, net		
1901	Other assets		
1999	Total assets		
	LIABILITIES:		
2101	Accounts payable		
2202	Interest payable		
2203	Debt		
2207	Other.		
2999	Total liabilities.		
	NET POSITION:		
3100	Invested capital		
3999	Total net position		
4999	Total liabilities and net position		

MORTGAGE-BACKED SECURITIES

Balance Sheet (in millions of dollars)

Identification code 99–4440–0–3–371		2006 actual	2007 actual
	ASSETS:		
1901	Underlying Mortgages		
1999	Total assets		
	LIABILITIES:		
2104	Resources payable		
2999	Total liabilities		
4999	Total liabilities and net position		

Status of Direct Loans (in millions of dollars)

Identification code 99–4440–0–3–371		2007 actual	2008 est.	2009 est.
1131	Direct loan obligations			
1150	Total direct loan obligations			
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year			
1231	Disbursements: Direct loan disbursements			
1251	Repayments: Repayments and prepayments			
1290	Outstanding, end of year			

Note: Consistent with Government-wide practice for GSEs, information for 2008 and 2009 was not required to be collected.

FEDERAL HOME LOAN BANK SYSTEM

FEDERAL HOME LOAN BANKS

Status of Direct Loans (in millions of dollars)

Identification code 99–4200–0–3–371		2007 actual	2008 est.	2009 est.
	Position with respect to appropriations act limitation on obligations:			
1131	Direct loan obligations	7,133,715		
1150	Total direct loan obligations	7,133,715		
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	743,855		
1231	Disbursements: Direct loan disbursements	7,133,715		
1251	Repayments: Repayments and prepayments	–6,963,347		
1261	Adjustments: Capitalized interest	2,740		
1290	Outstanding, end of year	916,963		

The Federal Home Loan Bank System is a Government-sponsored enterprise (GSE) in the housing finance market. The Administration has announced a proposal to strengthen regulation of all the housing GSEs, including the Federal Home Loan Bank System.

The Federal Home Loan Banks were chartered by the Federal Home Loan Bank Board under the authority of the Federal Home Loan Bank Act of 1932 (Act). The 12 Federal Home Loan Banks (FHLBanks) are under the supervision of the Federal Housing Finance Board (FHFB). The common mission of FHLBanks is to facilitate the extension of credit through their members. To accomplish this mission, FHLBanks make loans, called advances, and provide other credit products and services to their 8,149 member commercial banks, savings associations, insurance companies, and credit unions. Advances and letters of credit must be fully secured by eligible collateral and long-term advances may be made only for the purpose of providing funds for residential housing finance. However, "community financial institutions" may also use long-term advances to finance small businesses, small farms, and small agribusinesses. Additionally, specialized advance programs provide funds for community reinvestment and affordable housing programs. All regulated financial depositories and insurance companies engaged in residential housing finance are eligible for membership. Each FHLBank operates in a geographic district designated by the Board and together FHLBanks cover all of the United States, as well as the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands.

The principal source of funds for the lending operation is the sale of consolidated obligations to the public. The consolidated obligations are not guaranteed by the U.S. Government as to principal or interest. Other sources of lendable funds include members' deposits and capital. Funds not immediately needed for advances to members are invested.

The capital stock of the Federal Home Loan Banks is owned entirely by the members. Initially the U.S. Government purchased stock of the banks in the amount of $125 million. The banks had repurchased the Government's investment in full by mid–1951.

The Act, as amended in 1989, requires each FHLBank to operate an Affordable Housing Program (AHP). Each FHLBank provides subsidies in the form of direct grants or below-market rate advances for members that use the funds for qualifying affordable housing projects. Each of the FHLBanks must set aside annually the greater of $100 million or 10 percent of its previous year's net earnings for the AHP. The Act, as amended in 1999, also requires that FHLBanks contribute 20 percent of net earnings annually to assist in the payment of interest on bonds issued by the Resolution Funding Corporation.

FEDERAL HOME LOAN BANKS—Continued

In 2002, the Administration requested all GSEs, including FHLBanks, to voluntarily register their equity securities with the Securities and Exchange Commission (SEC). This voluntary registration is part of the Administration's efforts to have GSEs undergo the same scrutiny process as other corporate enterprises. FHFB adopted a rule on June 23, 2004 that requires each FHLBank to register a class of its stock. All of the Federal Home Loan Banks complied by 2006.

For additional discussion and analyses of the FHLBanks, please see the *Analytical Perspectives* volume of the Budget.

Balance Sheet (in millions of dollars)

Identification code 99–4200–0–3–371		2006 actual	2007 actual
	ASSETS:		
	Federal assets: Investments in US securities:		
1102	Treasury securities, par	102	
	Non-Federal assets:		
1201	Investments in other securities, net	274,926	305,465
1206	Accounts receivable	4,186	5,071
1401	Net value of assets related to direct loans receivable: Direct loans receivable, gross	743,849	916,963
	Other Federal assets:		
1801	Cash and other monetary assets	329	349
1803	Property, plant and equipment, net	208	207
1901	Other assets	1,890	2,602
1999	Total assets	1,025,489	1,230,657
	LIABILITIES:		
2101	Federal liabilities: REFCORP and Affordable Housing Program	715	1,037
	Non-Federal liabilities:		
2202	Interest payable	8,061	9,579
2203	Debt	944,039	1,136,660
2207	Deposit funds and other borrowing	18,210	25,965
2207	Other	8,910	5,947
2999	Total liabilities	979,935	1,179,188
	NET POSITION:		
3100	Invested capital	45,554	51,469
3999	Total net position	45,554	51,469
4999	Total liabilities and net position	1,025,489	1,230,657

FARM CREDIT SYSTEM

The Farm Credit System is a Government-sponsored enterprise that provides privately financed credit to agricultural and rural communities. The major functional entities of the system are: (1) Agricultural Credit Bank (ACB); (2) Farm Credit Banks (FCB); and (3) direct lender associations. The history and specific functions of the bank entities are discussed after the presentation of financial schedules for each bank entity. As part of the Farm Credit System (FCS), these entities are regulated and examined by the Farm Credit Administration (FCA), an independent Federal agency. The administrative costs of FCA are financed by assessments of system institutions and the Federal Agricultural Mortgage Corporation. System banks finance loans from sales of bonds to the public and their own capital funds. The system bonds issued by the banks are not guaranteed by the U.S. Government either as to principal or interest. The bonds are backed by an insurance fund, administered by the Farm Credit System Insurance Corporation (FCSIC), an independent Federal agency that collects insurance premiums from member banks to pay its administrative expenses and fund insurance reserves. All of the banks' current operating expenses are paid from their own income and do not require budgetary resources from the Federal Government.

AGRICULTURAL CREDIT BANK

CoBank, ACB is headquartered in Denver, Colorado and serves eligible cooperatives nationwide, and provides funding to Agricultural Credit Associations (ACAs) in two of its regions. CoBank, ACB is the only Agricultural Credit Bank (ACB) in the Farm Credit System. An ACB operates under statutory authority that combines the authorities of a Farm Credit Bank (FCB) and a Bank for Cooperatives (BC). In exercising its FCB authority, CoBank, ACB's charter limits its lending to ACAs located in the northeast and northwest regions of the country. As an entity lending to Cooperatives, CoBank is independently chartered to provide credit and related services nationwide to eligible cooperatives primarily engaged in farm supply, grain, marketing, and processing (including sugar, dairy, and corn into ethanol). CoBank also makes loans to rural utilities, including telecommunications companies, and it provides international loans for the financing of agricultural exports.

Status of Direct Loans (in millions of dollars)

Identification code 99–4130–0–3–351		2007 actual	2008 est.	2009 est.
	Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans			
1131	Direct loan obligations	136,511	145,384	154,834
1150	Total direct loan obligations	136,511	145,384	154,834
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	28,763	36,339	37,000
1231	Disbursements: Direct loan disbursements	136,511	145,384	154,834
1251	Repayments: Repayments and prepayments	–128,935	–144,729	–152,258
	Write-offs for default:			
1263	Direct loans			–8
1264	Other adjustments, net (+ or -)		6	
1290	Outstanding, end of year	36,339	37,000	39,568

Balance Sheet (in millions of dollars)

Identification code 99–4130–0–3–351		2006 actual	2007 actual
	ASSETS:		
	Non-Federal assets:		
1201	Cash and investment securities	7,752	10,743
1206	Accrued interest receivable on loans	219	310
	Net value of assets related to direct loans receivable and acquired defaulted guaranteed loans receivable:		
1601	Direct loans, gross	28,763	36,339
1603	Allowance for estimated uncollectible loans and interest (–)	–441	–448
1699	Value of assets related to direct loans	28,322	35,891
1803	Other Federal assets: Property, plant and equipment, net	375	429
1999	Total assets	36,668	47,373
	LIABILITIES:		
2104	Federal liabilities: Resources payable	466	1,339
	Non-Federal liabilities:		
2201	Consolidated systemwide and other bank bonds	32,547	41,610
2201	Notes payable and other interest-bearing liabilities	300	838
2202	Accrued interest payable	372	425
2999	Total liabilities	33,685	44,212
	NET POSITION:		
3300	Cumulative results of operations	2,983	3,161
3999	Total net position	2,983	3,161
4999	Total liabilities and net position	36,668	47,373

Statement of Changes in Net Worth (in thousands of dollars)

99–4130	2006 actual	2007 actual	2008 est.	2009 est.
Beginning balance of net worth	2,869,656	2,907,259	2,982,698	3,074,000
Capital stock and participations issued	6,269	5,368	1,000	1,000
Capital stock and participations retired	67,534	71,242	51,113	44,590
Net income	281,828	328,086	334,200	336,300
Cash/Dividends/Patronage Distributions	–152,720	–174,335	–177,777	–171,710
Other, net	–30,240	–12,438	–15,008	–22,000
Ending balance of net worth	2,907,259	2,982,698	3,074,000	3,173,000

Financing Activities (in thousands of dollars)

99–4130	2006 actual	2007 actual	2008 est.	2009 est.
Beginning balance of outstanding system obligations	26,040,303	28,341,749	32,546,980	34,496,938
Consolidated systemwide and other bank bonds issued	11,221,891	11,240,664	11,915,104	12,689,586
Consolidated systemwide and other bank bonds retired	8,853,321	8,853,321	10,165,146	10,658,279
Consolidated systemwide notes, net	1,817,888	1,817,888	200,000	250,000
Other (Net)	145,930	0	0	0
Ending balance of outstanding system obligations	28,341,749	324,546,980	34,496,938	36,777,645

FARM CREDIT BANKS

Status of Direct Loans (in millions of dollars)

Identification code 99–4160–0–3–371		2007 actual	2008 est.	2009 est.
	Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans			
1131	Direct loan obligations	177,280	193,086	202,842
1150	Total direct loan obligations	177,280	193,086	202,842
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	76,185	87,395	95,343
1231	Disbursements: Direct loan disbursements	177,382	193,311	203,083
1251	Repayments: Repayments and prepayments	−166,172	−185,363	−197,664
1263	Write-offs for default: Direct loans			
1290	Outstanding, end of year	87,395	95,343	100,762

Note: Loans outstanding at end of year do not include nonaccrual loans and sales contracts.

The Agricultural Credit Act of 1987 (1987 Act) required the Federal Land Banks (FLBs) and Federal Intermediate Credit Banks (FICBs) to merge into a Farm Credit Bank (FCB) in each of the 12 Farm Credit districts. FCBs operate under statutory authority that combines the prior authorities of a FLB and of a FICB. No merger occurred in the Jackson district in 1988 because the FLB of Jackson was in receivership. Pursuant to section 410(e) of the 1987 Act, as amended by the Farm Credit Banks Safety and Soundness Act of 1992, FICB of Jackson merged with FCB of Columbia on October 1, 1993. Mergers and consolidations of FCBs across district lines that began in 1992 have continued to date. As a result of this restructuring activity, 4 FCBs, headquartered in the following cities, remain: AgFirst FCB, Columbia, South Carolina; AgriBank FCB, St. Paul, Minnesota; U.S. AgBank, FCB, Wichita, Kansas; and FCB of Texas, Austin, Texas.

FCBs serve as discount banks and as of October 1, 2007 provided funds to 9 Federal Land Credit Associations (FLCA) and 86 Agricultural Credit Associations (ACAs). These direct lender associations, in turn, make short-term production loans and long-term real estate loans to eligible farmers and ranchers and their cooperatives; farm-related businesses; and rural homeowners. FCBs can also lend to local financing institutions, including commercial banks, as authorized by the Farm Credit Act of 1971, as amended.

All the capital stock of FICBs, from organization in 1923 to December 31, 1956, was held by the U.S. Government. The Farm Credit Act of 1956 provided a long-range plan for the eventual ownership of the FICBs by the production credit associations and the gradual retirement of the Government's investment in the banks. This retirement was accomplished in full on December 31, 1968. The last of the Government capital that had been invested in FLBs was repaid in 1947.

Balance Sheet (in millions of dollars)

Identification code 99–4160–0–3–371		2006 actual	2007 actual
	ASSETS:		
	Non-Federal assets:		
1201	Cash and investment securities	23,353	24,560
1206	Accrued Interest Receivable	819	979
	Net value of assets related to direct loans receivable and acquired defaulted guaranteed loans receivable:		
1601	Direct loans, gross	76,185	87,395
1603	Allowance for estimated uncollectible loans and interest (–)	–4	–5
1699	Value of assets related to direct loans	76,181	87,390
1803	Other Federal assets: Property, plant and equipment, net	423	440
1999	Total assets	100,776	113,369
	LIABILITIES:		
2104	Federal liabilities: Resources payable	386	368
	Non-Federal liabilities:		
2201	Consolidated systemwide and other bank bonds	93,939	105,181
2201	Notes payable and other interest-bearing liabilities	437	780
2202	Accrued interest payable	884	1,064
2999	Total liabilities	95,646	107,393
	NET POSITION:		
3300	Cumulative results of operations	5,130	5,976
3999	Total net position	5,130	5,976
4999	Total liabilities and net position	100,776	113,369

Statement of Changes in Net Worth (in thousands of dollars)

99–4160	2006 actual	2007 actual	2008 est.	2009 est.
Beginning balance of net worth	4,846,675	5,129,876	5,976,301	6,265,971
Capital stock and participations issued	223,860	786,756	51,632	103,550
Capital stock and participations retired	108,125	35,541	0	0
Surplus Retired	2,462	1,324	0	0
Net income	503,366	545,649	557,401	585,114
Cash/Dividends/Patronage Distributions	–349,463	–398,307	–338,871	–347,656
Other, net	16,025	–50,808	19,508	–14,310
Ending balance of net worth	5,129,876	5,976,301	6,265,971	6,592,669

Financing Activities (in thousands of dollars)

99–4160	2006 actual	2007 actual	2008 est.	2009 est.
Beginning balance of outstanding system obligations	80,993,251	93,938,983	105,181,000	113,367,661
Consolidated systemwide and other bank bonds issued	33,379,481	23,460,448	40,996,694	36,469,524
Consolidated systemwide and other bank bonds retired	22,985,482	18,390,880	33,429,323	31,856,365
Consolidated systemwide notes, net	2,551,733	1,087,037	619,290	630,526
Other (Net)	0	5,085,412	0	0
Ending balance of outstanding system obligations	93,938,983	105,181,000	113,367,661	118,611,346

FEDERAL AGRICULTURAL MORTGAGE CORPORATION

(FARMER MAC)

Farmer Mac is authorized under the Farm Credit Act of 1971 (Act), as amended by the Agricultural Credit Act of 1987, to create a secondary market for agricultural real estate and rural home mortgages. The Farmer Mac title of the Act was amended by the 1990 farm bill to authorize Farmer Mac to purchase, pool, and securitize the guaranteed portions of farmer program, rural business, and community development loans guaranteed by the United States Department of Agriculture (USDA). The Farmer Mac title was further amended in 1991 to clarify Farmer Mac's authority to issue debt obliga-

(FARMER MAC)—Continued

tions, provide for the establishment of minimum capital standards, establish the Office of Secondary Market Oversight at the Farm Credit Administration (FCA), and expand the agency's rulemaking authority. Most recently, the Farm Credit System Reform Act of 1996 (1996 Act) amended the Farmer Mac title to allow Farmer Mac to purchase loans directly from lenders and to issue and guarantee mortgage-backed securities without requiring that a minimum cash reserve or subordinated (first loss) interest be maintained by poolers as had been required under its original authority. The 1996 Act expanded FCA's regulatory authority to include provisions for establishing a conservatorship or receivership, if necessary, and provided for increased core capital requirements at Farmer Mac phased in over three years.

Farmer Mac operates through two core programs, "Farmer Mac I," which involves mortgage loans secured by first liens on agricultural real estate or rural housing (qualified loans), and "Farmer Mac II," which involves the guaranteed portions of USDA guaranteed loans. Farmer Mac operates by: i) purchasing, or committing to purchase, newly originated or existing qualified loans or guaranteed portions from lenders; ii) purchasing or guaranteeing "AgVantage" bonds backed by qualified loans or guaranteed portions from lenders; and iii) exchanging qualified loans or guaranteed portions for guaranteed securities. Loans purchased by Farmer Mac are aggregated into pools that back Farmer Mac guaranteed securities which are held by Farmer Mac or sold into the capital markets. Farmer Mac is intended to attract new capital for financing qualified loans and guaranteed portions, foster increased long-term, fixed-rate lending, and provide greater liquidity to agricultural and rural lenders.

Farmer Mac is governed by a 15 member Board of Directors. Ten Board members are elected by stockholders, including five by the Farm Credit System and five by commercial lenders. Five are appointed by the President, subject to Senate confirmation.

FINANCING

Financial support and funding for Farmer Mac's operations come from several sources: sale of common and preferred stock; issuance of debt obligations; and net income. Under procedures specified in the Act, Farmer Mac may issue obligations to the U.S. Treasury in a cumulative amount not to exceed $1.5 billion to fulfill its guarantee obligations.

As of September 30, 2007, Farmer Mac's core capital exceeded statutory requirements. Additionally, Farmer Mac's regulatory capital (core capital plus the allowance for loan losses) exceeded the amount of required regulatory capital as determined by the risk-based capital rule, with which Farmer Mac was required to be in compliance on May 23, 2002.

GUARANTEES

Farmer Mac provides a guarantee of timely payment of principal and interest on securities backed by qualified loans or pools of qualified loans. These securities are not guaranteed by the United States, and are not "government securities".

Farmer Mac is subject to reporting requirements under securities laws, and its guaranteed mortgage-backed securities are subject to registration with the Securities and Exchange Commission under the 1933 and 1934 Securities Acts.

REGULATION

Farmer Mac is Federally regulated by FCA, acting through its Office of Secondary Market Oversight (OSMO). FCA is responsible for the supervision of, examination of, and rulemaking for Farmer Mac.

Status of Guaranteed Loans (in millions of dollars)

Identification code 99–4180–0–3–351		2007 actual	2008 est.	2009 est.
	Position with respect to appropriations act limitation on commitments:			
2111	Limitation on guaranteed loans			
2131	Guaranteed loan commitments	2,351		
2150	Total guaranteed loan commitments	2,351		
	Cumulative balance of guaranteed loans outstanding:			
2210	Outstanding, start of year	7,058	8,362	8,362
2231	Disbursements of new guaranteed loans	2,351		
2251	Repayments and prepayments	−1,047		
2290	Outstanding, end of year	8,362	8,362	8,362
	Memorandum:			
2299	Guaranteed amount of guaranteed loans outstanding, end of year	943		

Balance Sheet (in millions of dollars)

Identification code 99–4180–0–3–351		2006 actual	2007 actual
	ASSETS:		
	Non-Federal assets:		
1201	Investment in securities	1,896	2,678
1206	Receivables, net	56	82
	Net value of assets related to direct loans receivable:		
1401	Direct loans receivable, gross	2,084	2,034
1402	Interest receivable	52	60
1499	Net present value of assets related to direct loans	2,136	2,094
1801	Other Federal assets: Cash and other monetary assets	805	572
1999	Total assets	4,893	5,426
	LIABILITIES:		
	Non-Federal liabilities:		
2201	Accounts payable	34	37
2202	Interest payable	26	40
2203	Debt	4,554	5,044
2204	Liabilities for loan guarantees	34	53
2999	Total liabilities	4,648	5,174
	NET POSITION:		
3300	Invested capital	245	252
3999	Total net position	245	252
4999	Total liabilities and net position	4,893	5,426