Office of Federal Housing Enterprise Oversight

Report to Congress

June 15, 2006

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OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT
1700 G STREET NW WASHINGTON DC 20552 (202) 414-3800

June 15, 2006

The Honorable Richard Shelby
Chairman
Committee on Banking, Housing, & Urban Affairs
United States Senate
Washington, D.C. 20510

The Honorable Michael G. Oxley
Chairman
Committee on Financial Services
United States House of Representatives
Washington, D.C. 20515

The Honorable Paul Sarbanes
Ranking Member
Committee on Banking, Housing, & Urban Affairs
United States Senate
Washington, D.C. 20150

The Honorable Barney Frank
Ranking Member
Committee on Financial Services
United States House of Representatives
Washington, D.C. 20515

Dear Chairmen and Ranking Members:

I am pleased to transmit the 2006 Report to Congress from the Office of Federal Housing Enterprise Oversight (OFHEO). This report has been prepared to meet the statutory requirements in section 1319B of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Title XIII of P.L. 102-550). The views in this report are those of the Acting Director and do not necessarily represent those of the President or the Secretary of Housing and Urban Development.

This report primarily covers accomplishments in 2005 during the tenure of former OFHEO Acting Director Stephen Blumenthal who reassumed his Deputy Director position on April 28, 2006. As Acting Director I thank him for his leadership, contributions to the safety and soundness regulation of Fannie Mae and Freddie Mac (the Enterprises) and the completion of the Fannie Mae Special Examination Report.

Although the Special Examination Report was not published until May 23, 2006, much of the work was done in 2005. The report concludes that Fannie Mae senior management presented an image of the Enterprise as one of the lowest-risk financial institutions in the world and as "best-in-class" in terms of risk management, financial reporting internal controls and corporate governance. The reality was that the image presented was false. The risks at Fannie Mae were greatly understated and senior management manipulated accounting and earnings. Fannie Mae also signed settlement agreements on May 23, 2006 with OFHEO and the SEC that include a $400 million fine, growth limits and top-to-bottom remedial actions to enhance the safe and sound operation of the Enterprise going forward.

The annual examinations of both Enterprises state that progress was made in 2005, but that further work and several years are needed to fully achieve safe and sound practices. Although the Enterprises have differences, the key areas that need significant remedial attention are similar: accounting systems, internal controls, risk management, human resources, corporate governance and growth.

Due to the findings of operational inadequacies at both Fannie Mae and Freddie Mac, OFHEO required each Enterprise to hold 30 percent more capital than its minimum requirement. Capital levels are monitored weekly at both Enterprises by OFHEO's examination teams. During 2005, OFHEO continued to build its capabilities by strengthening its supervisory functions, and enhancing the agency's infrastructure to support a stronger oversight program. In FY 2005 OFHEO increased its staffing by 30 percent over FY 2004. The vast majority of the increase was in our examination, capital, and legal offices to enable the agency to proceed expeditiously with the special examinations of the Enterprises and associated enforcement actions and related litigation. OFHEO entered into agreements with Fannie Mae and Freddie Mac to establish commitments in the areas of subordinated debt, liquidity management and public disclosures, replacing voluntary commitments made by the Enterprises in 2000.

Pursuant to the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, the Agency once again recommends legislative enhancements to OFHEO's authority, particularly in those areas that would align the safety and soundness authority of the Agency more closely to the federal banking agencies. Key safety and soundness provisions include the ability to establish capital limits, place an enterprise into receivership, and approve new products. We also believe that permanent funding of OFHEO, outside the appropriations process, is critical to ensuring the agency can adapt and respond quickly to changing circumstances at either Enterprise.

Sincerely,

James B. Lockhart III
Acting Director

cc: The Honorable Wayne Allard, Chairman, Subcommittee on Housing and Transportation
The Honorable Jack Reed, Ranking Member, Subcommittee on Housing and Transportation
The Honorable Richard H. Baker, Chairman, Subcommittee on Capital Markets, Insurance & Government Sponsored Enterprises
The Honorable Paul E. Kanjorski, Ranking Member, Subcommittee on Capital Markets, Insurance & Government Sponsored Enterprises

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YEAR IN REVIEW

HOUSING SECTOR REMAINS STRONG DESPITE RISING INTEREST RATES

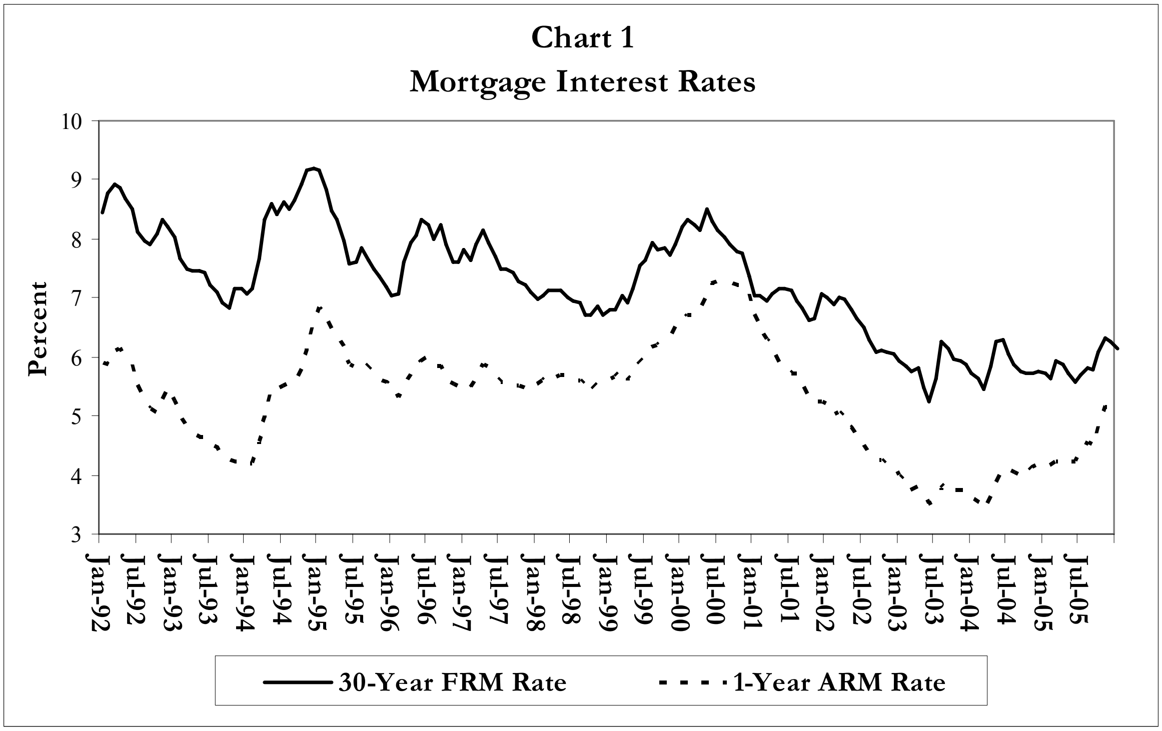
Despite Hurricanes Katrina and Rita and the sharp increase in energy prices, the U.S. economy grew a respectable 3.2 percent during 2005 compared to 3.8 percent the year before. That growth was supported by strong growth in housing construction and in computer and software investments. Labor market conditions continued to improve in 2005. The unemployment rate was 4.6 percent at year-end, down from 5.1 percent one year earlier.

The Federal Reserve continued its tightening policy throughout 2005. The Federal Open Market Committee of the Federal Reserve increased the Federal Funds target rate 25 basis points at each of its eight sessions in 2005. The Federal Funds target rate ended the year at 4.25 percent, 200 basis points higher than at the start of the year and the highest level since April 2001. Short-term yields increased significantly as a result of the actions of the Federal Reserve. The 1-year constant maturity Treasury (CMT) yield raised more than 150 basis points during 2005, from 2.8 percent in January to 4.4 percent in December. However, the impact on long-term rates was much smaller, as the yield on the 10-year CMT at the end of 2005 was less than 10 basis points higher than at the start of the year. As a result, the yield curve continued to flatten throughout the year, and ended the year partially inverted.

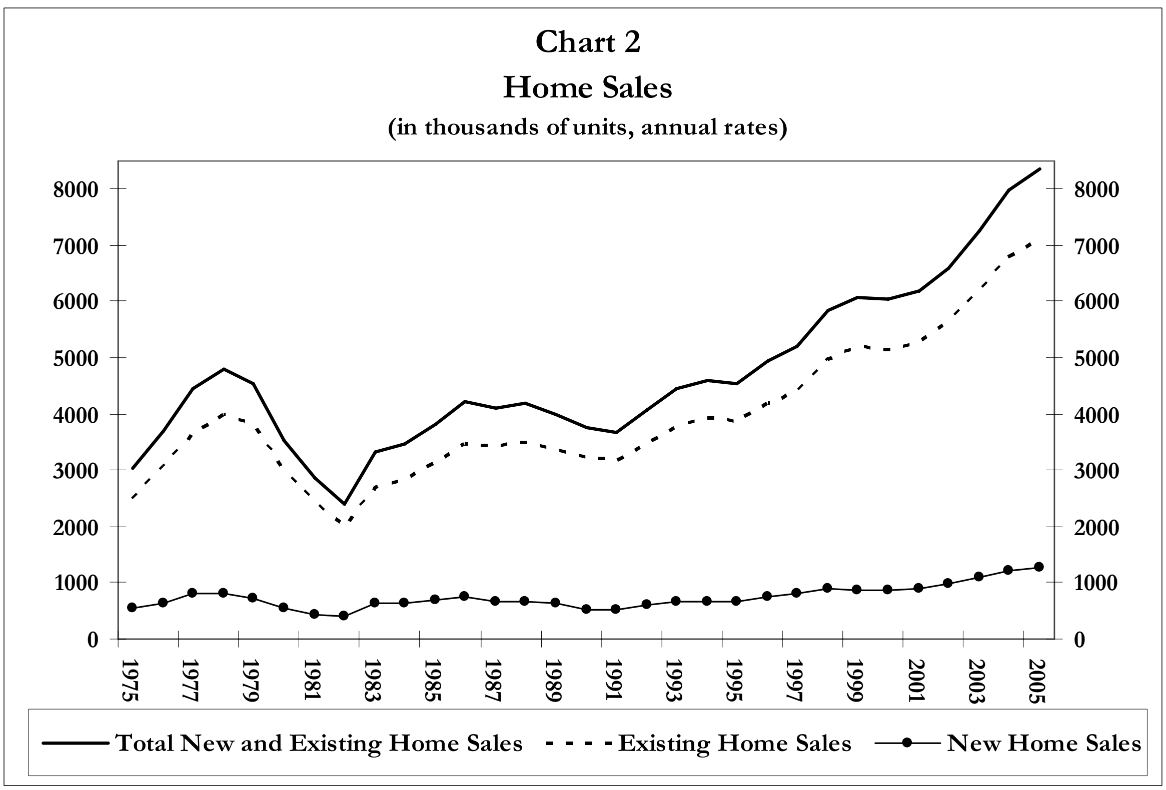
Mortgage interest rates followed the trend of long-term Treasury issues. According to Freddie Mac's Primary Mortgage Market Survey (PMMS), the average 30-year fixed-rate mortgage (FRM) commitment interest rate rose in the first quarter, fell in the second quarter, trended upwards in the third quarter, and surged almost 50 basis points in the final quarter of 2005. However, for the year, the 30-year FRM commitment interest rate averaged 5.87 percent, just 3 basis points above the average rate for 2004. The average commitment rate on one-year Treasury-indexed adjustable-rate mortgages (ARMs), following short-term rates, increased 59 basis points to 4.49 percent in 2005 (Chart 1).

Despite the increase in mortgage interest rates, those rates remained generally low by historical standards and continued to fuel housing demand. Single-family housing starts increased for the fifth consecutive year, totaling 1.76 million units in 2005, up 6.7 percent from 2004. Home sales also set new records for the fifth consecutive year. Combined sales of new and existing homes totaled 8.4 million units in 2005, an increase of 4.7 percent from the record-setting level in 2004 of 7.9 million units (Chart 2).

According to *Inside Mortgage Finance*, originations of single-family mortgages totaled $3,120 billion in 2005, the second highest volume ever. Mortgage refinancings declined in 2005 as interest rates rose. Despite the narrowing of spreads between FRMs and ARMs, the ARM market remained strong in 2005, accounting for 31 percent of originations. That volume was supported by the continued strong demand by borrowers for affordable mortgage products such as adjustable-rate loans that do not require principal payments or even, in some cases, full payment of interest owed in the early years of the loan.



Source: Freddie Mac



Source: U.S. Census Bureau and National Association of Realtors

House prices, as measured by OFHEO's House Price Index, increased at a double-digit rate for the second consecutive year. It was the biggest jump since 1978. The average U.S. home price increased 13.3 percent from the fourth quarter of 2004 to the fourth quarter of 2005, compared to 12.0 percent the year before. All nine Census Divisions showed strong growth, but two (Pacific and New England) showed a deceleration in the rate of appreciation. Continued low mortgage interest rates, more affordable and innovative mortgage products, and an improved employment picture helped to keep the demand for and prices of U.S. homes high in 2005.

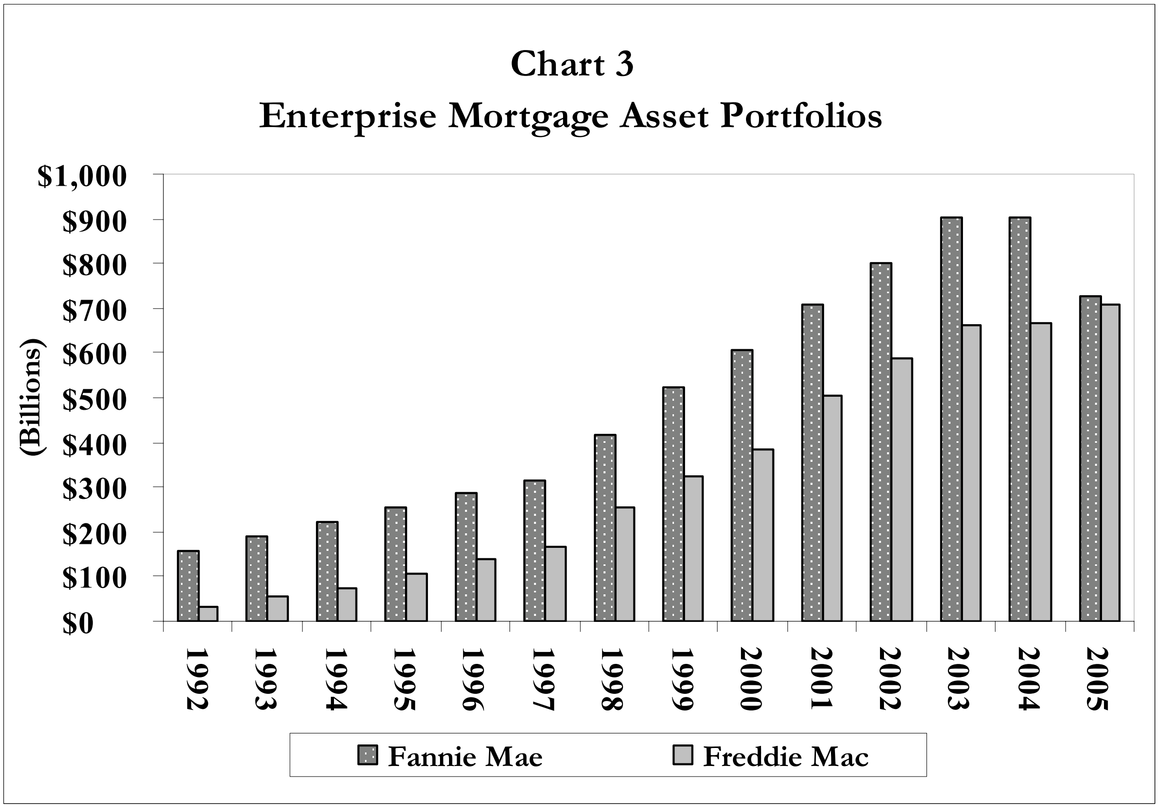
The National Association of Realtors' composite housing affordability index fell by 8.3 percent in 2005, to 114.6. The lower affordability index reflects higher appreciation in the median home price and the uptick in mortgage interest rates, which more than offset the increase in median family income. Continued higher home prices in 2005 may have contributed to a slight decline in the homeownership rate, from 69.2 percent as of the end of the fourth quarter 2004, to 69.0 percent one year later. The rental vacancy rate fell for the second consecutive year, from 10.0 percent at the end of the fourth quarter 2004 to 9.6 percent one year later.

FINANCIAL PERFORMANCE OF THE ENTERPRISES IN 2005

Fannie Mae and Freddie Mac both continued to suffer from accounting, systems, and internal control problems in 2005. Freddie Mac was unable to provide the public with even unaudited financial statements for the year until late May 2006 and does not plan to release any quarterly statements this year. Fannie Mae is working on restatements for 2002 and 2003, which it plans to release along with 2004 results sometime after mid-2006. Statements for 2005 will be more than a year late.

The need to focus on these problems inhibited the ability of the Enterprises to respond to changing markets. The popularity of ARMs and non-traditional loans continued to limit the Enterprises' share of the secondary mortgage market, and strong demand of other investors diminished investment opportunities. However, both Enterprises increased their outstanding totals of mortgages that they either owned or guaranteed, and based on available information, both were profitable in 2005.

Fannie Mae purchased or guaranteed mortgages and mortgage securities worth $620 billion in 2005. That was 20 percent lower than in 2004. Most of that difference reflects reduced purchases of mortgage-related securities for the retained mortgage portfolio. Fannie Mae's portfolio activities in 2005 were constrained by its need to build capital to meet regulatory requirements, which were increased in light of Fannie Mae's accounting and internal control deficiencies. Fannie Mae shrunk its mortgage portfolio by 20 percent during 2005 not only by reducing purchases and absorbing prepayments and amortization, but also by $113 billion of portfolio sales, which previously were relatively rare. The Enterprise's mortgage portfolio at year-end was $727 billion, the lowest level since 2001 (Chart 3). New securitizations fell by 10 percent, but because Fannie Mae bought fewer of its guaranteed securities for its portfolio, its outstanding MBS increased more rapidly in 2005 (14 percent) than in 2004 (8 percent), and finished last year at $1,598 billion.



Source: Fannie Mae and Freddie Mac

New purchases and guarantees of mortgages and mortgage securities at Freddie Mac increased 21 percent in 2005 to $718 billion. Despite having accounting, control, and systems problems similar to Fannie Mae, Freddie Mac grew its retained mortgage portfolio in 2005 and at a more rapid pace than the previous year. Over the last three years, the total growth was 20 percent. Freddie Mac grew its mortgage portfolio slowly in the first half of the year and aggressively in the final two months of the year. For the year, Freddie Mac's retained mortgage portfolio grew about 9 percent, to $709 billion, almost level with Fannie Mae's. Most of that growth resulted from investments in AAA-rated private-label mortgage securities. The Enterprise's outstanding MBS increased 14 percent in 2005 compared to 11 percent the year before, to $974 billion, which is 61 percent of Fannie Mae's outstanding MBS.

Both Fannie Mae and Freddie Mac reported that they were profitable in 2005. Freddie Mac's net income, measured in accordance with generally accepted accounting principles (GAAP), declined for the third consecutive year in 2005, about 20 percent, to $2.13 billion. The decrease reflected lawsuit settlement, effects of hurricane Katrina, diminished margins, and accounting changes. In light of the ongoing restatement of its financials, GAAP earnings in 2005 for Fannie Mae have not yet been disclosed. However, estimated financial information provided by Fannie Mae, based on the application of accounting policies currently under review, indicates that combined with dividend payments, profitability was substantial for the year. GAAP earnings as reported by Freddie Mac and as estimated by Fannie Mae continue to be highly erratic from quarter-to-quarter and year-to-year. That reflects, in part, GAAP's requirements to mark some balance sheet items to market, while other items are not, creating difficulties in interpretation. Analyses of fair value balance sheets and causes of changes in them from period to period, however, support the conclusion that the business of both Enterprises remains economically sound.

Fannie Mae estimated its administrative expenses at $2.18 billion in 2005. That represented an increase of 44 percent or $671 million from the previous year. The Enterprise attributes the higher amount to costs associated with the restatement process and related regulatory examinations. Freddie Mac reported that its administrative expenses at $1.5 billion were relatively unchanged from the year before.

Credit risk at both Fannie Mae and Freddie Mac remained low in 2005, although delinquency rates rose following hurricane Katrina at both Enterprises. Freddie Mac's total single-family delinquency rate declined from 73 to 59 basis points in January to September, but rose to 69 basis points by year's end. Similarly, the single-family delinquency rate at Fannie Mae fell during the first nine months of the year, to a low of 59 basis points in September, but ended the year 14 basis points higher than it started, to 77 basis points.

With relatively stable long-term interest rates during most of 2005 and continued extensive hedging activities, interest rate risk was relatively low at both Fannie Mae and Freddie Mac during most of the year. The duration gap at Fannie Mae averaged zero months, whereas the duration gap and portfolio market value sensitivity (PMVS) at Freddie Mac averaged zero months and one percent, respectively.

Because of a high state of operational risk, OFHEO continued to require Freddie Mac to maintain core capital 30 percent higher than its regulatory minimum capital level. At year-end, the Enterprise's capital of $36.0 billion exceeded its requirement by $3.9 billion and amounted to 4.5 percent of its assets, up from 4.4 percent. After finding serious problems at Fannie Mae, OFHEO also required an additional 30 percent there. Accordingly, Fannie Mae raised its core capital to $38.1 billion, $1.1 billion above the adjusted requirement. That was 4.6 percent of estimated assets, up sharply from 3.2 percent of estimated assets a year earlier.

SUPERVISORY ACTIONS IN 2005

Enforcement

On September 9, 2005, OFHEO and Freddie Mac entered into a Consent Agreement to settle an administrative enforcement action against the Enterprise with respect to matters related to conduct and violations that contributed to improper management of earnings and a resulting restatement of earnings. Freddie Mac previously paid a $125 million civil money penalty and agreed to other corrective measures pursuant to a Consent Order with OFHEO dated December 9, 2003. OFHEO continues to pursue related administrative charges against Vaughn Clarke, Freddie Mac's former CFO, and Leland Brendsel, Freddie Mac's former CEO and Chairman, seeking civil money penalties and other relief. In 2006, Freddie Mac settled a shareholder lawsuit for $400 million.

Supervision

Fannie Mae

OFHEO continues its review of Fannie Mae's accounting policy, internal controls, and financial reporting processes as part of the special examination of Fannie Mae. OFHEO released its report of the review on May 23, 2006 and at the same time entered into a new agreement with the Enterprise. OFHEO will continue investigating whether enforcement actions against any parties are warranted.

OFHEO continues to monitor compliance of Fannie Mae with its Agreement of September 27, 2004. That Agreement directs Fannie Mae to maintain a 30 percent capital surplus over its minimum capital requirements due to uncertainties in the financial statements and operational weaknesses. Subsequent to that Agreement, the Securities and Exchange Commission directed Fannie Mae to correct certain accounting deficiencies and restate published financial statements. The restatement resulted in a multi-billion dollar estimated cumulative reduction in core capital as of September 30, 2004, which led OFHEO to classify Fannie Mae as significantly undercapitalized for the last quarter of Fiscal Year 2004 and first quarter of Fiscal Year 2005. In response to the determination that it was significantly undercapitalized, Fannie Mae filed a capital restoration plan. OFHEO approved the capital restoration plan on February 17, 2005. OFHEO classified Fannie Mae as adequately capitalized in March 2005, and continues to monitor Fannie Mae's compliance with the September Agreement and the capital restoration plan.

On March 7, 2005, OFHEO entered into a Supplemental Agreement that requires Fannie to correct inadequacies in internal controls, corporate governance and accounting systems. The Supplemental Agreement further requires Fannie Mae to conduct a restatement of prior period financial statements as necessary. OFHEO continues to monitor Fannie Mae's compliance with the Supplemental Agreement.

The May 23, 2006 agreement with the Enterprise commits Fannie Mae to a significant number of remedial steps, including halting growth in its retained mortgage portfolio, reviewing current and former employees for disciplinary action and possible restitution; implementing plans to resolve accounting, internal control, corporate governance and risk management weaknesses; maintaining the capital surplus requirement; agreeing to oversight by OFHEO of senior officer appointments; and committing to cooperate with OFHEO on any enforcement actions. Fannie Mae agreed to pay a $400 million penalty to the government. (http://www.ofheo.gov/media/pdf/settlementrelease.pdf)

Freddie Mac

OFHEO continues to monitor Freddie Mac's compliance with the Consent Order of 2003 and with the capital directive requiring capital surpluses to be maintained at a target level of 30 percent over the calculated requirement.

OFHEO and the Department of Housing and Urban Development (HUD) cooperated in a review of Freddie Mac's commercial mortgage-backed securities. HUD's Office of Government Sponsored Enterprises issued an opinion that certain mixed-pool commercial mortgage-backed securities of Freddie Mac are non-compliant with Freddie Mac's charter. OFHEO is monitoring Freddie Mac's response to this opinion and plan for achieving compliance with its charter.

Other Supervisory Initiatives

On September 1, 2005, Fannie Mae and Freddie Mac entered into formal agreements with OFHEO to establish enforceable commitments in the areas of subordinated debt, liquidity management and public disclosures. Issuances of subordinated debt, when made, will be part of OFHEO quarterly reports.

REGULATIONS AND GUIDANCE

Regulations

On April 6, 2005, OFHEO published in the *Federal Register* a final regulation amending its corporate governance regulation. The amendment updates corporate governance provisions to enhance the oversight responsibilities of the Enterprise Board of Directors, to address audit partner rotations, to require the Enterprises to establish audit, compensation and nominating/corporate governance committees, to address compliance with the Sarbanes-Oxley Act and the rules of the New York Stock Exchange, to require the Enterprise to establish a written code of conduct and ethics, to require the Enterprise chief executive officer and chief financial officer to certify quarterly and annual reports, and to enhance generally the disclosures required of the Enterprises and reduce the potential for future corporate misconduct; 12 C.F.R. Part 1710.

On July 28, 2005, OFHEO published in the *Federal Register* a final regulation related to mortgage fraud reporting. The mortgage fraud rule requires the Enterprises to report mortgage fraud and possible mortgage fraud to OFHEO on a timely basis and to undertake training programs for fraud detection; 12 C.F.R. Part 1731.

On August 30, 2005, OFHEO published in the *Federal Register* a final rule amending Subpart E of OFHEO's Rules of Practice and Procedure to adjust for inflation the maximum amounts of civil money penalties OFHEO may assess; 12 C.F.R. Part 1780.

On October 13, 2005, OFHEO published in the *Federal Register* a revision to its organization regulation to reflect organizational changes and the creation of a new Office of Executive Director; 12 C.F.R. Part 1700.

On December 9, 2005, OMB returned, for further consideration by OFHEO, a draft proposed amendment to OFHEO's corporate governance regulation which would have prohibited the Enterprises from indemnifying directors and executive officers for civil money penalties and restitution or recoupment orders assessed against them in actions initiated by OFHEO. OFHEO continues to review approaches to addressing indemnification issues, including examination guidance.

Guidance

OFHEO issued an examination guidance dated May 20, 2005 to augment the corporate governance regulation. The guidance amplifies the oversight responsibilities of the Enterprise Board of Directors, suggests that the Enterprise should separate the functions of the chairperson of the board and the chief executive officer, and should separate the risk management function and control function (oversight of accounting and financial reporting), among other things; (Examination Guidance for Corporate Governance Rule; available at www.ofheo.gov).

OFHEO issued a policy guidance dated July 25, 2005, setting forth procedures for reporting by the Enterprises of mortgage fraud and possible mortgage fraud; (Examination for Mortgage Fraud Reporting; available at www.ofheo.gov).

OFHEO issued a policy guidance dated February 22, 2005, setting forth procedures for reporting by the Enterprises of the occurrence of certain investigations or legal proceedings to OFHEO; (Safety and Soundness: Reportable Legal Proceedings; available at: www.ofheo.gov).

On September 7, 2005, OFHEO published in the *Federal Register* a notice of regulatory review and requested comments from the public on whether existing regulation have become inefficient or burdensome and need to be amended, appealed, or whether less formal guidance should be issued; 12 C.F.R. Ch. XVII.

OFHEO ACTIONS ON EXECUTIVE COMPENSATION

OFHEO's enabling statute and the Enterprise charter acts charge the Director of OFHEO with oversight responsibility in the area of executive compensation. OFHEO's statute requires the Director to prohibit an Enterprise from providing excessive compensation to any executive officer. Specifically, the statute provides that compensation must be reasonable and comparable with compensation paid by other similar businesses to executives having similar duties and responsibilities. "Similar businesses" include publicly held financial institutions or major financial services companies.

The Enterprise charter acts require the companies to obtain the prior approval of OFHEO's Director before entering into or changing termination agreements with their executive officers. The Director may not approve any such agreement unless the Director determines that the benefits provided thereunder are comparable to benefits provided under such agreements for officers of other public and private entities involved in financial services and housing interests who have comparable duties and responsibilities.

In addition to the requirements noted above, the Fannie Mae Capital Restoration Plan approved by OFHEO in February 2005 requires that the Enterprise obtain OFHEO's prior approval for all payment of bonuses or other non-salary cash or stock-based awards to executive officers.

Also in 2005, OFHEO promulgated a final Corporate Governance rule that includes several requirements in the area of executive compensation. Specifically, the rule:

- Requires reasonable and appropriate compensation for directors, officers and employees, highlighting the need to avoid compensation incentives that excessively focus on short-term earnings;
- Requires that compensation programs consider risk management, compliance with the law and operational stability in addition to earnings; and,
- Requires reimbursement by a senior officer if an accounting restatement is required under certain circumstances.

OFHEO's investigations of both Freddie Mac and Fannie Mae found incentives focused primarily on short-term earnings to be instrumental in leading to improper conduct. Both companies have now revised their corporate goals to encompass both achieving their broader public mission and presenting the public with accurate and verifiable financial statements. Success in achieving the corporate goals has a major role in determining executive compensation.

In addition to approving eight agreements that provided termination benefits to Enterprise executive officers, OFHEO reviewed a substantial number of compensation actions for which OFHEO's prior approval is required under the Fannie Mae Capital Restoration Plan. Both companies have significantly restructured reporting lines and responsibilities, and OFHEO also advised each Enterprise of executive officers who are subject to its oversight based on the organizational changes within each company.

OFHEO RESEARCH AND PUBLICATIONS

During 2005, OFHEO continued to focus its research plans and activities on a variety of topics that assist the agency in achieving its three strategic goals: 1) Ensure the Enterprises comply with safety and soundness standards, are adequately capitalized, and comply with other legal requirements; 2) Enhance public understanding of the nation's housing finance system; 3) Contribute to Federal efforts to promote efficient and effective financial markets and homeownership. This year, OFHEO continued to place a priority on research and analysis of issues for its internal use, primarily related to analyzing risk and capital adequacy and improving the House Price Index. OFHEO also continued its practice of publishing reports and papers, and posting information on its web site, to better inform interested parties about the issues OFHEO addresses regarding the Enterprises and the secondary mortgage market. The papers and reports are the result of research and analysis accomplished throughout the year. OFHEO research papers and reports are available at www.ofheo.gov. OFHEO researchers also presented papers and led discussions at professional and industry conferences on topics related to the regulation of the Enterprises.

OFHEO released two research papers during 2005. In July, OFHEO published "Single-Family Mortgages Originated and Outstanding: 1990-2003" which presents statistics for single-family mortgages originated and outstanding by loan type for calendar years 1990 through 2004. Statistics are provided for conventional and government-insured or –guaranteed loans and, within each of those sectors, for fixed-rate and adjustable-rate mortgages (FRMs and ARMs). Conventional loans are also divided into jumbo and non-jumbo loans. OFHEO developed the estimates to give policymakers and the public a statistical baseline for the single-family mortgage market since 1990. The paper was prepared to enhance public understanding of the United States housing finance system. In February 2006, OFHEO published an update to the data tables (through the third quarter of 2005) and to the assumptions used in developing the estimates.

"Mortgage Markets and the Enterprises in 2004," released in August, is another OFHEO annual publication which reviewed developments in the housing sector and the primary mortgage market, the secondary market activity of Fannie Mae and Freddie Mac, and the financial performance of the Enterprises in 2004.

In May and in October, OFHEO also released updates to the public version of the software to run the risk-based capital stress test, along with a stylized data set to use in the model. By running the data for this hypothetical firm through the stress test model, a member of the public can better understand the sensitivities and implications of the stress test.

Each year OFHEO publishes the maximum conforming loan limit for single-family mortgages purchased by Fannie Mae and Freddie Mac. In November 2005, OFHEO announced that the 2006 limit could be no higher than $417,000 for one-unit properties. Effective January 1, 2006, the Enterprises' conforming loan limit for larger properties applies as follows: Two-unit mortgages were limited to $533,850; three-unit mortgages: $645,300; and four-unit mortgages: $801,950. The limit in statutorily designated high-cost areas (Alaska, Guam, Hawaii, and U.S. Virgin Islands) is 50 percent higher, for example, $625,500 for a one-unit single family mortgage. For second mortgages, the 2006 limit is $208,500. In the designated high-cost areas this is $312,750. OFHEO began calculating and publishing these maximum conforming loan limits in FY 2004.

OFHEO also continued quarterly publication of its House Price Index (HPI), which uses Enterprise data to calculate changes in house prices for the nation as a whole, the nine Census Divisions, the 50 states and the District of Columbia, and 379 Metropolitan Statistical Areas or Metropolitan Divisions. The HPI is based on an analysis of data from over 30.7 million repeat transactions over the past 30 years. OFHEO developed the HPI as a key input for its risk-based capital stress test. It is now regularly reported by media organizations throughout the nation and used by researchers to analyze house price behavior (map on following page).

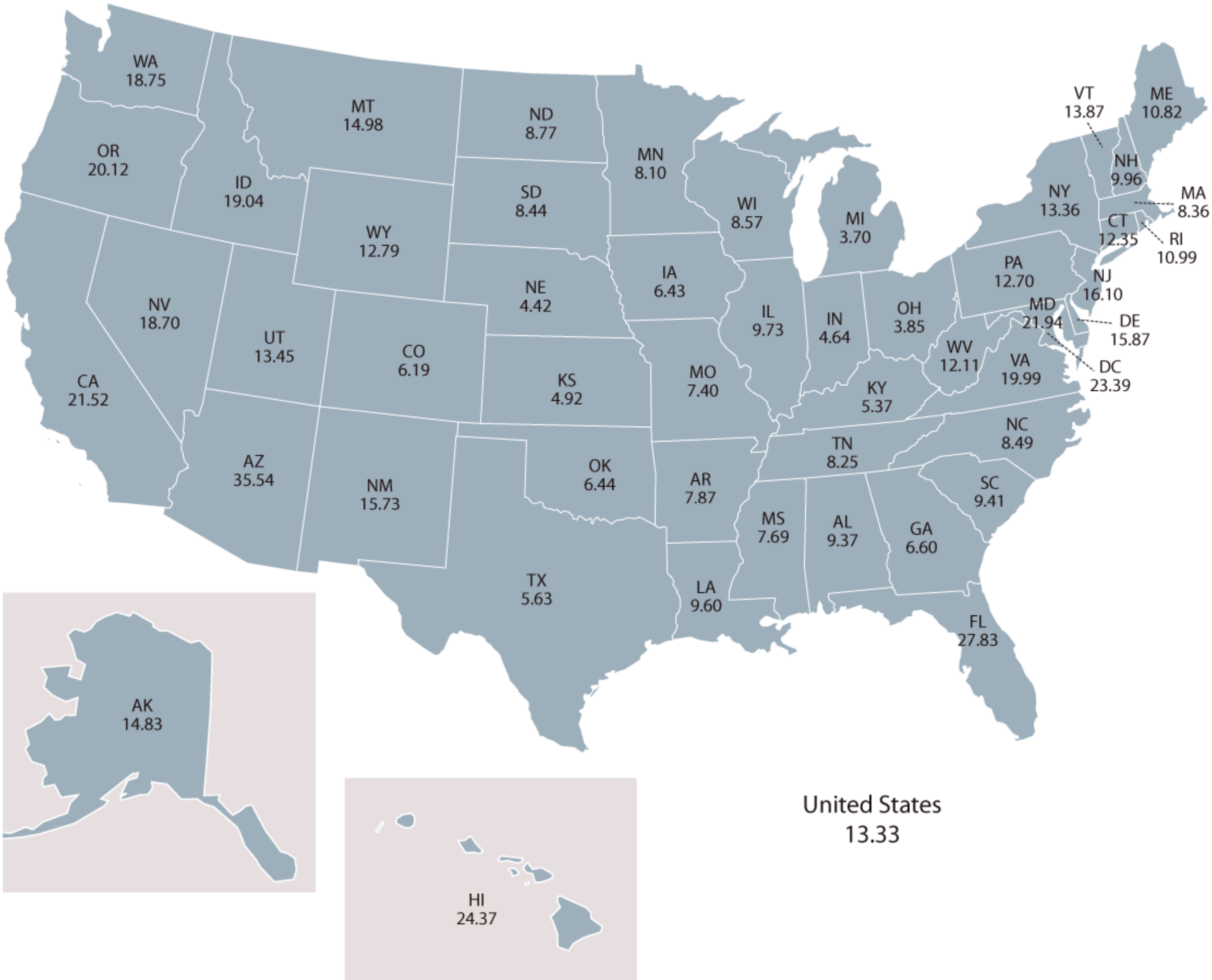
Since 2004, OFHEO compares the HPI, an index that includes mortgages used for both purchases and refinancings, with an index based solely on purchase price data to isolate the effect of refinancing on the overall HPI. OFHEO periodically features reports on timely issues in the quarterly HPI report. In the September report, recognizing that homebuyers are increasingly financing relatively expensive homes with a combination of conforming mortgages and second liens, OFHEO reported on the inclusion of expensive homes in the HPI.

In response to the recent hurricanes in the Gulf States, the HPI report issued in December 2005 included an analysis of the effects of Hurricane Andrew in 1992. Although Hurricane Katrina's destruction to several Gulf States is unique in many ways, the effects of Hurricane Andrew—America's second most destructive hurricane—on real estate prices in Florida provide some insight into price effects that may result. Because the HPI data used in the December 2005 release contained limited information on Katrina's immediate impact, a direct assessment of the overall housing market impact of Katrina was not yet possible. OFHEO began reporting on initial indications of Hurricane Katrina's effects on housing markets in Louisiana and Mississippi in March 2006.

In November 2005, OFHEO published its first Performance and Accountability Report (PAR) which describes OFHEO's accomplishments and how OFHEO met its performance goals during the fiscal year. The PAR also contains the audited financial statements for Fiscal Year 2005. In prior years, OFHEO issued separate annual performance reports and audited financial statements. OFHEO elected to issue a PAR to improve transparency and the public's understanding of how OFHEO operates.

OFHEO HOUSE PRICE INDEX
U.S. MAP

Fourth Quarter 2004 – Fourth Quarter 2005



FINANCING OFHEO'S OPERATIONS

OFHEO'S BUDGET

The business operations of OFHEO are not financed by taxpayer funds. The annual operating budget, however, undergoes the Federal budgeting and appropriations process and is constrained by the amount appropriated by Congress and signed into law by the President. The amount provided for by the appropriations process is offset by semi-annual assessments from Fannie Mae and Freddie Mac.

After 60 days of operating under continuing resolutions, OFHEO received its full Fiscal Year 2006 budget request of $60 million on November 30, 2005. This will fund proactive oversight activities of the Enterprises through examination, compliance, accounting oversight and capital review and adequacy programs.

Congress is considering legislation that would transfer all resources available to OFHEO to a new, strengthened housing government sponsored enterprise regulator, outside of the appropriations process. Absent legislative change, however, OFHEO will continue to be subject to the appropriations process.

The Administration proposed a Fiscal Year 2007 budget of $62 million to fund OFHEO's operations. This request may need to be supplemented to support requirements for legal services identified as a result of the Report of the Special Examination of Fannie Mae.

OFHEO CONTINUES TO RECEIVE UNQUALIFIED AUDIT OPINION IN FISCAL YEAR 2005

In conjunction with the goal of the government to improve accountability, OFHEO prepared financial statements for Fiscal Year 2005 and subjected these statements and underlying processes to an independent audit. The certified public accounting firm of Dembo, Jones, Healy, Pennington and Marshall audited the statements. The firm issued an unqualified audit opinion on OFHEO Fiscal Year 2005 financial statements, found no material weaknesses in internal controls, or instances of non-compliance with laws and regulations. While not required by law, OFHEO voluntarily began obtaining outside audit reviews of its financial statements in Fiscal Year 1998. Fiscal Year 2005 represents the eighth straight year OFHEO has received a clean, unqualified audit opinion and also the first year OFHEO has operated its own accounting system. Fiscal Year 2005 is also the first time OFHEO has issued a Performance and Accountability Report (PAR) which can be viewed at www.ofheo.gov/media/pdf/OFHEOPARNovember2005.pdf.

ANNUAL REPORT TO CONGRESS
Examination Year: 2005

Federal National Mortgage Association/Fannie Mae
3900 Wisconsin Avenue
Washington, D.C. 20016

EXAMINATION AUTHORITY AND SCOPE

Examination Authority and Reporting Convention

The Report of Examination contains the results and conclusions of OFHEO's 2005 annual examination of the Federal National Mortgage Association ("Fannie Mae" or the "Enterprise") performed under section 1317(a) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 USC 4517(a)). The OFHEO annual examination program assesses the Enterprise's financial safety and soundness and overall risk management practices. OFHEO utilizes a "CAMELS" methodology (Capital Adequacy, Asset Quality, Management, Earnings, Liquidity, and Sensitivity to Market Risk) similar to those adopted by the federal depository institution regulators to report examination results and conclusions to the Enterprise's Board of Directors and to Congress.

Examination Scope

Examination activities conducted during 2005 were primarily devoted to the progress in remediation to meet OFHEO's Agreement requirements, and a broad-based review of several activities in each business unit to obtain an overview of the Enterprise's strengths and weaknesses. Target examinations included reviews of business centers involved in several aspects of credit risk management, processes used to develop and validate models, front and back office activities for liquidity and interest rate risk management, information technology controls over end-user computing applications and database modification, and several systems supporting finance and the retained portfolio. The examination of many key areas in counterparty risk will be completed in 2006.

The scope was limited in several areas due to the broad-based examination approach used this year, and the extensive use of resources to complete the Special Examination. Board supervision and specifics concerning accounting issues are covered in the Special Examination, which was released May 23, 2006.

This report is structured so that the first few paragraphs in each section provide an overview of the conclusions and scope, and the following paragraphs provide the detail and support for the overview.

EXAMINATION RESULTS AND CONCLUSIONS

The Enterprise is a supervisory concern due to the enormity of issues that management must prioritize and address to improve data, systems, controls, communication, risk measurement and management as well as process efficiency and systems flexibility to remain competitive in the future business environment. The pervasive deficiencies stem from past management actions that deemphasized internal controls and risk management, focused on expense control, established an organizational structure that impeded internal controls, and employed too few personnel who emphasized or understood industry standards for internal controls and risk management. Issues noted during 2005 include:

- Non-existent, poor, or manually intensive controls for business processes constituted deficiencies or inefficiencies in most business activities. The focus on front office activities and emphasis on expense control adversely impacted the development and review of controls. The information technology (IT) function's lack of authority to control the business units' IT decisions allowed the business units to develop a poorly integrated mesh of databases and systems without common rules or practices.

- Deficiencies in data, systems, controls, practices, risk metrics, and reports prevented or impeded many aspects of performance and risk management. Current systems do not fully support new products. Despite these deficiencies, the major risks in interest rate, liquidity, and credit were controlled at reasonable levels.

- Restatement work strained resources and significantly delayed important model and systems projects until the restatement work can be completed. The implementation of several important models and the independent validation of several models of moderate to higher significance have been delayed.

- Staff levels for future ongoing operations are deficient, and will require a significant increase in personnel to properly conduct controls and risk management in many business lines. Critical staff shortfalls existed in the Treasurer, Controller and Chief Risk Officer divisions at year end 2005. Consultants addressing restatement and organizational structure issues represent more than 40 percent of the Enterprise's workforce, and are approaching the maximum level that can be effectively managed.

- Management's and staff's knowledge and practice of financial industry standards for controls, risk management, and operational discipline vary widely throughout the Enterprise, and contributed to deficiencies in operational, performance, and risk management. Cultural change throughout the Enterprise will require continuing effort.

- Business unit policies and written procedures are deficient. The Board approved several risk policies around year end 2005, but the policy for operational risk is still in its initial stages. The lack of clear, concise, or documented policies and procedures contributed to risk management deficiencies.

- Several Board and management reports lacked meaningful, accurate, or complete information. Performance and risk metrics are deficient or incomplete for many areas, impeding the analysis and communication of risk.

- Significant deficiencies in credit risk management in the Single-Family and Housing and Community Development (HCD) business functions impact management's ability to optimize their control over expenses. Data and systems deficiencies produce some incomplete or inaccurate reports, impeding effective performance and risk management, and limit the ability to respond competitively.

- Critical components of the methodology used to estimate loan loss reserves were not complete at year end 2005.

- Processes and controls for obtaining asset liquidity in a stress environment are satisfactory but inefficient.

- There was a lack of independence in wire transfer cash disbursements, Capital Markets back office access to and confirmation of subsequent event transactions, and the pricing of financial instruments in the process from the Capital Markets business unit through the Controller department.

- Capital Markets data and/or systems deficiencies required manually intensive and inefficient generation of information that introduced some level of uncertainty in interest rate risk measurement, impacted access controls to some systems, and contributed to two missed debt call dates.

- The internal audit program was weak but improving at year end 2005. The Chief Risk Officer and Compliance functions were in their initial stages, and require additional staffing, and significant time and effort to become fully operational.

Management has begun implementation of their program to address the Enterprise's deficiencies. However, project management and coordination is complex, and will require significant time, effort, and resources to complete. Restatement delays and new projects with hard deadlines impact and delay important but necessarily lower priority projects such as the implementation and validation of several models, and the replacement of legacy systems used for ongoing operations. Resources will remain strained until restatement efforts are completed.

Many milestones should be achieved in short and mid-term timeframes in such areas as management policies, written procedures, risk metrics, interim controls, staffing levels, and deficiencies and inefficiencies in reports, processes and controls associated with stand alone information technology systems. However, full correction of issues impacted by the main database, platform, and systems integration are expected to require three to five years.

MATTERS REQUIRING BOARD ATTENTION

The year 2005 focused on meeting the restatement and other requirements in OFHEO's agreements, discovery of issues within the Enterprise, and developing a plan to address them. Management's efforts during 2006 will be centered on the prioritization and implementation of that plan, and ensuring that industry standards; a formal structure for risk communication, decision making, and strategic planning; and accountability in clearly defined responsibilities are firmly embedded in the Enterprise. When monitoring management's programs to address these issues, the Board should provide strong oversight for the following key activities:

- ***Project Management.*** Monitor project management for operations, information technology, and internal control issues. Evaluate the Enterprise-wide plan for the prioritization and coordination of projects, and the impact and reasons for delays. Ensure interim processes and controls are implemented and regularly audited until long term, sustainable solutions for data and systems are complete.

- ***Corporate Governance.*** Ensure management addresses cultural issues in committee and business units impacting accountability, responsibilities, controls, coordination, and risk management. Ensure management completes a formal structure for decision making, business unit risk management, optimized pricing and expenses, and coordinated and rationalized strategic planning. Ensure business unit policies and written procedures are completed, and that all policies and limits are periodically updated, and incorporated into business practices.

- ***Enterprise-wide Risk and Performance Management.*** Ensure management improves the measurement and communication of risks, performance, and operational errors through corporate-wide and business unit metrics, and reports for the Board and management that meaningfully display key metrics and issues.

- ***Industry Standards.*** Ensure management expeditiously incorporates financial industry standards throughout the Enterprise through new hires and a comprehensive training program.

- ***Human Resources.*** Ensure management fills the remaining vacancies in critical management and staff positions, and contractors have sufficient time to pass on needed information to the permanent staff before they leave.

- ***New Product Management.*** Ensure management has completed an infrastructure that has sufficient data, systems, controls, reports, and personnel in place before the Enterprise significantly engages in new products.

MANAGEMENT SUPERVISION

Past executive management established an organization that provided insufficient monitoring, control, and coordination of business units. These deficiencies led to significant issues in operations controls, information technology (IT) effectiveness and flexibility, and risk measurement, management, and communication throughout the Enterprise. The quality of management and controls varied widely due to the lack of corporate standards and the relative autonomy of the business units. The ability to communicate within the Enterprise was impeded by an insufficient committee structure, poorly defined authority and responsibilities, deficient risk metrics, and a lack of a common language or universal understanding of terms used to communicate risk and performance. Issues noted in 2005 include:

- Corporate risk policies did not exist until late 2005, and business policies and written procedures were deficient throughout the Enterprise.

- Rigid and uncoordinated databases, systems, and applications in business units because the IT business unit did not have sufficient authority to standardize other business units' IT projects.

- Business units focused on front office activities and corporate pressure for expense control led to deficient operational controls and staff levels needed to implement controls.

- Poor coordination of products, services, and projects that crossed business lines.

- Committee structures that varied in sufficiently vetting the risks and performance of products, models, and projects.

- Performance and risk metrics were deficient or incomplete for many areas, impeding the analysis and communication of risk.

- Insufficient analysis of some credit risks due to poor data and systems coupled with insufficient rigor by the analysts.

- Expertise in controls, risk management, and operational discipline varied widely among management and staff. Cultural change throughout the Enterprise will require continuing effort.

Executive management has prioritized the Enterprise's issues and devoted significant resources to develop a roadmap and initiate a program that addresses the requirements in OFHEO's Agreements and other deficiencies within the corporation. Organization structural changes mandated in the Agreements are nearly complete. A substantial number of personnel in key positions have been replaced with technically competent management and staff who bring needed industry standards, and the knowledge and drive to develop programs that correct the Enterprise's significant deficiencies.

Management has begun implementation of their longer term program to address the Enterprise's deficiencies. Project management and coordination is complex, and will require significant effort, resources, and several years to fully complete. Multiple, concurrent projects strain resources, and increasingly delay projects that are critical but lower priority than the restatement and related controls. However, several aspects of the restatement can be leveraged into completing the financial transformation project for systems that will produce financial statements in the future. New corporate priorities and objectives appropriately focus on stabilizing the Enterprise, instilling operational discipline and changing the corporate culture.

Organizational changes that have revised or created new management committees have improved the structure, and begun to improve the communication and coordination in business practices and risk management. Revised or new committees have been established for all business units, and several executive and senior management level committees coordinate products, practices, and responsibilities across business lines. In addition, executive management has begun to change the corporate culture, in part, through knowledgeable new hires who have injected industry standards and practices into the areas in which they work.

Management is working to meet the Agreements' requirements regarding organizational structure, corporate risk policies, hiring key management to fill new or vacant positions, and interim controls on end-user computing applications and database modifications. Implementation and full compliance will take time and major effort for other Agreement provisions concerning restatement, data, systems, controls, and accounting methods and policies.

Independent Oversight: Audit, Compliance, and Chief Risk Officer

The audit department was weak through most of 2005, the Compliance program was deficient and lacked independence, and the Chief Risk Officer department was insufficiently staffed and not fully developed. Management made progress during the second half of the year in correcting deficiencies in the audit and compliance programs, and building the Chief Risk Officer function. These programs and functions are in their initial stages, and require additional staffing, and significant time and effort to become fully operational.

The Office of Audit (OA) through most of 2005 was weak due to insufficient levels and expertise in staff, and an audit program that did not adequately identify or communicate the risks in the Enterprise. In addition, deficiencies that were identified by audit were sometimes not corrected because auditors would sign off before the business units finished corrections and/or the business units failed to maintain corrections after audit's sign off. In July 2005, a new Chief Audit Executive (CAE) was given appropriate independence and authority, and began implementing a satisfactory program which management expects will address all significant audit program deficiencies by year end 2006.

The audit program exhibited deficiencies in nearly every process, and several of the auditors did not have the appropriate skills to satisfactorily evaluate many of the deficiencies in the Enterprise. These program and skill deficiencies led to the incomplete identification or reporting of deficiencies, and audit ratings that did not accurately reflect many significant issues in the Enterprise's processes and controls. Program deficiencies included:

- Inadequate methodologies for risk allocation and sample sizes.
- Oversized auditable entities or audit scopes that led to less accurate and less severe audit ratings.
- Audit procedures that often focused on transactions rather than testing controls.
- No maximum time periods between audits, allowing several areas to remain unaudited for extended periods.
- Some deficiencies were recorded as fully corrected if the business unit was near completion or had a plan to correct the deficiency.
- Improper classification of severe deficiencies in workpapers, which led to less severe ratings for the overall audit.
- Inefficient tracking and controls for the audit program.

Reports for specific audits and management summaries adversely impacted the communication of audit results. Audit reports provided a list of deficiencies, but often did not explain the root causes of the issue, or group the issues by root cause. Audit reports provided overall ratings, but did not rate the individual deficiencies noted in the audits. Summary reports listed deficiencies, but did not group, weight, or otherwise summarize the Enterprise's deficiencies in a meaningful way.

The original Compliance function was deficient, failed to provide sufficient oversight, and lacked independence. The function had insufficient staff levels to properly complete its mission, and was run by the lawyer also responsible for defending the Enterprise in litigation brought by employees. In the second half of 2005, a new Compliance department was initiated with functions and an organizational structure that meets the requirements of

OFHEO's supplemental agreement. The Chief Compliance Officer plans to train and advise the business units on ethical issues, oversee the compliance function throughout the Enterprise, conduct internal investigations, and oversee reporting to regulatory agencies. However, the program is in its initial stages, and many positions are still vacant. The Compliance department is expected to be fully staffed and functional during 2006.

An independent Chief Risk Officer (CRO) function did not exist prior to 2005. Progress has been made in establishing this function, but significant work and time, and additional staff will be required before the CRO department is fully functional. Progress was made in 2005 but the results of most of these efforts were achieved late in the year. The CRO department's organizational structure meets the requirements in OFHEO's Agreements.

In 2006, the deputy CRO refined the department's organizational structure and functions, began hiring the managers for each function, and made significant progress in developing many of the Board's risk policies, a risk report package for the Board, and the CRO's model validation processes. Many policies still need to be implemented, and the model validation program is only in its initial stages. A new CRO was hired in June 2006 and most function managers have been hired, but a significant number of staff positions remain vacant. Additional work is required before risk information can be aggregated.

Operations, Information Technology, and Internal Controls

Operations controls are weak. Nonexistent, poor or manually intensive controls for many processes constituted moderate to significant deficiencies throughout the Enterprise. The pervasiveness of operational deficiencies stems from a culture that deemphasized internal controls, focused on expense control, established an organizational structure that impeded internal controls, and employed too few personnel who emphasized or understood industry standards for internal controls. The recent Sarbanes Oxley (SOX) review identified pervasive control deficiencies, which must be addressed before the external auditor can provide an unqualified opinion on the Enterprise's internal control structure.

Most of the Enterprise's information technology (IT) back-end and accounting applications are legacy systems. The legacy systems were deficient for accounting and several types of transactions, but provided stable performance for traditional loan product transactions due to support by experienced teams with the knowledge and skills to meet production challenges. In addition, the Enterprise has invested heavily in running a reliable foundation technology environment and implemented their second production data center in 2005. However, their legacy business systems are proprietary or heavily modified vendor systems built to rigidly meet business unit specifications from years past. This approach adversely impacted internal controls and the quality of some information used to manage the Enterprise, and resulted in the use of systems that were difficult and expensive to modify and control. In addition, these systems have made the Enterprise increasingly uncompetitive due to their limitations in accommodating new products and higher volumes of transactions.

The Enterprise Systems and Operations' (ESO) lack of authority to control business units' IT decisions allowed the business units (BU) to develop a poorly integrated mesh of databases and systems without common rules or practices. While Enterprise Systems and Operations has technology standards, the business units' focus on expense control resulted in BUs defining narrow, single purpose applications that were poorly integrated. In the second half of

2005, Enterprise Systems and Operations began implementing several control efforts to improve standardization over time.

Executive management employed massive resources during 2005 to discover or address the plethora of internal control and IT deficiencies. Actions and resources have been appropriately focused on controls related to SOX compliance. Efforts to address internal controls in 2005 were centered in identifying and cataloging the issues, defining and initiating an organizational structure for better control and risk management, and allocating a dedicated staff to address the most significant of the known deficiencies. The strain on resources has delayed needed changes to ongoing operations, but has been partially mitigated through the hiring of additional qualified staff and extensive use of consultants. Consultants provide sufficient IT support, but they are approaching maximum levels that can be effectively managed.

Nonexistent, poor or manually-intensive controls for business processes constituted significant weaknesses throughout the Enterprise.

The organization structure was largely decentralized, with operations managed within uncoordinated silo business lines. Business unit (BU) management invested in single purpose applications developed using non-standard rules and practices. The rigid systems impeded coordination of shared information, functionality, or product lines among business units, and led to the extensive use of inadequately controlled adaptations such as end user applications, database modifications, and on top adjustments in accounting and risk management to meet changing business needs. In addition, BU management's focus on front office activities and emphasis on expense control prevented the development of sufficient controls or the allocation of sufficient resources to review controls.

Systems deficiencies led to inefficient manual work arounds for processes in many areas. These manual processes were subject to error, prevented or impeded necessary controls, and generated key person dependencies. In addition, systems changes were sometimes not documented, creating unanticipated errors when the systems were later modified. These errors occurred because the system modifiers had limited documentation to help them understand the impact of code changes. Errors noted in 2005 include:

- Single-family securities at $7 billion were misclassified as multi-family securities in the interim financial information report released to the public monthly.
- Mortgage revenue bond commitments at $1.7 billion were not recorded in trading room systems.
- Errors in adjustable rate mortgage (ARM) features were released to the investor public that impacted investors' ability to re-securitize some ARM MBS into larger securities.
- Personnel were paid three times in one pay period.

Business unit policies and written procedures were incomplete, poorly written, or nonexistent. The lack of and the varying quality in policies and procedures were due to the business unit's control of this function and the lack of requirements and standardization by executive management. Reviews being conducted by the Chief Risk Officer, internal audit, and the SOX compliance function in 2006 are expected to ensure management develops and employs the necessary policies and procedures.

In 2005, the Chief Risk Officer's SOX review revealed pervasive deficiencies in controls that fall within and beyond the scope of SOX. Deficiencies in IT controls were high: in 64 financial reporting applications**,** over 90 percent had deficiencies in access control, logging and monitoring, and change management. In addition, 96 percent of the 110 financial reporting end-user computing applications failed SOX control tests.

An operations risk framework was developed in late 2005 that is expected to establish appropriate business unit and Chief Risk Officer oversight, and centralized major operations. A dedicated team in Enterprise Systems and Operations is in the process of cataloging the known SOX deficiencies, and is grouping them by root cause to ensure consistent remediation throughout the Enterprise. In early 2006, management developed and began implementing a rationalized and prioritized program to provide permanent solutions for known deficiencies. Enterprise Systems and Operations and business unit management have implemented effective interim controls in areas such as database modifications and end user computer applications.

Rigid legacy systems have adversely impacted controls, the quality of information and systems functionality, and have made the Enterprise increasingly uncompetitive over time. Executive management employed massive resources during 2005 to address IT deficiencies and issues, and implement base capabilities for servicer and investor reporting.

The legacy systems' deficiencies prevent or impede accuracy or completeness in reports, risk management, performance measurement, and transactions. A lack of integrated, end to end processes generates limited transparency in information and transaction flow. Data is processed through multiple transfers among systems with manually intensive procedures, and several files hold disparate data. Several reports cannot be produced with sufficient information or formatting to view detail or grouped information to analyze components within activities or positions. Some risk and performance information is less than optimum because books and financial instrument valuations cannot be done daily. Some systems cannot produce GAAP compliant accounting for several types of transactions.

Records management was significantly deficient, with no formal, Enterprise-wide systems or program in place. The project had originally been assigned to the Legal Department, but did not receive proper funding, scope, and planning until after OFHEO evaluated their program. This project was transferred to Enterprise Systems and Operations and now has proper funding, scope, and management.

The project conducted between 2001 and 2005 to design a new IT application for Single Family (SF) acquisitions, securitizations, and servicer and investor reporting failed due to unrealistic objectives, budget, and time frame set by the former CEO and Chairman Franklin Raines, as well as poor project and vendor management. Mr. Raines initiation and sponsorship of the project made it difficult to terminate despite its poor results, protracted timelines and increasing costs.

The former Chairman and CEO Franklin Raines directed Enterprise Systems and Operations to replace 35 twenty-year-old loan processing legacy systems in 18 months. He set the 18 month deadline before sufficient cost or project analysis was completed. The project was planned with a single implementation in part to meet this tight timeframe. The project ran overtime due to the unrealistic timeframe, and poor project and vendor management. The completion deadline was delayed and formally extended twice to address project deficiencies. The approach was abandoned in June 2005, 45 months after the project was initiated and cost overruns at 80 percent increased the project's total cost to $373 million. However, $100 million in software and database code were reusable in other areas.

Personnel began writing code before business specifications were completed. The poorly planned launch coupled with the protracted completion time increased the number of times business units were allowed to change their specifications. The high number of subsequent code changes slowed the project even further. In addition, the single implementation generated no interim milestones for testing, masking significant problems until most of the project was done.

Poor vendor management contributed to the project's problems. Unlike other Enterprise projects, an unusually high percentage of vendors were used to provide the unique skills needed for this large project. The use of multiple vendors made it difficult to coordinate and manage these resources. In addition, many of the vendors were contracted for their time rather than project results and/or a fixed cost. These vendor issues coupled with inadequate acceptance criteria led to a poor quality product. Vendor costs accounted for 90 percent of the total overrun.

Corporate culture constrained communication of the project's failures to management and the Board. The 18 month, single implementation approach and project delays created extraordinary pressure to meet deadlines, which led to compromised project management controls. Also, staff did not raise issues or voice dissenting views because of their view that management discouraged this type of information in the project's early stages. Project management made presentations to the Board that did not fully communicate the seriousness of the project's deficiencies. Although the delays and issues were mentioned, the presentations focused on the corrective actions that would address the problems.

In 2005, Enterprise Systems and Operations initiated an effective program to replace the 35 back-end SF legacy systems applications. The first project was the cash release of servicer and investor reporting. The project was well planned with manageable sections that are conducted by teams with both Enterprise Systems and Operations and business unit personnel to ensure Enterprise needs are met. Testing was completed at regular milestones before the project progressed.

Model Risk

The massive shift of business unit and Chief Risk Officer model personnel to restatement-related model development and validation has significantly delayed the business unit's model implementation and the Chief Risk Officer's independent model validation program. The program's delay has prevented the production implementation of several developed models, and postpones critical components of Chief Risk Officer division's program into the future.

Issues noted in 2005 included:

- Strong corporate model policies, but incomplete or nonexistent policies in several business units. Business units are in the process of developing the new policies in compliance with corporate policy deadlines.

- No formal, unified oversight to coordinate the development of separate models that are interfaced for use in one model system.
- No control documentation to indicate end user communication and vetting of model design and development goals.
- Model documentation that was satisfactory for use by technical experts, but unsatisfactory for use by end users and internal audit.

The business unit model development processes meet or exceed industry standards, and produced models that were generally effective in meeting the developers' goals for estimating risks, prices, and performance. In addition, the program structure established for ongoing validation within the business units is satisfactory. The business unit model departments and the Chief Risk Officer division have made substantial progress in initiating a program to address deficiencies in policies, communication, controls, validation, and project management for the development, implementation, and ongoing validation of models throughout their life cycle. However, many aspects of the program are in their initial stages, and will require considerable, time, effort, and resources to fully implement. Management corrected or is in the process of correcting issues listed above.

ASSET QUALITY AND CREDIT RISK MANAGEMENT

Significant deficiencies in risk management in the Single-Family, and Housing and Community Development (HCD) business units' functions impact management's ability to control expenses. Risk management deficiencies left uncorrected may result in higher expenses, unplanned losses, and opportunity costs. Data and systems deficiencies produce some incomplete or inaccurate reports, impeding effective risk management.

Management practices and standards and the current business/credit cycle contributed to strong asset quality evidenced by low delinquency rates and loss levels. Single-family business has benefited from well established credit acquisition standards, credit enhancements, and significant home price increases which have minimized losses. Similarly, Housing and Community Development has benefited from the present demand for distressed properties despite low capitalization rates. Current practices and systems provided adequate service to the Enterprise's clients for traditional loan products.

Key deficiencies in risk management noted in 2005 include:

- Policies do not adequately define risk tolerances or position responsibilities.
- Poor data and systems generated reports that impeded satisfactory management of many aspects of production and risks.
- Poor accountability contributed to the lack of review of critical business center risk reports by the centralized Single-Family Risk Management team.
- Information is typically reported on an aggregate basis that sometimes lacks granularity. Historical risk metrics are not always available, preventing the monitoring of some trends.
- Deficient records; and varying quality of internal management over information, loans, lenders, and servicers and vendor management have increased expenses.

- The lack of granularity in risk ratings for Housing and Community Development loans rated pass or "green" has impeded risk management.
- A robust, risk-based pricing methodology has not been developed for Housing and Community Development.
- The loss reserve methodology is inappropriate and is still in transition towards a fully GAAP compliant approach. The methodology did not have sufficient independent controls for systems to ensure compliance with GAAP, and the integrity of model results.
- The failure to upgrade systems has hindered the Enterprise from introducing new products. Data, systems, and risk management practices do not fully accommodate the small but growing levels of newer, complex and higher-risk products.
- Substantial use of end-user computing applications (EUCs) created key person dependencies and obsolescence issues. Management implemented effective interim controls for end-user computing applications in late 2005.
- Significant levels of staff for risk management and business operations are needed before the credit business unit can become fully operational.

Management recognizes these problems, and has begun to devote significant resources to correct the deficiencies. Progress has been made in revising the organizational structures, and some aspects of risk management in both the Single-Family and Housing and Community Development business units. In addition, new business unit resources are now devoted to coordinating products and services within and among business lines, and standardizing pricing and risk management practices. However, the corrective actions to both internal and external findings are in their initial stages, and will require significant time, resources, and effort to fully implement. Many issues can be corrected in the short term through permanent corrections or interim work-arounds, but many of the issues related to data and systems will require several more years to address.

Single-Family Mortgage Portfolio

The Single Family business unit's underwriting standards ensure that loan losses are not excessive. Deficiencies in staff levels, accountability, data, systems, reports, and in establishing risk tolerances have impacted risk management, and resulted in increasing expenses. Current systems provide adequate service to clients for traditional loan products, but their deficiencies adversely impact the Enterprise's ability to adequately offer new products. Management has begun to address many of these issues.

Single-Family management has made significant progress in addressing the large number of operations, control, and risk management deficiencies, but will require significant resources, time, and effort to fully address them. Single-Family has restructured its organization, strengthened its structure for risk management, and has begun coordinating related functions. However, job responsibilities needed clarification and staffing was incomplete. Outside hires injected knowledge of industry standards and best practices into the business unit, but over-leveraging of new personnel risks burnout.

The Single-Family business unit appropriately centralized many of the operations managing risks in loans and counterparties to better control functions that had been scattered in many offices across the country. The business centers conduct many aspects of their work satisfactorily. However, appropriate controls, data, systems, and risk management practices were not properly implemented in many areas, generating deficiencies in the processes.

The business centers exhibited a number of deficiencies in policies, procedures, data integrity, risk reporting and monitoring, and vendor hiring practices as a result of inadequate oversight by management. Management began to address the deficiencies noted below during 2005:

- Unable to Market (UTM) properties were not actively managed and processes needed improvement: controls were not in place to ensure revaluations were performed, vendors did not consistently forward critical information to asset recovery specialists, or repurchases were not always timely. Further, there was no overall policy guiding the management of UTM properties.
- Contract appraisers were hired without robust due diligence and their work was not adequately monitored and documented.
- Procedures for adding new vendors were weak and inconsistently applied.
- The Real Estate Owned (REO) portfolio was not periodically revalued after the initial appraisal; a practice inconsistent with industry standards.
- Management reports did not meaningfully summarize information, and are primarily used to assign workload instead of identifying and managing issues.

Many business center reports provided substantially all information needed by the business center and headquarters management to monitor credit risks. Ongoing monitoring of approved lenders was satisfactory, but proactive analysis to approve lenders was weak, and the team structure used to interact with customers created potential conflicts of interest. Headquarters management provided insufficient oversight to business center management of lender risks, but recognized and corrected the deficiency in 2005. Management began to address other deficiencies in 2005 listed below:

- The operational control functions lacked authority and sufficient independence.
- Headquarters management of many business center risks was insufficient, and personnel did not regularly review key reports. This was corrected during first quarter 2006.
- Staff levels were insufficient to complete the initial analysis used to approve lenders.
- Individual offices did not share information necessary for others to complete their duties.
- Credit file information was fragmented because each office maintained its own credit file.
- Lender approval analysis was weak due to the lack of financial statement analysis and on-site due diligence for each counterparty.

- Watchlist reports were not an indicator of potential problems, but instead listed lenders that had become problems.

Multifamily Loan Portfolio

Housing and Community Development's risk management practices ensure that loan losses are not excessive, but deficiencies exist in data, systems, reports, risk ratings, risk metrics, and quality control. Management has begun to address many of these issues.

Housing and Community Development has a low degree of automation, which adversely impacts the efficiency of operations, the accuracy of risk management reports, and the ability to manage risks. The lack of pre-planned and integrated systems has required the use of over 130 end-user computing applications for business critical operations. The deficiencies have adversely impacted the quality of reports. During 2005, end-user computing application controls were implemented that provide good controls over security and changes until comprehensive and integrated systems can be installed, but the risk rating and management deficiencies created by the current systems remain.

Housing and Community Development's underwriting policy and standards need updating based on the volume of waivers granted to the Delegated Underwriting and Servicing (DUS) lenders. The waiver rate is indicative of a policy that is too restrictive, lending practices that are too liberal, and/or a policy that is not current relative to market conditions. Moreover, this high waiver rate has an adverse impact on earnings given the increase in staff involvement to review and approve these loans and nonstandard pricing decisions. Recent decisions have given the authority to the Delegated Underwriting and Servicing lenders to review and approve waivers; however, Housing and Community Development has not yet established a strong and comprehensive quality control process.

The quality control function focused on documentation review, however, new management is desirous of changing the focus to include a credit analysis and assessment. Nevertheless, credit information was incomplete or not readily available. For example, management incurred difficulties in assessing insurance coverage after the Gulf Coast Hurricanes because records were incomplete.

Key information was missing from many Housing and Community Development reports. The omissions were not so severe that management could not reasonably monitor and control most activities and risks. However, the omissions increased expenses and losses and adversely impacted their ability to proactively manage the loans. Most reports are produced on end-user spread sheets and are inadequately controlled for accuracy, increasing the risk of error and key person dependency. Data integrity issues adversely impacted the quality and timeliness of reports. Key performance indicators did not provide all necessary information for effective risk management. Risk management reports provide appropriate information on aggregate performance and the spread, but loan-level analysis is limited and little information is provided for proactive management. The quality of many reports improved during 2005 due to technology investment.

Housing and Community Development management has made significant progress in restructuring this business unit. Nearly all key management positions are staffed with qualified people who have begun to address the numerous deficiencies in data integrity, origination risk analysis and rating, and back end risk management. However, it will require substantial effort and several years to address all deficiencies.

LIQUIDITY

Liquidity management is satisfactory but processes are inefficient due to lack of detail in some collateral reports, and manually intensive procedures to transfer securities for repurchase agreements (repo). The wire transfer process exhibited deficiencies in some fundamental controls, but an interim correction was implemented in late 2005.

Liquidity is strong based on the ample level of liquid assets in the mortgage-backed securities and liquidity investment portfolios available for sale or repo to cover a stress event to cash flows as well as the stability in funding costs and availability due to the company's status as a government sponsored entity. Asset liquidity, the strongest source of liquidity, amply covered short term liabilities. Treasury management consistently met the non-mortgage asset liquidity guidelines, and Liquidity Investment Portfolio (LIP) assets exceeded 5 percent or more of total assets throughout 2005.

Processes and controls for obtaining asset liquidity are satisfactory but inefficient and increase the potential for errors. Deficient wire transfer controls were addressed with an interim correction in late 2005. Treasury management automated the process that produces short term cash flow forecasts in second quarter 2005, which improved data integration, allowed for the use of more accurate cash flow forecast assumptions, consolidated multiple reports, and reduced the potential for report errors.

The system used to transfer securities for use in repos is cumbersome, and the steps to complete a transfer are not intuitive. The systems' difficulties coupled with infrequent use increase the risk of transaction error during stress events. The risk is reduced by the availability of the manually intensive legacy system, and increased staff training for the new system at headquarters and remote locations. The legacy system has been proven during past stress events, but is limited in its ability to efficiently move large volumes of smaller securities on short notice.

The wire transfer process did not provide appropriate segregation of duties due to systems limitations a lack of segregation of duties, and insufficient controls around wire instructions set up and changes; which exposed the company to unauthorized disbursements of funds. The deficiency occurred due to inadequate systems that do not facilitate this control. Treasury management provided short-term resolution in 2005 through manual procedures, and will permanently address the issue in the future by replacing the system.

Most liquidity reports are satisfactory but some do not provide securities detail needed for efficient asset transfers, and a full understanding of the Enterprise's compliance with the liquidity coverage ratio. Reports are satisfactory for monitoring cash forecasts, the weekly Dutch auctions, Liquidity Investment Portfolio credit quality and liquidity, limit compliance, funding maturities, costs, and elasticity. However, missing collateral detail in some reports impeded liquidity management's ability to understand the adequacy of the coverage ratio, and the availability of securities for repos.

Board liquidity policies were improved in late 2005, and are satisfactory. Management policies for the Liquidity Investment Portfolio are in the process of completion.

The Board formally approved a new liquidity policy in January 2006. Management policies for the Liquidity Investment Portfolio are in the process of completion, and address the purpose and management of the portfolio, and provide limits on credit and interest rate risks. Policies did not provide limits for the distribution of liability maturities, although informal guidelines exist.

In the past, systemic market events have not significantly impacted Fannie Mae's liquidity because of the market's perception of Fannie Mae's debt as a "flight to quality" product. In addition, recent and past company-specific events have generated only a small impact to the cost of and market access to funding.

SENSITIVITY TO MARKET RISK

Interest rate risk management is satisfactory due to appropriate risk management for nearly all financial products, and good communication among risk managers, senior management, and the Board. The Board approved satisfactory risk policies and limits, and management is drafting policies for Capital Markets operations and management. Operations processes are generally satisfactory but are inefficient in several areas.

Significant deficiencies exist in controls, systems, and data. However, these deficiencies were recently corrected or in the process of correction in the areas of operations, middle office, and risk measurement functions. Issues noted in 2005 include:

- Lack of independence in wire transfer cash disbursements, back office access to and confirmation of subsequent event transactions, and the pricing of financial instruments in the process from the Capital Markets business unit through the Controller department.

- Data and/or systems deficiencies required manually intensive and inefficient generation of information that introduced some level of uncertainty in interest rate risk measurement, impacted access controls to some systems, and contributed to two missed debt call dates.

- Data and systems deficiencies impact some performance information in senior management reports, management of the mortgage revenue bond portfolio, and traders' monitoring of security delivery against negotiated stipulations for private label securities (PLS).

- Wraps on AAA PLS mitigated risk from credit losses, but policies, staff levels, reports, and communication between traders and risk management need strengthening before lower-rated PLS are purchased.

The level of interest rate risk after hedging is moderate based on the types of and trigger points on risk limits, some uncertainty in the data and systems used in measuring interest rate risk, the level of delta hedging used in the portfolio management strategy, and anticipated risk levels created by securities purchases during opportunistic market events.

The Board approved policies in late 2005 that provide satisfactory limits, guidelines, and accountability for interest rate risk management. Management is developing other market risk policies and procedures. Policy limits control exposure for duration and convexity through market value of equity (MVE) sensitivity, with triggers that notify the Chief Risk Officer department, management, and the Board at increasing thresholds. Management is developing business unit policies and written procedures for portfolio management, the middle office, and operations that detail limits, guidelines, and procedures that are consistent with the Board approved policies.

Interest rate risk management processes and controls are generally satisfactory. Interest rate risk operations and risk measurement processes are generally satisfactory, but are often manually intensive and inefficient. Systems and data deficiencies introduce some level of uncertainty into interest rate risk measurement.

Management has established an effective program to evaluate and communicate risks and risk levels have been consistently maintained within limits formally set by the Board, and informal sub-limits used by management. Board oversight significantly improved over the year with meaningful reports and additional expertise. The Board report package shows compliance with limits and contains several different measurements of interest rate risk that combined, provide the Board's Risk Policy and Capital Committee (RPCC) a fair representation of the Enterprise's interest rate risk profile.

Data and systems deficiencies introduce a low and acceptable level of inaccuracy in the numbers used to manage the company's interest rate risk due to multiple on top adjustments made in a manually intensive process to a months-old settled book. Cross trained personnel support the accuracy of manually generated risk numbers, but a large portion of their time is spent generating numbers rather than conducting risk analysis. Regular backtesting and attribution analysis provide ex-post confirmation that the resulting numbers are reasonably accurate. A taskforce expects to correct these deficiencies during 2006.

Operations processes were generally satisfactory but inefficient due to manual work arounds for systems and data deficiencies, and an organization structure that was divided by front office activities rather than operations functions. New management began reorganizing the structure and addressing deficiencies during 4Q05.

Significant deficiencies exist in several fundamental controls for operations, but are being or have been recently corrected.

Inadequate controls were noted throughout the processes and systems for trade execution, operations, and accounting. The deficiencies stem from rigid proprietary systems that were not revised or maintained over time, and policies, controls, and documentation that were nonexistent or did not meet industry standards. Many systems deficiencies will require one or more years to correct due to their prioritization with the restatement and other significant projects, and integration with other systems that will be bought or developed in the future. Interim, manual controls will be used until the long term solutions are implemented. Key deficiencies included:

- The lack of independence in pricing financial instruments for month end pricing was addressed during the second half of 2005.

- The lack of segregation of duties required for the wire transfer function exposed the Enterprise to unauthorized cash disbursements. An interim control is in use until a new system is installed.

- The lack of segregation of duties for the entry and confirmation of subsequent trade events such as terminations, assignments.

- Policies and documentation for some financial reporting controls require updating to meet standards for Sarbanes-Oxley.

- Missed debt call dates due to a system deficiency created about $5 million in lost opportunity cost during 2004 and 2005.

- Information technology deficiencies in access control, change management, and life cycle methodologies allow unauthorized changes in application data.

Exposure to interest rate risk was maintained well within the Board limit for market value of equity sensitivity. Convexity exposure is controlled with a management limit for delta hedging based on the amount of swaps needed to bring the portfolio back to a delta neutral position. In addition, business unit limits control duration gap, the portfolio convexity gap; and delta hedging exposure. Exposure levels decreased by roughly half during 2005 due to a more conservative hedging strategy used while restating financial statements and significant sales of negatively convex assets to meet the increased regulatory capital requirements. The strategy and lower risk in the market produced less volatile changes in the market value of equity.

EARNINGS

The analysis below is based on financial information that could be revised significantly in the future. The Enterprise's restatement of its financial information may change some of OFHEO's conclusions.

Earnings for 2005 are satisfactory, but decreased due to a decline in the mortgage asset portfolio and higher administrative expenses. Earnings remained at a satisfactory level of the Enterprise's regulatory capital requirements. Earnings declined in 2005 due to a smaller retained portfolio caused by the need to build capital ratios, limited purchase opportunities for the retained portfolio due to asset spread compression, higher expenses from the restatement effort, upgrades to systems, and attendant staffing requirements associated with the risk and control remediation areas within the Enterprise.

Net interest income (NII) declined sharply due to margin compression and a smaller retained portfolio. Tight spreads allowed the Enterprise to meet the higher regulatory capital ratio by reducing the retained portfolio at favorable prices. However, tighter spreads and a flattened yield curve resulted in marginal returns for traditional products, reducing the volume of purchases in these products.

Guarantee fee income was in line with plan, and slightly above performance in 2004. The Gulf Coast Hurricanes slightly reduced guaranty fees, interest income in the retained portfolio, and increased credit losses from properties that were under-insured or had no flood insurance.

Higher expenses for restatement effort and upgrades to data, systems, and controls reduced 2005 earnings. Baseline administrative expenses will increase permanently to cover, in part, a significant increase in employees for risk management, and current and planned business activities.

CAPITAL ADEQUACY

Regulatory capital is classified as adequate. OFHEO's Office of Capital Supervision formally classifies capital adequacy quarterly in accordance with Subtitle B of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 and with the requirements set forth in OFHEO's minimum and risk-based capital regulations. Fannie Mae remains subject to a September 30, 2004 Agreement with OFHEO that requires the Enterprise to maintain a capital surplus of 30 percent over its minimum capital requirement.

On March 31, 2006, OFHEO announced that it had classified Fannie Mae as adequately capitalized as of December 31, 2005. As of that date, the core capital of the Enterprise exceeded its directed minimum capital requirement by approximately 3.1 percent, or $1.134 billion. OFHEO classified Fannie Mae as adequately capitalized for the three preceding quarters of 2005.

OFHEO's capital classification of Fannie Mae is based on Fannie Mae's best estimate of its financial condition, as certified and represented as true and correct to the best of Fannie Mae management's belief and knowledge. The capital classification remains subject to revision during Fannie Mae's re-audit and accounting restatement process, as well as the conclusions about accounting policies and practices in OFHEO's special examination. OFHEO supports its capital classifications through a combination of compulsory capital reporting, weekly monitoring, analysis of changes in the Enterprises' capital requirements and analysis of trends in risk factors that could impact the adequacy of capital.

ANNUAL REPORT TO CONGRESS
Examination Year: 2005

Federal Home Loan Mortgage Corporation/Freddie Mac
8200 Jones Branch Road
McLean, VA 22102

EXAMINATION AUTHORITY AND SCOPE

Examination Authority and Reporting Convention

This Report of Examination contains the results and conclusions of OFHEO's 2005 annual examination of the Federal Home Loan Mortgage Corporation ("Freddie Mac" or the "Enterprise") performed under section 1317(a) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 USC § 4517(a)). The OFHEO annual examination program assesses the Enterprise's financial safety and soundness and overall risk management practices. OFHEO utilizes a "CAMELS" methodology (Capital Adequacy, Asset Quality, Management, Earnings, Liquidity, and Sensitivity to Market Risk) similar to those adopted by the federal depository institution regulators to report examination results and conclusions to the Board of Directors and to Congress.

2005 Examination Scope

Our examination activities focused on supervision provided by Board of Directors and senior management, risk management activities, corporate governance functions, internal controls, accounting practices, new product development, internal audit, and compliance with the requirements of the Consent Order the Enterprise executed on December 9, 2003 (the "Consent Order"). Our supervisory activities also included reviews of asset quality, market and interest rate risk management practices, earnings performance, capital adequacy, information technology, and liquidity.

EXAMINATION RESULTS AND CONCLUSIONS

The Enterprise remains a supervisory concern, although efforts toward improvement are underway. The Board and management are continuing to revise and implement comprehensive plans to strengthen senior management, improve controls, and balance priorities, initiatives, and risks. Leadership from the Board and senior management will be challenged during 2006 to reshape the corporate culture, build long term sustainable processes, further improve overall governance, enhance risk management capabilities, stabilize the organizational structure, reduce turnover, and clarify responsibilities.

While concerted efforts by the Board and management have been made to address the myriad of concerns, progress during the second half of 2005 was slowed as the volume and complexity of issues became more apparent. The Enterprise continues to experience a number of significant operational issues, high turnover, and weaknesses in entity and process level internal controls. During 2005, efforts to implement sustainable processes to permit the issuance of timely and accurate financial statements were less than fully effective. Although necessary, the high level of business and process change throughout the organization has stressed the existing infrastructure, risk management systems, and operating practices. Long term resolution of identified issues will require substantial efforts on the part of Enterprise personnel. Improvements to systems capabilities, information processing controls, and the successful implementation of re-engineered business processes will be necessary to restore the overall control environment to a satisfactory condition.

While the resolution of internal controls remains an on-going concern, the Enterprise has: (1) a qualified and active Board of Directors, (2) a senior management team committed to resolving weaknesses, (3) a significant capital surplus; (4) strong asset quality, (5) and effective management of interest rate and liquidity risks. During 2005, the Enterprise has developed an integrated multi-year business plan that recognizes the need to improve accounting and financial management capabilities, enhance operating controls, and enhance risk management activities.

MATTERS REQUIRING BOARD ATTENTION

Key matters highlighted in this report requiring strong Board oversight:

- ***Human Resources.*** The Board should closely monitor key human resource metrics such as staffing levels, turnover statistics and open requisitions to ensure day-to-day activities are appropriately staffed and effectively managed. The Chief Financial Officer position remains open. The Board should also continue to monitor key cultural initiatives related to building a strong executive team, strengthening management depth and expertise, and ensuring staffing levels are consistent with Enterprise priorities.

- ***Internal Controls.*** The Board should continue to oversee management's progress toward remediating widespread internal control weaknesses to enable the release of accurate and timely financial statements, permit a return to controls based auditing, and build sustainable internal control governance processes. Strengthening and improving internal controls for financial, managerial and regulatory reporting processes along with the planned changes in Enterprise risk management, data processing, and operational practices are necessary. Effectively managing the pace of introducing new products and services deserves continued attention to balance resource requirements with other important control initiatives.

- ***Enterprise Risk Management.*** The Board should track management's progress in establishing an effective Enterprise risk management program to ensure authorities, roles, and responsibilities are clearly defined and Enterprise level risks are promptly identified, aggregated, and reported. Improvements in business line risk management practices, the risk control self assessment process, achieving compliance with corporate policy, and consistent establishment and monitoring of risk limits are also necessary.

BOARD AND MANAGEMENT SUPERVISION

Board of Directors

The Board actively oversees the affairs of the Enterprise. The quality of Board reporting has improved since 2004. Board and related committees are provided sufficient and timely information to make informed decisions. Continued leadership from the Board will be necessary to ensure ongoing unity among the new senior management group, clarity of priorities, and strategic direction.

The number of Board and Committee meetings held during the year 2005 met or exceeded the NYSE listing standards, OFHEO's Corporate Governance Regulations, and Freddie Mac's own Corporate Governance Guidelines. The majority of Freddie Mac's Directors are independent and all members of the Audit, Governance and Compensation committees are independent as required for listed companies. Term limits and age restrictions are in effect. Of the thirteen Directors currently serving, two of the Board members exceed those limits, but have been granted a temporary extension. OFHEO will continue to monitor the Enterprise's previous commitment to separate the positions of Chairman and Chief Executive Office.

Human Resources

High levels of organizational change, adverse press, legislative uncertainty, a redefining of the corporate culture, changing priorities, and tight job market in the financial services sector continue to affect the Enterprise's ability to attract and retain qualified staff. Record levels of employee turnover in 2005 were a key factor influencing operational risks and the ability to fully achieve corporate goals and objectives. Turnover in 2005 more than doubled from 2004 and occurred at all levels within the Enterprise. Since 2004, the Enterprise has replaced virtually all members of senior management – over two dozen positions. Changes in senior management along with a number of initiatives are designed to improve leadership capabilities, increase management depth, and address short and long-term cultural issues.

Enterprise Risk Management

The Enterprise Risk Oversight (ERO) function is not fully effective. The current ERO model focuses on credit, market, model, and operational risk. The existing framework lacks sufficient clarity with respect to authorities, roles, and responsibilities. Resource limitations and the current governance structure limited ERO's ability to identify, aggregate, and report current and emerging risks across the Enterprise. Instances have been noted in which ERO recommendations are not promptly addressed by management. The implementation of an effective risk management program will also require improvements in line-of-business risk management capabilities through the risk control self assessment process, ongoing compliance with corporate policy, and the adoption of enhanced processes to establish, change, and monitor various limits/exposures.

The Enterprise Risk Management governance structure is being re-assessed under a new leadership team to address the examples noted above and improve the effectiveness of the function. The enhanced risk management framework will integrate corporate-wide financial and non-financial related risks; clarify roles, responsibilities, and authorities; and integrate reporting of risks across the Enterprise. The evolving risk management framework should improve coordination and integrated reporting among Enterprise risk management, audit, legal, and compliance.

Audit

The Audit Committee of the Board met sixteen times during 2005 and actively oversees the internal and external audit programs. The General Auditor and external auditors have sufficient interaction with the Audit Committee including periodic executive sessions.

During 2005, OFHEO did not rely on the work of Internal Audit to support examination activities since a substantial portion of the traditional audit program was accomplished during the latter part of 2005 and early 2006. Traditional audit activities were delayed until late 2005 as Internal Audit was involved in testing key controls. Internal Audit has now returned to a regular audit schedule.

Internal Audit's planning methodology currently requires improvement to reach the standard expected of a large, complex financial institution. Areas to improve include: developing a more formal systematic evaluation to identify the audit universe, updating policies, and improving the rationale for the audit plan. Staffing vacancies and turnover continue to be challenges for the division.

Compliance

The corporate compliance management function was established in late 2003 and is responsible, in part, for maintaining acceptable programs to ensure ongoing compliance with applicable laws, rules, and regulations. In addition, the division also maintains and provides employee training on ethics and the corporate code of conduct. As noted above, efforts are underway to ensure that compliance risks are more fully integrated into the evolving Enterprise risk management function. The Chief Compliance Officer has sufficient interaction with the Audit Committee including periodic executive sessions.

Internal Controls

Internal controls surrounding financial, managerial, and regulatory reporting processes are weak. Fundamental changes in Enterprise risk management, data processing, and operational controls are necessary before the Enterprise can easily self-identify and remediate widespread control weaknesses. While the Finance division has been responsible for overseeing internal control remediation efforts, responsibility for full resolution rests with management of the business units. Freddie Mac staff continues to aggressively address and remediate or mitigate all known material and significant control deficiencies, but the number of known material weaknesses and significant deficiencies remains high. Progress developing sustainable processes to mitigate and remediate entity and process level control weaknesses has been slow and not completely effective. Considerable work remains before the Enterprise can achieve a timely and consistent financial close process, return to controls based auditing, and release audited financial statements on a regular schedule that is compliant with regulatory requirements.

Internal control testing continues to show high error rates. The high error rates reflect a need to properly define and design effective end-to-end key control processes. During 2005, management discovered errors that internal controls did not prevent or detect in a timely manner. Additional errors are likely to surface as keys controls are validated and tested, application systems are upgraded or replaced, and standardized account reconciliation processes are implemented. Weaknesses in change control, testing and analytics increase risk that errors in financial reporting will not be detected in a timely fashion. For example, the effectiveness of detective monitoring and analytic controls, including account reconciliations, are hampered by a cumbersome General Ledger and lack of detailed subsidiary accounting records. Full control remediation may not be possible until Freddie Mac implements improved automated systems and operating controls around the Enterprise – in front office locations, operations units, and in financial accounting.

Accounting policy codification and development requires improvement. While progress has been achieved, additional efforts are underway to communicate and finalize the codification of all existing accounting policies, incorporate new accounting literature, and assure that accounting policies align with internal control documentation and new product introduction.

To help achieve internal control effectiveness and increased reliance on controls, management is now preparing a plan to complete a comprehensive end-to-end analysis of the company's design of financial controls. Throughout 2006, management intends for this analysis to identify control gaps and ensure the effectiveness of key financial controls.

A number of risks to successfully remediating internal control weaknesses remain and include:

- Lack of a comprehensive plan and end-to-end analysis of financial controls.
- Weakness in the risk control self-assessment process.
- Complexity associated with the interdependent nature of the remediation activities.
- Uncertainty regarding the quality and sustainability of newly established controls and interim controls.
- Layers of additional manual and/or defective controls that may not effectively compensate for inadequate controls over automated processes.
- High turnover levels and depth of subject matter experts.
- The continued discovery of control testing failures including previous identified weaknesses.
- Existing control deficiencies, that if not addressed, may develop into material weaknesses.
- The number of existing simplifying assumptions.
- Controls remediation work is focused on controls related to financial reporting and not on other non-financial statement related controls.
- A need to provide ongoing employee training programs related to internal controls and responsibilities.

Model Risk

Model risk governance requires improvement. Improvements are necessary to upgrade governance practices for model development and to control and enhance the quality of independent model risk oversight.

In 2005, the Enterprise reorganized and unified model development activity within the Risk Measurement and Capital Strategy group of the Investment and Capital Markets (I&CM) division. I&CM management is in process of working through the challenges inherent in a substantial corporate reorganization. Management is harmonizing model-related policies, procedures, and practices to improve the repeatability and auditability of the model development process. Model risk governance is an evolving discipline, and professional and regulatory standards are becoming more demanding.

The practices of the independent model risk oversight function housed within the Enterprise Risk Oversight division—the Modeling & Methods group (M&M)—require improvement if the group is to provide meaningful, independent evaluations of the quality of the business units model development practices and degree of adherence to corporate policy and professional standards. M&M's authorities and scope of responsibility should be clearly articulated in the form of a written charter; policies, procedures, and practices should be enhanced to ensure management resolves findings in a timely and complete manner; and M&M should be allocated sufficient staffing and other resources to fulfill its defined responsibilities. Management has exhibited a willingness and has taken steps to address the shortcomings we have identified and to enhance independent model risk oversight.

ASSET QUALITY AND CREDIT RISK MANAGEMENT

The Enterprise's overall asset quality is strong. The single-family, multifamily, investment securities and liquidity and contingency portfolios currently exhibit favorable quality and performance metrics. There are no immediate signs of significant deterioration in credit performance trends. Over the past several years, significant shifts in the nature of mortgage originations and the composition of the retained portfolio have occurred. As the portfolio seasons, adverse changes in house price appreciation, mortgage rates, or unemployment levels could negatively impact future performance. In general, underwriting standards and credit administration practices are prudent, although we have identified several opportunities for improvement given the Enterprise's expansion of investment and guarantee activities in the subprime and nontraditional mortgage sectors. The Enterprise prudently manages exposures to significant counterparties (e.g., seller/servicers, mortgage insurers, and derivatives counterparties).

At times, credit policy development and implementation lag behind related business activities. Credit policies do not consistently define risk tolerances, responsibilities and accountabilities. In some instances credit-related processes are not consistent with the Enterprise's corresponding policies and procedures. The internal control framework requires continued review and re-assessment as the Enterprise pursues new business activities and market share objectives.

Single-Family Mortgage Portfolio

Current portfolio performance metrics for the single-family mortgage portfolio reflect a low level of serious delinquencies and credit losses. Credit losses in 2005 (charge offs and REO expense) were $141 million, unchanged from 2004. Management projects credit losses will increase modestly during 2006 due to Hurricanes Katrina and Rita, seasoning of the existing book, and softening house prices. As noted above, shifts in the nature of mortgage originations (e.g., the dramatic increase in hybrid Option ARMs and affordability products with no historical performance data), have changed the composition of the mortgage portfolio over the past few years. Unfavorable housing price trends, increasing unemployment levels, and/or increasing mortgage rates could alter future portfolio performance.

Management has expanded the Enterprise's purchase and guarantee of higher-risk mortgages. Internal measures of credit quality reflect the quality of the Enterprise's incremental purchases declined in 2005. For example, expected default costs (a measure of inherent risk exposures in the portfolio) on new purchases increased sharply during the 4Q05. Similarly, internal measures of credit risk reflect that the percent of single-family flow purchases in the A/A+ risk class declined moderately in 2005, from 89-92 percent in 2004 to 85-88 percent in 2005.

The Enterprise has not yet developed the requisite credit quality assessment tools and operational capabilities to support a significant expansion into the subprime and nontraditional sectors. Consequently, the Enterprise is in the process of strengthening the credit risk management framework necessary to enable the Enterprise to properly identify, measure, monitor, and control the credit and operational risks inherent in subprime and non-traditional mortgage portfolios and related activities.

The volume of new product introduction has outpaced the supporting infrastructure and has required management to approve new product offerings with high exception levels. Clearly, management faces a difficult and complex challenge to support new mortgage products at the same time they are in the process of remediating a considerable array of significant deficiencies and material weaknesses in internal controls. The Enterprise is in the process of enhancing its practices for developing and introducing new single-family mortgage products. As part of this effort, senior management has begun to prioritize and rationalize new product introduction to ensure satisfactory infrastructure and governance practices are in place.

Multifamily Loan Portfolio

The multi-family credit portfolio remains sound. Multifamily mortgage portfolio growth was modest during 2005. The strong credit performance can be partially attributed to rising interest rates which have resulted in declining vacancy rates and increasing rentals. In addition, relatively soft multifamily rental markets in the Southeast have benefited from the effects of Hurricanes Katrina and Rita.

As of December 31, 2005 portfolio credit losses continue to be close to zero with no delinquencies sixty days or greater. Losses due to the effects of Katrina and Rita are minimal, with loss projections at, or less than $18 million. REO asset management remains strong with inventories continuing to decline. During 2006, management is developing a fully integrated costing and risk rating system for the multi-family portfolio.

Investment Securities

The non-agency mortgage asset-backed securities portfolio remains the most rapidly-expanding segment of the Enterprise's retained portfolio. The unpaid principal balance of this portfolio grew 38 percent in 2005 (from $175 billion to $243 billion), and at year-end comprised over 30 percent of the retained portfolio and 6 times core capital. This portfolio grew significantly—53 percent—in 2004 as well. Although a vast majority all of the securities in the portfolio are AAA-rated, the Enterprise's credit risk management practices governing this portfolio segment require improvement. The most notable improvements are required in credit administration and operations, including clarifying investment strategies and portfolio limit-setting, improving credit policy development, credit assessment tools, risk reporting, and operational capabilities.

During our examination of risk management practices governing the Enterprise's commercial mortgage-backed securities (CMBS) portfolio, OFHEO in consultation with the Department of Housing and Urban Development determined that certain security structures involving cash flows from mixed pools (i.e., pools containing both multifamily properties and non-residential commercial properties) were not authorized under the Federal Home Loan Mortgage

Corporation Act. As a consequence, OFHEO directed the Enterprise to submit a written plan that provided for the timely and orderly divestiture of the unauthorized securities. Management submitted an acceptable plan that will result in the liquidation of the unauthorized securities by year-end 2006.

LIQUIDITY

Liquidity is strong. The Enterprise has access to sufficient sources of funds on acceptable terms to meet present and anticipated liquidity needs. Management is able to effectively forecast liquidity needs and sources; and to identify, measure, monitor, and control the Enterprise's liquidity position. Liquidity management policies, procedures, and a liquidity contingency plan are in place and identify authorized investments, exposure limit rules, and independent review requirements. Management has consistently maintained its liquidity and contingency threshold of five percent of on-balance sheet assets. Management has appropriate policies and procedures for forecasting short- and long-term liquidity needs. Risk limits are in place to ensure sufficient liquidity levels, and management evaluates limits and pertinent metrics on a daily, weekly, and monthly basis. The Market Risk Oversight (MRO) group monitors exposures relative to risk limits on a regular basis; however, MRO lacks the ability to independently validate the reported metrics or establish policy/risk limits.

SENSITIVITY TO MARKET RISK

Interest rate risk management is satisfactory. Sensitivity to market risk reflects the degree to which changes in interest rates can adversely affect the Enterprise's earnings and capital. During 2005, Enterprise management demonstrated an appropriate ability to identify, measure, monitor, and manage market risk in a manner commensurate with the nature and complexity of the Enterprise's activities. Quantitative measures of the Enterprise's sensitivity to market risk exposures—such as, Portfolio Market Value Sensitivity (PMVS) and duration gap—reflect that earnings and capital are appropriately protected against significant movements in market rates.

As of December 31, 2005, PMVS, duration gap, and convexity were within the Board's approved measures of interest rate risk. PMVS measures the estimated loss in pre-tax portfolio market value as a result of instantaneous rate and yield curve shocks. PMVS is measured in two ways: PMVS-L estimates the loss in pre-tax portfolio market value from an immediate adverse 50 basis-point parallel shift in the level of LIBOR rates. PMVS-YC estimates the loss in pre-tax portfolio market value from an immediate adverse 25 basis point change in the slope of the LIBOR yield curve. PMVS is a measure that encompasses both the duration and convexity components of interest rate risk; however, in December 2005, the Board amended its Asset Liability Management policy and adopted separate limits for duration gap and convexity. In addition, the Board lowered the limits set for duration gap and PMVS, and it introduced a new convexity limit. In 2005, management maintained PMVS and duration gap at monthly averages of 1 percent and 0 months, respectively. Management has adopted a variety of additional risk metrics and attendant limits and maintained exposures within those limits throughout the year. The PMVS levels and other metrics observed in 2005 indicate that market risk sensitivity is well-controlled. There is limited potential that the Enterprise's earnings performance or capital position will be adversely affected.

Notwithstanding the favorable risk measures described above, the overall interest rate risk governance framework lacks the formality (in terms of documented strategies, policies, and procedures) appropriate for a large, regulated financial institution. For example, we found that management had rapidly expanded both the non-agency asset-backed security (ABS) portfolio and the CMBS portfolio in the absence of specific, written investment strategies, policies, and portfolio limits. In each case, management experienced unforeseen financial and operational problems related to these portfolios that required a revision of reported earnings (in the case of the non-agency ABS portfolio) and significant errors in internal risk measures (in the case of the CMBS portfolio).

The Board and management are addressing the shortcomings we have identified in the framework during the normal course of business. Given the Enterprise's limited exposures to interest rate risk and substantial capital position, the shortcomings in the governance framework do not give rise to immediate safety and soundness concerns.

EARNINGS

Earnings are satisfactory. GAAP reported earnings declined 28 percent to $2.1 billion from $2.9 billion in 2004. The decline was primarily due to lower net interest income, settlement of shareholder litigation, higher credit-related expenses, and unexpected accounting adjustments.

The net interest income was down sharply due to lower spreads on new business, the impact of rate increases on funding sources, and accounting classification changes on income from derivatives. Credit-related expenses (loan loss provision plus real estate owned operations expense) rose as the Enterprise increased its loan loss provision due to expected losses associated with the Gulf Coast Hurricanes. Real estate owned operations expenses rose due partly to longer holding periods as the housing market slowed during the latter half of 2005.

CAPITAL ADEQUACY

Regulatory capital is classified as adequate. OFHEO's Office of Capital Supervision formally classifies capital adequacy on a quarterly basis in accordance with Subtitle B of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 and with the requirements set forth in OFHEO's minimum and risk-based capital regulations. OFHEO imposed a capital surcharge of 30 percent of the minimum capital surplus for Freddie Mac in January 2004 due to increased operational risk.

On March 31, 2006, OFHEO announced that it had classified Freddie Mac as adequately capitalized as of December 31, 2005. As of that date, the core capital of the Enterprise exceeded its directed minimum capital requirement by approximately 11 percent or $3.8 billion. OFHEO classified Freddie Mac as adequately capitalized for the three preceding quarters of 2005. OFHEO supports its capital classifications through a combination of compulsory capital reporting, weekly monitoring, analysis of changes in the Enterprises capital requirements and analysis of trends in risk factors that could impact the adequacy of capital.

OFHEO's capital classification for 2005 of Freddie Mac is based on Freddie Mac's best estimate of its financial condition, as certified and represented as true and correct by Freddie Mac's management. The capital classification is subject to revision based on results from Freddie Mac's ongoing audit, management reviews, and control assessments.

CONSENT ORDER

Freddie Mac has achieved technical compliance with the Consent Order. Management is committed to addressing all issues related to this Order as evidenced by the implementation of multi-year project plans. OFHEO will continue to monitor management's progress with these plans. The internal control framework - particularly in the areas of financial management and reporting, internal audit and accounting, and cultural change requires ongoing work by the Enterprise.

HISTORICAL DATA TABLES

Table 1. Fannie Mae Mortgage Purchases[1]

Period	Business Activity ($ in Millions)			
	Purchases			
	Single-Family ($)	Multi-Family ($)	Total Mortgages[2] ($)	Mortgage-Related Securities[3] ($)
4Q05	133,821	6,216	140,037	32,224
3Q05	169,318	4,866	174,184	5,907
2Q05	124,990	4,104	129,095	9,627
1Q05	108,783	6,299	115,083	14,474
Annual Data[4]				
2005	536,913	21,485	558,398	62,232
2004	587,926	16,394	604,320	176,385
2003	1,322,024	30,878	1,352,902	408,606
2002	800,316	16,611	816,927	268,574
2001	567,673	19,131	586,804	209,124
2000	227,069	10,377	237,446	129,716
1999	316,136	10,012	326,148	169,905
1998	354,920	11,428	366,348	147,260
1997	159,921	6,534	166,455	50,317
1996	164,456	6,451	170,907	46,743
1995	126,003	4,966	130,969	36,258
1994	158,229	3,839	162,068	25,905
1993	289,826	4,135	293,961	6,606
1992	248,603	2,956	251,559	5,428
1991	133,551	3,204	136,755	3,080
1990	111,007	3,180	114,187	1,451
1989	80,510	4,325	84,835	Not Applicable
1988	64,613	4,170	68,783	Before 1990
1987	73,942	1,733	75,675	
1986	77,223	1,877	79,100	
1985	42,543	1,200	43,743	
1984	27,713	1,106	28,819	
1983	26,339	140	26,479	
1982	25,929	10	25,939	
1981	6,827	2	6,829	
1980	8,074	27	8,101	
1979	10,798	9	10,807	
1978	12,302	3	12,305	
1977	4,650	134	4,784	
1976	3,337	295	3,632	
1975	3,646	674	4,320	
1974	4,746	2,273	7,019	
1973	4,170	2,082	6,252	
1972	2,596	1,268	3,864	
1971	2,742	1,298	4,040	

Source: Fannie Mae

[1] **Information included in the table and footnotes for periods beginning 2002 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.**

[2] Lender-originated MBS issuances and cash purchases.

[3] Not included in total mortgage purchases. Includes purchases of Fannie Mae MBS for the retained mortgage portfolio.

[4] Shaded data have been revised to reflect data reclassifications and/or other adjustments.

Table 1a. Fannie Mae Mortgage Purchases Detail, By Type of Loan[1]

Period	Purchases ($ in Millions)[2]											
	Single-Family Mortgages								Multi-Family Mortgages			Total Mortgage Purchases
	Conventional				FHA/VA			Total Single-Family Mortgages	Conventional	FHA/RHS	Total Multi-Family Mortgages	
	Fixed-Rate[3] ($)	Adjustable-Rate ($)	Seconds ($)	Total ($)	Fixed-Rate[4] ($)	Adjustable-Rate ($)	Total ($)	($)	($)	($)	($)	($)
4Q05	110,247	21,541	32	131,820	155	1,847	2,001	133,821	6,140	76	6,216	140,037
3Q05	129,607	38,020	34	167,661	82	1,576	1,658	169,318	4,866	0	4,866	174,184
2Q05	94,576	28,840	30	123,446	172	1,372	1,544	124,990	4,045	59	4,104	129,095
1Q05	83,940	23,534	20	107,495	136	1,153	1,289	108,783	3,821	2,478	6,299	115,083
Annual Data[5]												
2005	418,369	111,935	116	530,421	545	5,948	6,492	536,913	18,872	2,614	21,485	558,398
2004	461,757	121,171	51	582,979	1,074	3,873	4,947	587,926	15,643	751	16,394	604,320
2003	1,190,829	126,760	93	1,317,682	1,298	3,044	4,342	1,322,024	18,648	12,230	30,878	1,352,902
2002	730,659	66,772	41	797,472	1,296	1,548	2,844	800,316	13,950	2,661	16,611	816,927
2001	534,115	25,648	1,137	560,900	5,671	1,102	6,773	567,673	17,849	1,282	19,131	586,804
2000	187,236	33,809	726	221,771	4,378	920	5,298	227,069	9,127	1,250	10,377	237,446
1999	293,188	12,138	1,198	306,524	8,529	1,084	9,613	316,137	8,858	1,153	10,011	326,148
1998	334,367	14,273	1	348,641	5,768	511	6,279	354,920	10,844	584	11,428	366,348
1997	136,329	21,095	3	157,427	2,062	432	2,494	159,921	5,936	598	6,534	166,455
1996	146,154	15,550	3	161,707	2,415	334	2,749	164,456	6,199	252	6,451	170,907
1995	104,901	17,978	9	122,888	3,009	106	3,115	126,003	4,677	289	4,966	130,969
1994	139,815	16,340	8	156,163	1,953	113	2,066	158,229	3,620	219	3,839	162,068
1993	274,402	14,420	29	288,851	855	120	975	289,826	3,919	216	4,135	293,961
1992	226,332	21,001	136	247,469	1,055	79	1,134	248,603	2,845	111	2,956	251,559
1991	114,321	17,187	705	132,213	1,300	38	1,338	133,551	3,183	21	3,204	136,755
1990	95,011	14,528	654	110,193	799	15	814	111,007	3,165	15	3,180	114,187
1989	60,794	17,692	521	79,007	1,489	14	1,503	80,510	4,309	16	4,325	84,835
1988	35,767	27,492	433	63,692	823	98	921	64,613	4,149	21	4,170	68,783
1987	60,434	10,675	139	71,248	2,649	45	2,694	73,942	1,463	270	1,733	75,675
1986	58,251	7,305	498	66,054	11,155	14	11,169	77,223	1,877	0	1,877	79,100
1985	29,993	10,736	871	41,600	927	16	943	42,543	1,200	0	1,200	43,743
1984	17,998	8,049	937	26,984	729	0	729	27,713	1,106	0	1,106	28,819
1983	18,136	4,853	1,408	24,397	1,942	0	1,942	26,339	128	12	140	26,479
1982	19,311	3,210	1,552	24,073	1,856	0	1,856	25,929	0	10	10	25,939
1981	4,260	107	176	4,543	2,284	0	2,284	6,827	0	2	2	6,829
1980	2,802	0	0	2,802	5,272	0	5,272	8,074	0	27	27	8,101
1979	5,410	0	0	5,410	5,388	0	5,388	10,798	0	9	9	10,807
1978	5,682	0	0	5,682	6,620	0	6,620	12,302	0	3	3	12,305
1977	2,366	0	0	2,366	2,284	0	2,284	4,650	0	134	134	4,784
1976	2,513	0	0	2,513	824	0	824	3,337	0	295	295	3,632
1975	547	0	0	547	3,099	0	3,099	3,646	0	674	674	4,320
1974	1,128	0	0	1,128	3,618	0	3,618	4,746	0	2,273	2,273	7,019
1973	939	0	0	939	3,231	0	3,231	4,170	0	2,082	2,082	6,252
1972	55	0	0	55	2,541	0	2,541	2,596	0	1,268	1,268	3,864
1971	0	0	0	0	2,742	0	2,742	2,742	0	1,298	1,298	4,040

Source: Fannie Mae

[1] **Information included in the table and footnotes for periods beginning 2002 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.**

[2] Lender-originated MBS issuances and cash purchases.

[3] Includes balloons/resets.

[4] Includes loans guaranteed by the Rural Housing Service.

[5] Shaded data have been revised to reflect data reclassifications and/or other adjustments.

Table 1b. Fannie Mae Purchases of Mortgage-Related Securities - Part 1 [1]

	Purchases ($ in millions)[2]														
	Fannie Mae Securities				Others' Securities										
					Freddie Mac				Ginnie Mae						
	Single-Family				Single-Family				Single-Family						
	Fixed-Rate	Adjustable-Rate	Multi-Family	Total Fannie Mae	Fixed-Rate	Adjustable-Rate	Multi-Family	Total Freddie Mac	Fixed-Rate	Adjustable-Rate	Multi-Family	Total Ginnie Mae	Total Private-Label	Mortgage Revenue Bonds	Total Mortgage-Related Securities
Period	($)	($)	($)	($)	($)	($)	($)	($)	($)	($)	($)	($)	($)	($)	($)
4Q05	7,508	4,435	663	12,606	121	3,162	0	3,283	0	0	0	0	16,187	148	32,224
3Q05	262	489	90	841	0	25	0	25	0	0	0	0	4,543	498	5,907
2Q05	142	676	41	859	0	42	0	42	0	0	0	0	8,197	529	9,627
1Q05	361	744	94	1,199	0	220	0	220	0	0	0	0	12,442	613	14,474
Annual Data[3]															
2005	8,273	6,344	888	15,505	121	3,449	0	3,570	0	0	0	0	41,369	1,788	62,232
2004	42,300	21,281	1,159	64,740	6,546	8,228	0	14,774	0	0	0	0	90,747	6,124	176,385
2003	341,461	5,842	1,225	348,528	19,340	502	0	19,842	36	0	0	36	34,032	6,168	408,606
2002	238,711	4,219	1,572	244,502	7,856	101	0	7,957	4,425	0	0	4425	7,416	4,273	268,574
2001	Not Available	Not Available	Not Available	180,582	Not Available	Not Available	Not Available	20,072	Not Available	Not Available	Not Available	333	3,513	4,624	209,124
2000	Before 2002	Before 2002	Before 2002	104,904	Before 2002	Before 2002	Before 2002	10,171	Before 2002	Before 2002	Before 2002	2,493	8,466	3,682	129,716
1999				125,498				6,861				17,561	16,511	3,474	169,905
1998				104,728				21,274				2,738	15,721	2,799	147,260
1997				39,033				2,119				3,508	4,188	1,469	50,317
1996				41,263				779				2,197	777	1,727	46,743
1995				30,432				2,832				20	752	2,222	36,258
1994				21,660				571				2,321	0	1,353	25,905
1993				6,275				0				0	0	331	6,606
1992				4,930				0				0	0	498	5,428
1991				2,384				0				0	0	696	3,080
1990				977				0				0	0	474	1,451

Source: Fannie Mae

[1] **Information included in the table and footnotes for periods beginning 2002 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.**

[2] Not included in total mortgage purchases. Includes purchases of Fannie Mae MBS for the retained mortgage portfolio.

[3] Shaded data have been revised to reflect data reclassifications and/or other adjustments.

Table 1b. Fannie Mae Purchases of Mortgage-Related Securities - Part 2, Private-Label Detail[1]

Period	Purchases ($ in millions)[2]					
	Private-Label					
	Single-Family					
		Other[3]				
	Manufactured Housing ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Total Other ($)	Multi-Family ($)	Total Private-Label ($)
4Q05	0	2,850	13,328	16,178	9	16,187
3Q05	0	0	4,543	4,543	0	4,543
2Q05	0	346	7,774	8,120	77	8,197
1Q05	0	446	11,980	12,426	16	12,442
Annual Data[4]						
2005	0	3,642	37,625	41,267	102	41,369
2004	0	7,154	83,492	90,646	101	90,747
2003	0	7,832	26,139	33,971	61	34,032
2002	56	1,980	5,344	7,324	36	7,416
2001	Not Available	Not Available	Not Available	3,513	Not Available	3,513
2000	Before 2002	Before 2002	Before 2002	8,466	Before 2002	8,466
1999				16,511		16,511
1998				15,721		15,721
1997				4,188		4,188
1996				777		777
1995				752		752
1994				0		0
1993				0		0
1992				0		0
1991				0		0
1990				0		0

Source: Fannie Mae

[1] **Information included in the table and footnotes for periods beginning 2002 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.**

[2] Not included in total mortgage purchases.

[3] Includes mortgage-related securities collateralized by first lien loans to credit-impaired borrowers and may include some underlying loans which are home equity or second lien.

[4] Shaded data have been revised to reflect data reclassifications and/or other adjustments.

Table 2. Fannie Mae MBS Issuances[1]

Period	Business Activity ($ in Millions)			
	MBS Issuances[2]			
	Single-Family MBS ($)	Multi-Family MBS ($)	Total MBS ($)	Multi-class MBS[3] ($)
4Q05	122,584	2,854	125,438	29,195
3Q05	157,609	967	158,576	38,928
2Q05	119,738	1,701	121,439	28,274
1Q05	100,737	3,856	104,594	27,416
Annual Data				
2005	500,668	9,379	510,047	123,813
2004	545,443	6,854	552,297	94,686
2003	1,196,561	23,018	1,219,579	260,919
2002	727,257	12,338	739,595	170,795
2001	514,621	13,801	528,422	139,403
2000	204,066	7,596	211,662	39,544
1999	292,192	8,497	300,689	55,160
1998	315,120	11,028	326,148	84,147
1997	143,615	5,814	149,429	85,415
1996	144,201	5,668	149,869	30,780
1995	106,269	4,187	110,456	9,681
1994	128,385	2,237	130,622	73,365
1993	220,485	959	221,444	210,630
1992	193,187	850	194,037	170,205
1991	111,488	1,415	112,903	112,808
1990	96,006	689	96,695	68,291
1989	66,489	3,275	69,764	41,715
1988	51,120	3,758	54,878	17,005
1987	62,067	1,162	63,229	9,917
1986	60,017	549	60,566	2,400
1985	23,142	507	23,649	Not Issued
1984	13,087	459	13,546	Before 1986
1983	13,214	126	13,340	
1982	13,970	Not Issued	13,970	
1981	717	Before 1983	717	

Source: Fannie Mae

[1] **Information included in the table and footnotes for periods beginning 2002 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae’s 2005 financial statements and required audits.**

[2] Lender-originated MBS plus issuances from Fannie Mae's portfolio.

[3] Includes Real Estate Mortgage Investment Conduits (REMICs) and stripped MBS.

Table 3. Fannie Mae Earnings[1]

	Earnings ($ in Millions)						
	Net Interest Income[2]	Guarantee Fee Income	Average Guarantee Fee	Administrative Expenses	Credit-Related Expenses[3]	Net Income	Return on Equity[4]
Period	($)	($)	(basis points)	($)	($)	($)	($)
4Q05	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3Q05	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2Q05	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1Q05	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Annual Data							
2005	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	13,569	2,411	20.2	1,463	112	7,905	49.9
2002	10,566	1,816	19.1	1,219	92	4,619	30.1
2001	8,090	1,482	19.0	1,017	78	5,894	39.8
2000	5,674	1,351	19.5	905	94	4,448	25.6
1999	4,894	1,282	19.3	800	127	3,912	25.2
1998	4,110	1,229	20.2	708	261	3,418	25.2
1997	3,949	1,274	22.7	636	375	3,056	24.6
1996	3,592	1,196	22.4	560	409	2,725	24.1
1995	3,047	1,086	22.0	546	335	2,144	20.9
1994	2,823	1,083	22.5	525	378	2,132	24.3
1993	2,533	961	21.3	443	305	1,873	25.3
1992	2,058	834	21.2	381	320	1,623	26.5
1991	1,778	675	21.0	319	370	1,363	27.7
1990	1,593	536	21.1	286	310	1,173	33.7
1989	1,191	408	21.3	254	310	807	31.1
1988	837	328	21.6	218	365	507	25.2
1987	890	263	22.1	197	360	376	24
1986	384	175	23.8	175	306	105	10
1985	139	112	25.6	142	206	(7)	(1)
1984	(90)	78	26.2	112	86	(71)	(7)
1983	(9)	54	26.3	81	48	49	5
1982	(464)	16	27.2	60	36	(192)	(19)
1981	(429)	0	25.0	49	(28)	(206)	(17)
1980	21	Not Available	Not Available	44	19	14	0.9
1979	322	Before 1981	Before 1981	46	35	162	11.3
1978	294			39	36	209	16.5
1977	251			32	28	165	15.3
1976	203			30	25	127	13.8
1975	174			27	16	115	14.1
1974	142			23	17	107	14.7
1973	180			18	12	126	20.3
1972	138			13	5	96	18.8
1971	49			15	4	61	14.4

Source: Fannie Mae

N/A = not available

[1] **Information included in the table and footnotes for periods beginning 2002 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.**

[2] Interest income net of interest expense.

[3] Credit-related expenses include the provision for loan losses and foreclosed property expenses.

[4] Calculated as annualized net income available to common stockholders divided by average common stockholders' equity.

Table 4. Fannie Mae Balance Sheet[1]

End of Period	Balance Sheet ($ in Millions)							Mortgage-Backed Securities Outstanding ($ in Millions)	
	Total Assets[2]	Total Retained Mortgage Portfolio[3]	Non-Mortgage Investments[4]	Debt Outstanding	Shareholders' Equity	Core Capital[5]	Fair Value of Net Assets	Total MBS Outstanding[6]	Multi-class MBS Outstanding[7]
	($)	($)	($)	($)	($)	($)	($)	($)	($)
4Q05	N/A	N/A	N/A	N/A	N/A	38,135	N/A	1,598,079	388,905
3Q05	N/A	N/A	N/A	N/A	N/A	36,993	N/A	1,573,843	386,794
2Q05	N/A	N/A	N/A	N/A	N/A	35,641	N/A	1,485,213	376,486
1Q05	N/A	N/A	N/A	N/A	N/A	34,998	N/A	1,441,077	373,407
Annual Data[8]									
2005	N/A	N/A	N/A	N/A	N/A	38,135	N/A	1,598,079	388,905
2004	N/A	N/A	N/A	N/A	N/A	32,641	N/A	1,402,775	368,567
2003	1,009,569	901,985	59,493	961,732	22,373	34,405	31,582	1,300,341	398,516
2002	887,515	801,140	39,293	850,982	16,288	28,079	22,130	1,029,571	401,486
2001	799,948	706,347	65,982	763,467	18,118	25,182	22,675	863,445	392,457
2000	675,224	607,731	52,347	642,682	20,838	20,827	20,677	706,722	334,508
1999	575,308	523,103	37,299	547,619	17,629	17,876	20,525	679,145	335,514
1998	485,146	415,434	58,515	460,291	15,453	15,465	14,885	637,143	361,613
1997	391,673	316,592	64,596	369,774	13,793	13,793	15,982	579,138	388,360
1996	351,041	286,528	56,606	331,270	12,773	12,773	14,556	548,173	339,798
1995	316,550	252,868	57,273	299,174	10,959	10,959	11,037	513,230	353,528
1994	272,508	220,815	46,335	257,230	9,541	9,541	10,924	486,345	378,733
1993	216,979	190,169	21,396	201,112	8,052	8,052	9,126	471,306	381,865
1992	180,978	156,260	19,574	166,300	6,774	Not Applicable	9,096	424,444	312,369
1991	147,072	126,679	9,836	133,937	5,547	Before 1993	Not Available	355,284	224,806
1990	133,113	114,066	9,868	123,403	3,941		Before 1992	288,075	127,278
1989	124,315	107,981	8,338	116,064	2,991			216,512	64,826
1988	112,258	100,099	5,289	105,459	2,260			170,097	26,660
1987	103,459	93,665	3,468	97,057	1,811			135,734	11,359
1986	99,621	94,123	1,775	93,563	1,182			95,568	Not Issued
1985	99,076	94,609	1,466	93,985	1,009			54,552	Before 1987
1984	87,798	84,135	1,840	83,719	918			35,738	
1983	78,383	75,247	1,689	74,594	1,000			25,121	
1982	72,981	69,356	2,430	69,614	953			14,450	
1981	61,578	59,629	1,047	58,551	1,080			717	
1980	57,879	55,589	1,556	54,880	1,457			Not Issued	
1979	51,300	49,777	843	48,424	1,501			Before 1981	
1978	43,506	42,103	834	40,985	1,362				
1977	33,980	33,252	318	31,890	1,173				
1976	32,393	31,775	245	30,565	983				
1975	31,596	30,820	239	29,963	861				
1974	29,671	28,666	466	28,168	772				
1973	24,318	23,589	227	23,003	680				
1972	20,346	19,652	268	19,239	559				
1971	18,591	17,886	349	17,672	460				

Source: Fannie Mae and OFHEO

N/A = not available

[1] **Information included in the table and footnotes for periods beginning 2001 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.**

[2] Beginning in 1998, the guaranty liability for Fannie Mae MBS held in the portfolio is classified as a liability.

[3] Gross retained portfolio net of unamortized purchase premium, discounts and deferred price adjustments, and, beginning in 2002, unrealized gains/losses on available-for-sale securities. The amounts for 1999 through 2002 include certain loans held for investment that were previously classified as non-mortgage investments.

[4] Values for years 1999 through 2003 exclude securities included in the line item, "Loans held for securitization and sale" included in the 2003 balance sheet, and in the retained mortgage portfolio. Data reflect unpaid principal balance adjusted to include mark-to-market gains and losses on available-for-sale securities, as well as unamortized premiums, discounts, and other deferred price adjustments. Prior to 1982, the majority of non-mortgage investments consisted of U.S. government securities and agency securities.

[5] The sum of (a) the stated value of outstanding common stock, (b) the stated value of outstanding noncumulative perpetual preferred stock, (c) paid-in capital, and (d) retained earnings, less treasury stock.

[6] Total Fannie Mae MBS net of Fannie Mae MBS in the retained mortgage portfolio.

[7] Includes REMICs as well as stripped MBS backed by Fannie Mae certificates.

[8] Shaded data have been revised to reflect data reclassifications and/or other adjustments.

Table 4a. Fannie Mae Total MBS Outstanding Detail[1]

End of Period	Single-Family Mortgages[2] ($ in Millions)							Multi-Family Mortgages[2] ($ in Millions)			Total MBS Outstanding[3]
	Conventional				FHA/VA						
	Fixed-Rate ($)	Adjustable-Rate ($)	Seconds ($)	Total ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Total ($)	Conventional ($)	FHA/RHS ($)	Total Multi-Family ($)	($)
4Q05	1,314,853	222,928	34	1,537,816	1,262	645	1,907	58,077	279	58,356	1,598,079
3Q05	1,288,033	223,231	39	1,511,303	1,447	721	2,168	60,078	294	60,372	1,573,843
2Q05	1,214,384	205,197	45	1,419,626	1,656	807	2,463	62,821	304	63,124	1,485,213
1Q05	1,179,197	194,381	51	1,373,629	1,766	874	2,640	64,494	315	64,808	1,441,077
Annual Data[4]											
2005	1,314,853	222,928	34	1,537,816	1,262	645	1,907	58,077	279	58,356	1,598,079
2004	1,152,941	183,580	58	1,336,579	1,982	949	2,931	62,942	323	63,265	1,402,775
2003	1,076,193	153,785	109	1,230,087	2,695	1,268	3,963	65,917	374	66,291	1,300,341
2002	881,618	92,287	338	974,243	3,868	1,247	5,115	49,227	986	50,213	1,029,571
2001	752,211	60,842	772	813,825	4,519	1,207	5,726	42,713	1,181	43,894	863,445
2000	599,999	61,495	1,165	662,659	6,778	1,298	8,076	35,207	780	35,987	706,722
1999	586,069	51,474	1,212	638,755	7,159	1,010	8,169	31,518	703	32,221	679,145
1998	545,680	56,903	98	602,681	5,340	587	5,927	28,378	157	28,535	637,143
1997	483,982	70,106	7	554,095	3,872	213	4,085	20,824	134	20,958	579,138
1996	460,866	65,682	9	526,557	4,402	191	4,593	16,912	111	17,023	548,173
1995	431,755	63,436	13	495,204	5,043	91	5,134	12,579	313	12,892	513,230
1994	415,692	55,780	18	471,490	5,628	0	5,628	8,908	319	9,227	486,345
1993	405,383	49,987	28	455,398	7,549	0	7,549	8,034	325	8,359	471,306
1992	360,619	45,718	43	406,380	9,438	0	9,438	8,295	331	8,626	424,444
1991	290,038	45,110	89	335,237	11,112	0	11,112	8,599	336	8,935	355,284
1990	225,981	42,443	121	268,545	11,380	0	11,380	7,807	343	8,150	288,075
1989	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	216,512
1988	Before 1990	Before 1990	Before 1990	Before 1990	Before 1990	Before 1990	Before 1990	Before 1990	Before 1990	Before 1990	170,097
1987											135,734
1986											95,568
1985											54,552
1984											35,738
1983											25,121
1982											14,450
1981											717
1980											Not Issued Before 1981

Source: Fannie Mae

[1] **Information included in the table and footnotes for periods beginning 2001 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.**

[2] Unpaid principal balance.

[3] Total Fannie Mae MBS net of Fannie Mae MBS in the retained mortgage portfolio. Includes guaranteed whole loan REMIC's and Private-label wraps that are not included in Grantor Trusts.

[4] Shaded data have been revised to reflect data reclassifications and/or other adjustments.

Table 5. Fannie Mae Retained Mortgage Portfolio Detail[1]

($ in Millions)					
End of Period	Whole Loans[2,3] ($)	Fannie Mae Securities[2] ($)	Other Mortgage-Related Securities[2] ($)	Unamortized Premiums, Discounts, Deferred Adjustments, and Unrealized Gains/Losses on Available-for-Sale Securities[4] ($)	Total Retained Mortgage Portfolio ($)
4Q05	252,853	341,712	132,980	N/A	N/A
3Q05	249,471	351,334	127,382	N/A	N/A
2Q05	247,292	414,901	146,386	N/A	N/A
1Q05	246,915	454,710	163,299	N/A	N/A
Annual Data[5]					
2005	252,853	341,712	132,980	N/A	N/A
2004	246,872	493,025	164,908	N/A	N/A
2003	234,726	556,930	106,887	3,442	901,985
2002	189,174	509,217	95,773	6,972	801,136
2001	167,405	431,776	109,270	(2,104)	706,347
2000	152,634	351,066	106,551	(2,520)	607,731
1999	149,231	281,714	93,122	(964)	523,103
1998	155,779	197,375	61,361	919	415,434
1997	160,102	130,444	26,132	(86)	316,592
1996	167,891	102,607	16,554	(525)	286,528
1995	171,481	69,729	12,301	(643)	252,868
1994	170,909	43,998	7,150	(1,242)	220,815
1993	163,149	24,219	3,493	(692)	190,169
1992	134,597	20,535	2,987	(1,859)	156,260
1991	109,251	16,700	3,032	(2,304)	126,679
1990	101,797	11,758	3,073	(2,562)	114,066
1989	95,729	11,720	3,272	(2,740)	107,981
1988	92,220	8,153	2,640	(2,914)	100,099
1987	89,618	4,226	2,902	(3,081)	93,665
1986	94,167	1,606	2,060	(3,710)	94,123
1985	97,421	435	793	(4,040)	94,609
1984	87,205	477	427	(3,974)	84,135
1983	77,983	Not Available	273	(3,009)	75,247
1982	71,777	Before 1984	37	(2,458)	69,356
1981	61,411		1	(1,783)	59,629
1980	57,326		1	(1,738)	55,589
1979	51,096		1	(1,320)	49,777
1978	43,315		Not Available	(1,212)	42,103
1977	34,377		Before 1979	(1,125)	33,252
1976	32,937			(1,162)	31,775
1975	31,916			(1,096)	30,820
1974	29,708			(1,042)	28,666
1973	24,459			(870)	23,589
1972	20,326			(674)	19,652
1971	18,515			(629)	17,886

Source: Fannie Mae

N/A = not available

[1] **Information included in the table and footnotes for periods beginning 2001 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.**

[2] Unpaid principal balance.

[3] The unpaid principal balance of whole loans at December 31, 1999 through December 31, 2002 includes certain loans held for investment that were classified as nonmortgage investments and excludes loans held for securitization or sale.

[4] For 2002 and 2003, amounts include unrealized gains/losses on securities classified as available-for-sale securities.

[5] Shaded data have been revised to reflect data reclassifications and/or other adjustments.

Table 5a. Fannie Mae Retained Mortgage Portfolio Detail - Whole Loans [1]

	Whole Loans ($ in Millions)[2,3]								
	Single-Family					Multi-Family			
	Conventional								
End of Period	Fixed-Rate[3,4] ($)	Adjustable-Rate ($)	Seconds ($)	Total ($)	Total FHA/VA[5] ($)	Conventional ($)	FHA/RHS ($)	Total ($)	Total Whole Loans ($)
4Q05	185,086	16,892	218	202,196	14,930	34,991	736	35,727	252,853
3Q05	185,858	16,833	203	202,894	13,297	32,508	772	33,280	249,471
2Q05	187,361	17,382	189	204,932	12,014	29,536	810	30,346	247,292
1Q05	189,514	17,650	177	207,341	10,920	27,803	851	28,654	246,915
Annual Data[6]									
2005	185,086	16,892	218	202,196	14,930	34,991	736	35,727	252,853
2004	192,418	17,335	175	209,928	9,964	26,083	897	26,980	246,872
2003	194,653	13,213	231	208,097	7,063	18,475	1,091	19,566	234,726
2002	160,553	9,068	524	170,145	5,458	12,217	1,354	13,571	189,174
2001	140,454	10,427	917	151,798	5,069	8,987	1,551	10,538	167,405
2000	125,786	13,244	480	139,510	4,763	6,547	1,814	8,361	152,634
1999	130,614	6,058	176	136,848	4,472	5,564	2,347	7,911	149,231
1998	135,351	7,633	206	143,190	4,404	5,590	2,595	8,185	155,779
1997	134,543	10,389	268	145,200	4,631	7,388	2,883	10,271	160,102
1996	137,507	12,415	323	150,245	4,739	9,756	3,151	12,907	167,891
1995	137,032	14,756	423	152,211	4,780	11,175	3,315	14,490	171,481
1994	133,882	16,475	537	150,894	4,965	11,681	3,369	15,050	170,909
1993	123,308	19,175	772	143,255	5,305	11,143	3,446	14,589	163,149
1992	91,500	22,637	1,355	115,492	6,097	9,407	3,601	13,008	134,597
1991	69,130	19,763	2,046	90,939	6,962	7,641	3,709	11,350	109,251
1990	61,873	19,558	1,851	83,282	8,524	6,142	3,849	9,991	101,797
1989	55,638	20,751	1,614	78,003	9,450	3,926	4,350	8,276	95,729
1988	53,090	20,004	1,561	74,655	10,480	2,699	4,386	7,085	92,220
1987	55,913	13,702	1,421	71,036	11,652	2,448	4,482	6,930	89,618
1986	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	94,167
1985	Before 1987	Before 1987	Before 1987	Before 1987	Before 1987	Before 1987	Before 1987	Before 1987	97,421
1984									87,205
1983									77,983
1982									71,777
1981									61,411
1980									57,326
1979									51,096
1978									43,315
1977									34,377
1976									32,937
1975									31,916
1974									29,708
1973									24,459
1972									20,326
1971									18,515

Source: Fannie Mae

[1] Information included in the table and footnotes for periods beginning 2002 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.

[2] Unpaid principal balance.

[3] The unpaid principal balance of whole loans at December 31, 1999 through December 31, 2002 includes certain loans held for investment that were classified as nonmortgage investments and excludes loans held for securitization or sale.

[4] Includes balloon/reset loans.

[5] Includes loans guaranteed by the Rural Housing Service.

[6] Shaded data have been revised to reflect data reclassifications and/or other adjustments.

Table 5b. Fannie Mae Retained Mortgage Portfolio Detail - Part 1, Mortgage-Related Securities[1]

	Mortgage-Related Securities ($ in Millions)[2]													
	Fannie Mae Securities				Others' Securities									
					Freddie Mac				Ginnie Mae					
	Single-Family				Single-Family				Single-Family					
End of Period	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-Family ($)	Total Fannie Mae ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-Family ($)	Total Freddie Mac ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-Family ($)	Total Ginnie Mae ($)	Total Private Label ($)	Total Others' Securities ($)
4Q05	303,025	29,571	9,116	341,712	18,850	9,861	0	28,711	2,272	0	57	2,329	83,137	114,177
3Q05	314,303	28,036	8,995	351,334	19,630	7,149	0	26,779	2,715	0	67	2,782	78,199	107,761
2Q05	374,529	30,963	9,409	414,901	26,183	7,736	0	33,920	3,237	0	67	3,305	88,590	125,814
1Q05	413,494	31,505	9,711	454,710	27,523	8,138	0	35,661	3,580	0	67	3,648	102,072	141,381
Annual Data[3]														
2005	303,025	29,571	9,116	341,712	18,850	9,861	0	28,711	2,272	0	57	2,329	83,137	114,177
2004	449,517	33,675	9,833	493,025	29,566	8,234	0	37,800	3,953	0	68	4,021	100,831	142,652
2003	538,187	8,873	9,870	556,930	30,586	558	9	31,153	6,858	0	68	6,926	48,298	86,377
2002	492,783	6,970	9,464	509,217	32,595	216	20	32,831	15,433	1	85	15,519	27,785	76,135
2001	417,796	5,648	8,332	431,776	42,516	287	26	42,829	18,779	1	109	18,889	29,175	90,893
2000	Not Available	Not Available	Not Available	351,066	Not Available	Not Available	Not Available	33,290	Not Available	Not Available	Not Available	23,768	34,266	91,324
1999	Before 2001	Before 2001	Before 2001	281,714	Before 2001	Before 2001	Before 2001	25,577	Before 2001	Before 2001	Before 2001	23,701	31,673	80,951
1998				197,375				23,453				8,638	19,585	51,676
1997				130,444				5,262				7,696	5,554	18,512
1996				102,607				3,623				4,780	1,486	9,889
1995				69,729				3,233				2,978	747	6,958
1994				43,998				564				3,182	1	3,747
1993				24,219				Not Available				972	2	974
1992				20,535				Before 1994				168	3	171
1991				16,700								180	93	273
1990				11,758								191	352	543
1989				11,720								202	831	1,033
1988				8,153								26	810	836
1987				4,226								Not Available	1,036	1,036
1986				1,606								Before 1988	1,591	1,591
1985				435									Not Available	Not Available
1984				477									Before 1986	Before 1986
1983				Not Available Before 1984										

Source: Fannie Mae

[1] **Information included in the table and footnotes for periods beginning 2001 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.**

[2] Unpaid principal balance.

[3] Shaded data have been revised to reflect data reclassifications and/or other adjustments.

Table 5b. Fannie Mae Retained Mortgage Portfolio Detail - Part 2, Mortgage-Related Securities, Private-Label Detail [1]

End of Period	Mortgage-Related Securities ($ in Millions) [2]					
	Private-Label					
	Single-Family					
		Other [3]				
	Manufactured Housing ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Total Other ($)	Multi-Family ($)	Total Private Label ($)
4Q05	5,407	13,602	63,713	77,315	415	83,137
3Q05	5,637	11,656	60,499	72,155	407	78,199
2Q05	5,894	12,706	69,576	82,282	414	88,590
1Q05	6,146	13,500	82,084	95,584	342	102,072
Annual Data [4]						
2005	5,407	13,602	63,713	77,315	415	83,137
2004	6,382	14,166	79,951	94,117	332	100,831
2003	7,604	11,844	28,577	40,421	273	48,298
2002	9,582	10,062	7,879	17,941	261	27,785
2001	10,708	13,432	4,736	18,168	299	29,175
2000	Not Available	Not Available	Not Available	24,794	Not Available	34,266
1999	Before 2001	Before 2001	Before 2001	31,673	Before 2001	31,673
1998				19,585		19,585
1997				5,554		5,554
1996				1,486		1,486
1995				747		747
1994				1		1
1993				2		2
1992				3		3
1991				93		93
1990				352		352
1989				831		831
1988				810		810
1987				1,036		1,036
1986				1,591		1,591
1985				Not Available		Not Available
1984				Before 1986		Before 1996
1983						

Source: Fannie Mae

[1] **Information included in the table and footnotes for periods beginning 2001 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.**

[2] Unpaid principal balance.

[3] Include mortgage-related securities collateralized by first lien loans to credit-impaired borrowers and may include some underlying loans which are home equity or second lien.

[4] Shaded data have been revised to reflect data reclassifications and/or other adjustments.

Table 5b. Fannie Mae Retained Mortgage Portfolio Detail - Part 3, Mortgage-Related Securities [1]

End of Period	Mortgage-Related Securities ($ in Millions)		($ in Millions)	
	Mortgage Revenue Bonds[2] ($)	Total Mortgage-Related Securities[2] ($)	Unamortized Premiums, Discounts, Deferred Adjustments, and Unrealized Gains/Losses on Available-for-Sale Securities[3] ($)	Total Retained Mortgage Portfolio ($)
4Q05	18,803	474,692	N/A	N/A
3Q05	19,621	478,716	N/A	N/A
2Q05	20,572	561,287	N/A	N/A
1Q05	21,918	618,009	N/A	N/A
Annual Data[4]				
2005	18,803	474,692	N/A	N/A
2004	22,256	657,933	N/A	N/A
2003	20,510	663,817	3,442	901,985
2002	19,638	604,990	6,972	801,136
2001	18,377	541,046	(2,104)	706,347
2000	15,227	457,617	(2,520)	607,731
1999	12,171	374,836	(964)	523,103
1998	9,685	258,736	919	415,434
1997	7,620	156,576	(86)	316,592
1996	6,665	119,161	(525)	286,527
1995	5,343	82,030	(643)	252,868
1994	3,403	51,148	(1,242)	220,815
1993	2,519	27,712	(692)	190,169
1992	2,816	23,522	(1,859)	156,260
1991	2,759	19,732	(2,304)	126,679
1990	2,530	14,831	(2,562)	114,066
1989	2,239	14,992	(2,740)	107,981
1988	1,804	10,793	(2,914)	100,099
1987	1,866	7,128	(3,081)	93,665
1986	469	Not Available Before 1986	(3,710)	94,123
1985	Not Available Before 1985		(4,040)	95,250
1984			(3,974)	84,695
1983			(3,009)	75,782
1982			(2,458)	69,842
1981			(1,783)	59,949
1980			(1,738)	55,878
1979			(1,320)	49,777
1978			(1,212)	42,103
1977			(1,125)	33,252
1976			(1,162)	31,775
1975			(1,096)	30,821
1974			(1,042)	28,665
1973			(870)	23,579
1972			(674)	19,650
1971			(629)	17,886

Source: Fannie Mae

N/A = not available

[1] **Information included in the table and footnotes for periods beginning 2001 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.**

[2] Unpaid principal balance.

[3] For 2002 and 2003, amount includes unrealized gains/losses on available-for-sale securities.

[4] Shaded data have been revised to reflect data reclassifications and/or other adjustments.

Table 6. Fannie Mae Financial Derivatives[1]

End of Period	Financial Derivatives - Notional Amount Outstanding ($ in Millions)						
	Interest Rate Swaps ($)	Interest Rate Caps, Floors, and Corridors ($)	Foreign Currency Contracts ($)	OTC Futures, Options, and Forward Rate Agreements ($)	Mandatory Mortgage Purchase & Sell Commitments ($)	Other ($)	Total ($)
4Q05	306,984	33,000	5,485	298,685	N/A	0	N/A
3Q05	267,840	46,700	5,310	308,085	N/A	0	N/A
2Q05	256,724	56,550	8,784	333,685	N/A	0	N/A
1Q05	244,902	87,500	10,706	355,935	N/A	0	N/A
Annual Data							
2005	306,984	33,000	5,485	298,685	N/A	0	N/A
2004	242,459	104,150	10,743	331,400	34,131	0	722,883
2003	569,884	130,350	4,712	335,650	38,492	0	1,079,088
2002	246,508	122,393	4,019	283,675	Not Available	0	656,595
2001	299,953	75,893	8,493	148,800	Before 2003	0	533,139
2000	227,651	33,663	9,511	53,915		0	324,740
1999	192,032	28,950	11,507	41,081		1,400	274,970
1998	142,846	14,500	12,995	13,481		3,735	187,557
1997	149,673	100	9,968	0		1,660	161,401
1996	158,140	300	2,429	0		350	161,219
1995	125,679	300	1,224	29		975	128,207
1994	87,470	360	1,023	0		1,465	90,317
1993	49,458	360	1,023	0		1,425	52,265
1992	24,130	0	1,177	0		1,350	26,658
1991	9,100	0	Not Available	50		1,050	10,200
1990	4,800	0	Before 1992	25		1,700	6,525

Source: Fannie Mae

N/A = not available

[1] **Information included in the table and footnotes for periods beginning 2001 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.**

Table 7. Fannie Mae Non-Mortgage Investments[1]

End of Period	Non-Mortgage Investments ($ in Millions)[2] Federal Funds and Eurodollars ($)	Asset-Backed Securities	Repurchase Agreements[3]	Commercial Paper and Corporate Debt ($)	Other ($)	Total ($)
4Q05	N/A	N/A	N/A	N/A	N/A	N/A
3Q05	N/A	N/A	N/A	N/A	N/A	N/A
2Q05	N/A	N/A	N/A	N/A	N/A	N/A
1Q05	N/A	N/A	N/A	N/A	N/A	N/A
Annual Data						
2005	N/A	N/A	N/A	N/A	N/A	N/A
2004	N/A	N/A	N/A	N/A	N/A	N/A
2003	12,575	26,900	111	16,743	3,164	59,493
2002	1,548	22,311	181	14,075	1,178	39,293
2001	16,089	20,937	808	23,805	4,343	65,982
2000	7,539	17,512	87	8,893	18,316	52,347
1999	4,837	19,207	122	1,723	11,410	37,299
1998	7,926	20,993	7,556	5,155	16,885	58,515
1997	19,212	16,639	6,715	11,745	10,285	64,596
1996	21,734	14,635	4,667	6,191	9,379	56,606
1995	19,775	9,905	10,175	8,629	8,789	57,273
1994	17,593	3,796	9,006	7,719	8,221	46,335
1993	4,496	3,557	4,684	0	8,659	21,396
1992	6,587	4,124	3,189	0	5,674	19,574
1991	2,954	2,416	2,195	0	2,271	9,836
1990	5,329	1,780	951	0	1,808	9,868
1989	5,158	1,107	0	0	2,073	8,338
1988	4,125	481	0	0	683	5,289
1987	2,559	25	0	0	884	3,468
1986	1,530	0	0	0	245	1,775
1985	1,391	0	0	0	75	1,466
1984	1,575	0	0	0	265	1,840
1983	1,462	0	0	0	227	1,689
1982	1,799	0	0	0	631	2,430
1981	Not Available	Not Available	Not Available	Not Available	Not Available	1,047
1980	Before 1982	Before 1982	Before 1982	Before 1982	Before 1982	1,556
1979						843
1978						834
1977						318
1976						245
1975						239
1974						466
1973						227
1972						268
1971						349

Source: Fannie Mae

N/A = not available

[1] **Information included in the table and footnotes for periods beginning 2001 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.**

[2] Unpaid principal balance adjusted to include mark-to-market gains and losses on available-for-sale securities and unamortized premiums, discounts, and other deferred price adjustments. Prior to 1982, the majority of non-mortgage investments were comprised of U.S. government securities and agency securities.

[3] As of 1999, Repurchase Agreements consist primarily of overnight investments that mature daily. Values for 1999 through 2003 exclude securities included in "Loans held for securitization and sale" and the retained mortgage portfolio.

Table 8. Fannie Mae Asset Mix[1]

End of Period	Asset Ratios: Total Retained Mortgage Portfolio / Total Assets (%)	Asset Ratios: Non-Mortgage Investments/ Total Assets (%)
4Q05	N/A	N/A
3Q05	N/A	N/A
2Q05	N/A	N/A
1Q05	N/A	N/A
Annual Data		
2005	N/A	N/A
2004	N/A	N/A
2003	89.3	5.9
2002	90.3	4.4
2001	88.4	8.2
2000	90.0	7.8
1999	90.9	6.5
1998	85.6	12.1
1997	80.8	16.5
1996	81.6	16.1
1995	79.9	18.1
1994	81.0	17.0
1993	87.6	9.9
1992	86.3	10.8
1991	86.1	6.7
1990	85.7	7.4
1989	86.9	6.7
1988	89.2	4.7
1987	90.5	3.4
1986	94.5	1.8
1985	95.5	1.5
1984	95.8	2.1
1983	96.0	2.2
1982	95.0	3.3
1981	96.8	1.7
1980	96.0	2.7
1979	97.0	1.6
1978	96.8	1.9
1977	97.9	0.9
1976	98.1	0.8
1975	97.5	0.8
1974	96.6	1.6
1973	97.0	1.0
1972	96.6	1.3
1971	96.2	1.8

Source: Fannie Mae

N/A = not available

[1] **Information included in the table and footnotes for periods beginning 2001 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.**

Table 9. Fannie Mae Mortgage Asset Quality[1]

End of Period	Single-Family Delinquency Rate[2] (%)	Multi-Family Delinquency Rate[3] (%)	Credit Losses / Total MBS Outstanding plus Retained Mortgage Portfolio[4] (%)	REO / Total MBS Outstanding plus Retained Mortgage Portfolio[5] (%)	Credit-Enhanced Outstanding / Total MBS Outstanding plus Retained Mortgage Portfolio[6] (%)
	Mortgage Asset Quality				
4Q05	0.79	0.27	N/A	N/A	N/A
3Q05	0.61	0.09	N/A	N/A	N/A
2Q05	0.57	0.10	N/A	N/A	N/A
1Q05	0.59	0.09	N/A	N/A	N/A
Annual Data					
2005	0.79	0.27	N/A	N/A	N/A
2004	0.63	0.10	N/A	N/A	N/A
2003	0.60	0.27	0.01	0.07	24.3
2002	0.57	0.05	0.01	0.06	29.6
2001	0.55	0.27	0.01	0.04	34.2
2000	0.45	0.07	0.01	0.05	40.4
1999	0.47	0.11	0.01	0.06	20.9
1998	0.56	0.23	0.03	0.08	17.5
1997	0.62	0.37	0.04	0.10	12.8
1996	0.58	0.68	0.05	0.11	10.5
1995	0.56	0.81	0.05	0.08	10.6
1994	0.47	1.21	0.06	0.10	10.2
1993	0.48	2.34	0.04	0.10	10.6
1992	0.53	2.65	0.04	0.09	15.6
1991	0.64	3.62	0.04	0.07	22.0
1990	0.58	1.70	0.06	0.09	25.9
1989	0.69	3.20	0.07	0.14	Not Available Before 1990
1988	0.88	6.60	0.11	0.15	
1987	1.12	Not Available Before 1988	0.11	0.18	
1986	1.38		0.12	0.22	
1985	1.48		0.13	0.32	
1984	1.65		0.09	0.33	
1983	1.49		0.05	0.35	
1982	1.41		0.01	0.20	
1981	0.96		0.01	0.13	
1980	0.90		0.01	0.09	
1979	0.56		0.02	0.11	
1978	0.55		0.02	0.18	
1977	0.46		0.02	0.26	
1976	1.58		0.03	0.27	
1975	0.56		0.03	0.51	
1974	0.51		0.02	0.52	
1973	Not Available Before 1974		0.00	0.61	
1972			0.02	0.98	
1971			0.01	0.59	

Source: Fannie Mae

N/A = not available

[1] **Information included in the table and footnotes for periods beginning 2001 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.**

[2] Beginning with 1998, data include all seriously delinquent conventional loans with and without primary mortgage insurance and/or credit enhancement. Prior to 1988, data include all seriously delinquent loans for which Fannie Mae has primary risk of loss. Data prior to 1992 include loans in relief or bankruptcy, even if the loans are less than 90 days delinquent.

[3] Beginning in 1998, data include all loans and securities 60 days or more past due and is calculated based on mortgage credit book of business. Data prior to 1998 include loans for which Fannie Mae has primary risk of loss.

[4] Credit losses are charge-offs plus foreclosed property expense; average balances used to calculate ratios subsequent to 1994; quarterly data are annualized.

[5] Real estate owned balances reflect end-of-period amounts. Beginning with 1995, data reflect adoption of SFAS 114.

[6] Beginning in 2000, "credit-enhanced" is expanded to include primary mortgage insurance. Prior to 2000, reflect proportion of the retained mortgage portfolio with additional recourse from a third party to accept some or all of the expected losses on defaulted mortgages.

Table 10. Fannie Mae Capital[1]

End of Period	Capital ($ in Millions)									
	Minimum Capital Requirement			Risk-Based Capital Requirement						
	Core Capital ($)	Minimum Capital Requirement ($)	Minimum Capital Surplus (Deficit)[2] ($)	Total Capital[3] ($)	Risk-Based Capital Requirement[4] ($)	Risk-Based Capital Surplus (Deficit)[5] ($)	Market Capitalization[6] ($)	Core Capital/Total Assets (%)	Core Capital / Total MBS Outstanding plus Total Assets (%)	Common Share Dividend Payout Rate[7] (%)
4Q05	38,135	28,463	9,673	39,204	12,636	26,568	47,373	N/A	N/A	N/A
3Q05	36,993	27,878	9,115	37,860	15,699	22,161	43,473	N/A	N/A	N/A
2Q05	35,641	29,727	5,914	36,144	23,061	13,083	56,637	N/A	N/A	N/A
1Q05	34,998	30,959	4,039	35,495	6,355	29,140	52,799	N/A	N/A	N/A
Annual Data										
2005	38,135	28,463	9,673	39,204	12,636	26,568	47,373	N/A	N/A	N/A
2004	32,641	32,166	475	35,878	10,039	25,839	69,010	N/A	N/A	N/A
2003	34,405	31,520	2,885	35,182	27,221	7,960	72,838	3.41	1.49	23.0
2002	28,079	27,203	877	28,871	17,434	11,437	63,612	3.16	1.46	20.9
2001	25,182	24,182	1,000	25,976	Not Applicable Before 2002	Not Applicable Before 2002	79,281	3.15	1.52	23.0
2000	20,827	20,294	533	21,634			86,643	3.08	1.51	26.0
1999	17,876	17,770	106	18,677			63,651	3.11	1.42	28.8
1998	15,465	15,334	131	16,257			75,881	3.19	1.38	29.5
1997	13,793	12,703	1,090	14,575			59,167	3.52	1.42	29.4
1996	12,773	11,466	1,307	13,520			39,932	3.64	1.42	30.4
1995	10,959	10,451	508	11,703			33,812	3.46	1.32	34.6
1994	9,541	9,416	126	10,368			19,882	3.50	1.26	30.8
1993	8,052	7,876	176	8,893			21,387	3.71	1.17	26.8
1992	Not Applicable Before 1993	Not Applicable Before 1993	Not Applicable Before 1993	Not Applicable Before 1993			20,874	Not Applicable Before 1993	Not Applicable Before 1993	23.2
1991							18,836			21.3
1990							8,490			14.7
1989							8,092			12.8
1988							3,992			11.2
1987							2,401			11.7
1986							3,006			8.0
1985							1,904			30.1
1984							1,012			Not Applicable
1983							1,514			13.9
1982							1,603			Not Applicable
1981							502			Not Applicable
1980							702			464.2
1979							Not Available Before 1980			45.7
1978										30.3
1977										31.8
1976										33.6
1975										31.8
1974										29.6
1973										18.1
1972										15.2
1971										18.7

Source: Fannie Mae and OFHEO

N/A = not available

[1] **Information included in the table and footnotes for periods beginning 2001 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.**

[2] The difference between Core Capital and Minimum Capital Requirement.

[3] Total Capital is Core Capital plus the total allowance for loan losses and guaranty liability for MBS, less any specific loss allowances.

[4] The Risk-Based Capital Requirement is the amount of Total Capital that an Enterprise must hold to absorb projected losses flowing from future adverse interest rate and credit risk conditions and is specified by the Federal Housing Enterprise Financial Safety and Soundness Act of 1992.

[5] The difference between Total Capital and the Risk-Based Capital Requirement.

[6] Stock price at the end of the period multiplied by the number of outstanding common shares.

[7] Common dividends paid as a percentage of net income available to common stockholders.

Table 11. Freddie Mac Mortgage Purchases[1]

Business Activity ($ in Millions)				
Purchases[2]				
Period	Single-Family ($)	Multi-Family ($)	Total Mortgages[3] ($)	Mortgage-Related Securities[4] ($)
4Q05	106,408	3,701	110,109	91,561
3Q05	111,896	3,460	115,356	95,141
2Q05	91,560	1,580	93,140	78,302
1Q05	71,809	2,431	74,240	60,571
Annual Data				
2005	381,673	11,172	392,845	325,575
2004	354,812	12,712	367,524	223,299
2003	701,483	15,292	716,775	385,078
2002	533,194	10,654	543,848	299,674
2001	384,124	9,510	393,634	248,466
2000	168,013	6,030	174,043	91,896
1999	232,612	7,181	239,793	101,898
1998	263,490	3,910	267,400	128,446
1997	115,160	2,241	117,401	35,385
1996	122,850	2,229	125,079	36,824
1995	89,971	1,565	91,536	39,292
1994	122,563	847	123,410	19,817
1993	229,051	191	229,242	Not Available
1992	191,099	27	191,126	Before 1994
1991	99,729	236	99,965	
1990	74,180	1,338	75,518	
1989	76,765	1,824	78,589	
1988	42,884	1,191	44,075	
1987	74,824	2,016	76,840	
1986	99,936	3,538	103,474	
1985	42,110	1,902	44,012	
1984	Not Available	Not Available	21,885	
1983	Before 1985	Before 1985	22,952	
1982			23,671	
1981			3,744	
1980			3,690	
1979			5,716	
1978			6,524	
1977			4,124	
1976			1,129	
1975			1,716	
1974			2,185	
1973			1,334	
1972			1,265	
1971			778	

Source: Freddie Mac

[1] For the period 2001 through 2003, data are based on restated and revised financial results.

[2] Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.

[3] Loans purchased from lenders. Excludes repurchased Freddie Mac MBS and structured securities.

[4] Not included in total mortgages. For the period 2002 through 2005, amounts include non-Freddie Mac mortgage-related securities purchased for structured securities (e.g. alternative collateral deals and structured securities backed by Ginnie Mae MBS). For 2001, amounts include alternative collateral deals and excludes structured securities backed by Ginnie Mae MBS.

Table 11a. Freddie Mac Mortgage Purchases Detail, By Type of Loan[1]

Purchases ($ in millions)[2,3]												
	Single-Family Mortgages								Multi-Family Mortgages			
	Conventional				FHA/VA							
Period	Fixed-Rate[4] ($)	Adjustable-Rate[5] ($)	Seconds ($)	Total ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Total ($)	Total Single-Family Mortgages ($)	Conventional ($)	FHA/ RHS ($)	Total Multi-Family Mortgages ($)	Total Mortgage Purchases ($)
4Q05	88,346	18,062	0	106,408	0	0	0	106,408	3,701	0	3,701	110,109
3Q05	91,164	20,732	0	111,896	0	0	0	111,896	3,460	0	3,460	115,356
2Q05	76,112	15,448	0	91,560	0	0	0	91,560	1,580	0	1,580	93,140
1Q05	58,220	13,589	0	71,809	0	0	0	71,809	2,431	0	2,431	74,240
Annual Data[6]												
2005	313,842	67,831	0	381,673	0	0	0	381,673	11,172	0	11,172	392,845
2004	293,830	60,663	0	354,493	319	0	319	354,812	12,712	0	12,712	367,524
2003	617,796	82,270	0	700,066	1,417	0	1,417	701,483	15,292	0	15,292	716,775
2002	468,901	63,448	0	532,349	845	0	845	533,194	10,654	0	10,654	543,848
2001	353,056	30,780	0	383,836	288	0	288	384,124	9,507	3	9,510	393,634
2000	145,744	21,201	0	166,945	1,068	0	1,068	168,013	6,030	0	6,030	174,043
1999	224,040	7,443	0	231,483	1,129	0	1,129	232,612	7,181	0	7,181	239,793
1998	256,008	7,384	0	263,392	98	0	98	263,490	3,910	0	3,910	267,400
1997	106,174	8,950	0	115,124	36	0	36	115,160	2,241	0	2,241	117,401
1996	116,316	6,475	0	122,791	59	0	59	122,850	2,229	0	2,229	125,079
1995	75,867	14,099	0	89,966	5	0	5	89,971	1,565	0	1,565	91,536
1994	105,902	16,646	0	122,548	15	0	15	122,563	847	0	847	123,410
1993	208,322	20,708	1	229,031	20	0	20	229,051	191	0	191	229,242
1992	175,515	15,512	7	191,034	65	0	65	191,099	27	0	27	191,126
1991	91,586	7,793	206	99,585	144	0	144	99,729	236	0	236	99,965
1990	56,806	16,286	686	73,778	402	0	402	74,180	1,338	0	1,338	75,518
1989	57,100	17,835	1,206	76,141	624	0	624	76,765	1,824	0	1,824	78,589
1988	34,737	7,253	59	42,049	835	0	835	42,884	1,191	0	1,191	44,075
1987	69,148	4,779	69	73,996	828	0	828	74,824	2,016	0	2,016	76,840
1986	96,105	2,262	90	98,457	1,479	0	1,479	99,936	3,538	0	3,538	103,474
1985	40,226	605	34	40,865	1,245	0	1,245	42,110	1,902	0	1,902	44,012
1984	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985
1983												
1982												
1981												
1980												
1979												
1978												
1977												
1976												
1975												
1974												
1973												
1972												
1971												

Source: Freddie Mac

[1] For the period 2001 through 2003, data are based on restated and revised financial results.
[2] Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.
[3] Loans purchased from lenders. Excludes repurchased Freddie Mac MBS and structured securities.
[4] For the period 2002 through 2005, includes loans guaranteed by the Rural Housing Service.
[5] For the period 2001 through 2005, includes balloons/resets.
[6] Shaded amounts have been revised.

Table 11b. Freddie Mac Purchases of Mortgage-Related Securities - Part 1 [1]

Period	Purchases ($ in Millions) [2]														
	Freddie Mac Securities				Others' Securities									Mortgage Revenue Bonds	Total Mortgage-Related Securities[3]
	Single-Family		Multi-Family	Total Freddie Mac	Fannie Mae				Ginnie Mae				Total Private-Label		
	Fixed-Rate	Adjustable-Rate			Single-Family Fixed-Rate	Single-Family Adjustable-Rate	Multi-Family	Total Fannie Mae	Single-Family Fixed-Rate	Single-Family Adjustable-Rate	Multi-Family	Total Ginnie Mae			
	($)	($)	($)	($)	($)	($)	($)	($)	($)	($)	($)	($)	($)	($)	($)
4Q05	36,340	8,194	0	44,534	791	1,237	0	2,028	0	0	0	0	44,478	521	91,561
3Q05	34,518	9,267	0	43,785	257	1,304	0	1,561	0	0	0	0	48,997	798	95,141
2Q05	19,723	5,199	0	24,922	1,770	227	0	1,997	64	0	0	64	50,126	1,193	78,302
1Q05	16,101	7,145	0	23,246	36	600	0	636	0	0	0	0	36,361	328	60,571
Annual Data															
2005	106,682	29,805	0	136,487	2,854	3,368	0	6,222	64	0	0	64	179,962	2,840	325,575
2004	72,147	24,088	0	96,235	756	3,282	0	4,038	0	0	0	0	121,082	1,944	223,299
2003	Not Available Before 2004	Not Available Before 2004		266,989	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	47,806	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	166	69,154	963	385,078
2002				192,817				45,798				820	59,376	863	299,674
2001				157,339				64,508				1,444	24,468	707	248,466
2000				58,516				18,249				3,339	10,304	1,488	91,896
1999				69,219				12,392				3,422	15,263	1,602	101,898
1998				107,508				3,126				319	15,711	1,782	128,446
1997				31,296				897				326	1,494	1,372	35,385
1996				33,338				Not Available Before 1997				Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	36,824
1995				32,534											39,292
1994				19,817											19,817
1993				Not Available Before 1994											Not Available Before 1994

Source: Freddie Mac

[1] For the period 2001 through 2003, data are based on restated and revised financial results.
[2] Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.
[3] Not included in total mortgages. For years 2002 through 2005, amounts include non-Freddie Mac mortgage-related securities purchased for structured securities (e.g. alternative collateral deals and structured securities backed by Ginnie Mae MBS). For 2001, amounts include alternative collateral deals and excludes structured securities backed by Ginnie Mae MBS.

Table 11b. Freddie Mac Purchases of Mortgage-Related Securities - Part 2, Private-Label Detail[1]

Period	Purchases ($ in Millions)[2] Private-Label Single-Family Manufactured Housing ($)	Other[3] Fixed-Rate ($)	Other[3] Adjustable-Rate ($)	Other[3] Total Other ($)	Multi-Family ($)	Total Private-Label ($)
4Q05	0	3,105	41,373	44,478	0	44,478
3Q05	0	4,452	44,545	48,997	0	48,997
2Q05	0	3,675	46,451	50,126	0	50,126
1Q05	0	2,574	33,787	36,361	0	36,361
Annual Data						
2005	0	13,806	166,156	179,962	0	179,962
2004	0	11,682	109,400	121,082	0	121,082
2003	0	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	69,154
2002	318					59,376
2001	0					24,468
2000	15					10,304
1999	3,293					15,263
1998	1,630					15,711
1997	36					1,494
1996	Not Available Before 1997					Not Available Before 1997
1995						
1994						
1993						

Source: Freddie Mac

[1] For the period 2001 through 2003, data are based on restated and revised financial results.

[2] Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.

[3] Includes home equity securities and non-Freddie Mac mortgage-related securities purchased for structured securities (e.g. alternative collateral deals and structured securities backed by Ginnie Mae MBS).

Table 12. Freddie Mac MBS Issuances[1]

Business Activity ($ in Millions)				
MBS Issuances[2]				
Period	Single Family MBS[3] ($)	Multi-Family MBS ($)	Total MBS[3] ($)	Multi-class MBS[4] ($)
4Q05	112,021	586	112,607	49,549
3Q05	111,869	649	112,518	59,383
2Q05	95,321	293	95,614	43,528
1Q05	77,002	126	77,128	55,980
Annual Data[5]				
2005	396,213	1,654	397,867	208,440
2004	360,933	4,175	365,108	215,367
2003	705,450	8,337	713,787	298,118
2002	543,716	3,596	547,312	331,672
2001	387,234	2,357	389,591	192,437
2000	165,115	1,786	166,901	48,202
1999	230,986	2,045	233,031	119,565
1998	249,627	937	250,564	135,162
1997	113,758	500	114,258	84,366
1996	118,932	770	119,702	34,145
1995	85,522	355	85,877	15,372
1994	116,901	209	117,110	73,131
1993	208,724	0	208,724	143,336
1992	179,202	5	179,207	131,284
1991	92,479	0	92,479	72,032
1990	71,998	1,817	73,815	40,479
1989	72,931	587	73,518	39,754
1988	39,490	287	39,777	12,985
1987	72,866	2,152	75,018	0
1986	96,798	3,400	100,198	2,233
1985	37,583	1,245	38,828	2,625
1984	Not Available	Not Available	18,684	1,805
1983	Before 1985	Before 1985	19,691	1,685
1982			24,169	Not Issued
1981			3,526	Before 1983
1980			2,526	
1979			4,546	
1978			6,412	
1977			4,657	
1976			1,360	
1975			950	
1974			46	
1973			323	
1972			494	
1971			65	

Source: Freddie Mac

[1] For the period 2001 through 2003, data are based on restated and revised financial results.

[2] Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.

[3] Includes MBS and structured securities backed by non-Freddie Mac mortgage-related securities. For the period 2002 through 2004, includes structured securities backed by Ginnie Mae MBS. For years prior to 2002, excludes structured securities backed by Ginnie Mae MBS.

[4] Includes activity related to multi-class structured securities, primarily Real Estate Mortgage Investment Conduits (REMICs) as well as principal-only strips and other structured securities. These amounts exclude resecuritizations of MBS into single-class securities, but include resecuritization of MBS, into multi-class securities.

[5] Shaded amounts have been revised.

Table 13. Freddie Mac Earnings[1]

Period	Net Interest Income ($)	Guarantee Fee Income ($)	Average Guarantee Fee (basis points)	Administrative Expenses[2] ($)	Credit-Related Expenses[3] ($)	Net Income ($)	Return on Equity[4] (%)
Earnings ($ in Millions)							
4Q05	1,237	367	15.3	586	72	684	11.0
3Q05	1,363	373	16.2	472	153	880	13.3
2Q05	1,269	389	17.5	455	21	340	4.6
1Q05	1,501	321	14.9	793	45	226	2.8
Annual Data							
2005	5,370	1,450	15.9	2,306	291	2,130	7.7
2004	9,137	1,382	17.5	1,821	140	2,937	10.2
2003	9,498	1,653	23.3	1,877	2	4,816	17.2
2002	9,525	1,527	22.2	1,406	126	10,090	47.2
2001	7,448	1,381	23.8	1,024	39	3,158	20.2
2000	3,758	1,243	23.7	825	75	3,666	39.0
1999	2,926	1,019	19.8	655	159	2,223	25.5
1998	2,215	1,019	21.4	578	342	1,700	22.6
1997	1,847	1,082	22.9	495	529	1,395	23.1
1996	1,705	1,086	23.4	440	608	1,243	22.6
1995	1,396	1,087	23.8	395	541	1,091	22.1
1994	1,112	1,108	24.4	379	425	983	23.3
1993	772	1,009	23.8	361	524	786	22.3
1992	695	936	24.7	329	457	622	21.2
1991	683	792	23.7	287	419	555	23.6
1990	619	654	22.4	243	474	414	20.4
1989	517	572	23.4	217	278	437	25.0
1988	492	465	21.5	194	219	381	27.5
1987	319	472	24.2	150	175	301	28.2
1986	299	301	22.4	110	120	247	28.5
1985	312	188	22.1	81	79	208	30.0
1984	213	158	24.7	71	54	144	52.0
1983	125	132	26.2	53	46	86	44.5
1982	30	77	24.5	37	26	60	21.9
1981	34	36	19.5	30	16	31	13.1
1980	54	23	14.3	26	23	34	14.7
1979	55	18	13.2	19	20	36	16.2
1978	37	14	14.9	14	13	25	13.4
1977	31	9	18.9	12	8	21	12.4
1976	18	3	13.6	10	(1)	14	9.5
1975	31	3	24.8	10	11	16	11.6
1974	42	2	25.5	8	33	5	4.0
1973	31	2	32.4	7	15	12	9.9
1972	10	1	39.4	5	4	4	3.5
1971	10	1	Not Available Before 1972	Not Available Before 1972	Not Available Before 1972	6	5.5

Source: Freddie Mac

[1] For the period 2001 through 2003, data are based on restated and revised financial results.

[2] For years 2002 through 2005, include total administrative expenses and other expenses. For years 2001 and 2000, includes salaries and employee benefits, occupancy expenses and other expenses.

[3] For years 2002 through 2005, defined as provision for credit losses and real estate-owned operations income/expense. For years 2000 and 2001, include only the provision for credit losses.

[4] Ratio computed as annualized net income available to common stockholders divided by the simple average of beginning and ending stockholders' equity, net of preferred stock (at redemption value).

Table 14. Freddie Mac Balance Sheet[1]

	Balance Sheet ($ in Millions)							Mortgage-Backed Securities Outstanding ($ in Millions)[2]	
End of Period	Total Assets ($)	Total Retained Mortgage Portfolio[3] ($)	Non-Mortgage Investments[4] ($)	Debt Outstanding ($)	Stockholders' Equity ($)	Core Capital[5] ($)	Fair Value of Net Assets ($)	Total MBS Outstanding[6] ($)	Multi-class MBS Issued[7] ($)
4Q05	806,222	709,503	57,324	748,792	27,191	35,964	30,800	974,200	596,022
3Q05	782,229	686,644	56,889	723,032	27,722	35,665	30,000	942,888	578,938
2Q05	779,234	673,861	69,988	715,845	30,868	35,062	30,200	914,426	559,636
1Q05	775,178	661,364	63,283	717,595	27,381	34,965	30,100	873,317	551,598
Annual Data[8]									
2005	806,222	709,503	57,324	748,792	27,191	35,964	30,800	974,200	596,022
2004	795,284	664,582	62,027	731,697	31,416	35,009	30,900	852,270	528,060
2003	803,449	660,531	53,124	739,613	31,487	32,985	27,300	752,164	472,325
2002	752,249	589,899	91,871	665,696	31,330	28,990	22,900	729,809	531,929
2001	641,100	503,769	89,849	578,368	19,624	20,181	18,300	653,084	433,775
2000	459,297	385,451	43,521	426,899	14,837	14,380	Not Available Before 2001	576,101	290,211
1999	386,684	322,914	34,152	360,711	11,525	12,692		537,883	288,396
1998	321,421	255,670	42,160	287,396	10,835	10,715		478,351	256,399
1997	194,597	164,543	16,430	172,842	7,521	7,376		475,985	239,894
1996	173,866	137,826	22,248	156,981	6,731	6,743		473,065	230,720
1995	137,181	107,706	12,711	119,961	5,863	5,829		459,045	243,600
1994	106,199	73,171	17,808	93,279	5,162	5,169		460,656	264,815
1993	83,880	55,938	18,225	49,993	4,437	4,437		439,029	249,086
1992	59,502	33,629	12,542	29,631	3,570	Not Applicable Before 1993		407,514	218,747
1991	46,860	26,667	9,956	30,262	2,566			359,163	146,978
1990	40,579	21,520	12,124	30,941	2,136			316,359	88,124
1989	35,462	21,448	11,050	26,147	1,916			272,870	52,865
1988	34,352	16,918	14,607	26,882	1,584			226,406	15,621
1987	25,674	12,354	10,467	19,547	1,182			212,635	3,652
1986	23,229	13,093	Not Available Before 1987	15,375	953			169,186	5,333
1985	16,587	13,547		12,747	779			99,909	5,047
1984	13,778	10,018		10,999	606			70,026	3,214
1983	8,995	7,485		7,273	421			57,720	1,669
1982	5,999	4,679		4,991	296			42,952	Not Issued Before 1983
1981	6,326	5,178		5,680	250			19,897	
1980	5,478	5,006		4,886	221			16,962	
1979	4,648	4,003		4,131	238			15,316	
1978	3,697	3,038		3,216	202			12,017	
1977	3,501	3,204		3,110	177			6,765	
1976	4,832	4,175		4,523	156			2,765	
1975	5,899	4,878		5,609	142			1,643	
1974	4,901	4,469		4,684	126			780	
1973	2,873	2,521		2,696	121			791	
1972	1,772	1,726		1,639	110			444	
1971	1,038	935		915	107			64	

Source: Freddie Mac

1 For the period 2001 through 2003, data are based on restated and revised financial results.

2 Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.

3 Excludes "Reserve for losses on mortgage loans held for investment."

4 Based on fair value. Consists of Freddie Mac's cash and investments portfolio, excluding cash and cash equivalents and mortgage-related securities within that portfolio.

5 The sum of (a) the stated value of outstanding common stock, (b) the stated value of outstanding noncumulative perpetual preferred stock, (c) paid-in capital, and (d) retained earnings, less Treasury stock.

6 Represents MBS and structured securities that are held by third parties. For years prior to 2002, includes MBS and structured securities in Freddie Mac's cash and investments portfolio.

7 Represents total multiclass MBS held by third parties.

8 Shaded amounts have been revised.

Table 14a. Freddie Mac Total MBS Outstanding Detail[1]

	Single-Family Mortgages ($ in Millions)[2]					Multi-Family Mortgages ($ in Millions)[2]			
	Conventional								
End of Period	Fixed-Rate[3] ($)	Adjustable-Rate[4] ($)	Seconds[5] ($)	Total ($)	Total FHA/VA[6] ($)	Conventional ($)	FHA/RHS ($)	Multi-Family Mortgages ($)	Total MBS Outstanding[7] ($)
4Q05	836,023	117,613	19	953,655	6,289	14,256	0	14,256	974,200
3Q05	811,378	110,599	17	921,994	6,724	14,170	0	14,170	942,888
2Q05	787,511	104,698	39	892,248	7,773	14,405	0	14,405	914,426
1Q05	752,160	97,976	44	850,180	8,472	14,665	0	14,665	873,317
Annual Data									
2005	836,023	117,613	19	953,655	6,289	14,256	0	14,256	974,200
2004	736,332	91,329	70	827,731	9,254	15,285	0	15,285	852,270
2003	649,699	74,409	140	724,248	12,157	15,759	0	15,759	752,164
2002	647,603	61,110	5	708,718	12,361	8,730	0	8,730	729,809
2001	609,290	22,525	10	631,825	14,127	7,132	0	7,132	653,084
2000	533,331	36,266	18	569,615	778	5,708	0	5,708	576,101
1999	499,671	33,094	29	532,794	627	4,462	0	4,462	537,883
1998	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	478,351
1997	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	475,985
1996									473,065
1995									459,045
1994									460,656
1993									439,029
1992									407,514
1991									359,163
1990									316,359
1989									272,870
1988									226,406
1987									212,635
1986									169,186
1985									99,909
1984									70,026
1983									57,720
1982									42,952
1981									19,897
1980									16,962
1979									15,316
1978									12,017
1977									6,765
1976									2,765
1975									1,643
1974									780
1973									791
1972									444
1971									64

Source: Freddie Mac

1 For the period 2001 through 2003, data are based on restated and revised financial results.

2 Based on unpaid principal balances.

3 Includes Rural Housing Service and other federally guaranteed loans, and certain alternative collateral deals for the period 2002 through 2005.

4 For the period 2002 through 2005, includes balloons/resets and certain alternative collateral deals.

5 For the period 2002 through 2005, includes certain alternative collateral deals.

6 For the period 2002 through 2005, includes structured securities backed by Ginnie Mae MBS and certain alternative collateral deals.

7 Represents MBS and structured securities that are held by third parties. For the period 2002 through 2005, amounts include structured securities backed by all non-Freddie Mac securities (including Ginnie Mae MBS). For years prior to 2002, also includes MBS and structured securities in Freddie Mac's cash and investments portfolio.

Table 15. Freddie Mac Retained Mortgage Portfolio Detail [1]

($ in Millions)					
End of Period	Whole Loans[2] ($)	Freddie Mac Securities[2] ($)	Other Mortgage-Related Securities[2] ($)	Unamortized Premiums, Discounts, Deferred Fees, Plus Unrealized Gains/Losses on Available-for-Sale Securities[3] ($)	Total Retained Mortgage Portfolio[4] ($)
4Q05	61,481	361,324	287,212	(514)	709,503
3Q05	61,207	341,505	281,818	2,114	686,644
2Q05	60,986	336,233	267,784	8,858	673,861
1Q05	61,736	350,390	244,594	4,644	661,364
Annual Data					
2005	61,481	361,324	287,212	(514)	709,503
2004	61,360	356,698	234,878	11,646	664,582
2003	60,270	393,135	192,061	15,065	660,531
2002	63,886	341,287	162,099	22,627	589,899
2001	62,792	308,427	126,420	6,130	503,769
2000	59,240	246,209	80,244	(242)	385,451
1999	56,676	211,198	56,569	(1,529)	322,914
1998	57,084	168,108	29,817	661	255,670
1997	48,454	103,400	Not Available	122	164,543
1996	46,504	81,195	Before 1998	71	137,826
1995	43,753	56,006		282	107,706
1994	Not Available	30,670		Not Available	73,171
1993	Before 1995	15,877		Before 1995	55,938
1992		6,394			33,629
1991		Not Available			26,667
1990		Before 1992			21,520
1989					21,448
1988					16,918
1987					12,354
1986					13,093
1985					13,547
1984					10,018
1983					7,485
1982					4,679
1981					5,178
1980					5,006
1979					4,003
1978					3,038
1977					3,204
1976					4,175
1975					4,878
1974					4,469
1973					2,521
1972					1,726
1971					935

Source: Freddie Mac

[1] For the period 2001 through 2003, data are based on restated and revised financial results.

[2] Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.

[3] Includes premiums, discounts, deferred fees and other basis adjustments on mortgage loans and mortgage-related securities plus unrealized gains or losses on mortgage-related securities and MBS residuals, at fair value.

[4] Excludes "Reserve for losses on mortgage loans held for investment."

Table 15a. Freddie Mac Retained Mortgage Portfolio Detail - Whole Loans[1]

End of Period	Whole Loans ($ in Millions)[2]								
	Single-Family					Multi-Family			Total Whole Loans
	Conventional				Total FHA/VA	Conventional	FHA/RHS	Total	
	Fixed-Rate[3]	Adjustable-Rate	Seconds	Total					
	($)	($)	($)	($)	($)	($)	($)	($)	($)
4Q05	19,385	756	0	20,141	255	41,082	3	41,085	61,481
3Q05	19,917	713	0	20,630	273	40,301	3	40,304	61,207
2Q05	20,734	707	0	21,441	295	39,247	3	39,250	60,986
1Q05	21,544	740	0	22,284	321	39,128	3	39,131	61,736
Annual Data									
2005	19,385	756	0	20,141	255	41,082	3	41,085	61,481
2004	22,055	990	0	23,045	344	37,968	3	37,971	61,360
2003	25,889	871	1	26,761	513	32,993	3	32,996	60,270
2002	33,821	1,321	3	35,145	705	28,033	3	28,036	63,886
2001	38,267	1,073	5	39,345	964	22,480	3	22,483	62,792
2000	39,537	2,125	9	41,671	1,200	16,369	Not Available	16,369	59,240
1999	43,210	1,020	14	44,244	77	12,355	Before 2001	12,355	56,676
1998	47,754	1,220	23	48,997	109	7,978		7,978	57,084
1997	40,967	1,478	36	42,481	148	5,825		5,825	48,454
1996	Not Available	Not Available	Not Available	Not Available	Not Available	4,746		4,746	46,504
1995	Before 1997	Before 1997	Before 1997	Before 1997	Before 1997	3,852		3,852	43,753
1994						Not Available		Not Available	Not Available
						Before 1995		Before 1995	Before 1995

Source: Freddie Mac

[1] For the period 2001 through 2003, data are based on restated and revised financial results.

[2] Based on unpaid principal balances.

[3] For the period 2001 through 2005, includes loans guaranteed by the Rural Housing Service.

Table 15b. Freddie Mac Retained Mortgage Portfolio Detail - Part 1, Mortgage-Related Securities[1]

	Mortgage-Related Securities ($ in Millions)													
	Freddie Mac Securities[2, 3]				Others' Securities[2]									
					Fannie Mae				Ginnie Mae					
	Single-Family				Single-Family				Single-Family					
End of Period	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-Family ($)	Total Freddie Mac ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-Family ($)	Total Fannie Mae ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-Family ($)	Total Ginnie Mae ($)	Total Private-Label ($)	Total Others' Securities ($)
4Q05	299,188	61,889	247	361,324	28,818	13,180	1,335	43,333	1,045	218	30	1,293	231,265	275,891
3Q05	284,167	57,080	258	341,505	30,215	12,896	1,460	44,571	1,234	188	30	1,452	224,851	270,874
2Q05	279,904	56,071	258	336,233	38,519	12,826	1,573	52,918	1,376	139	31	1,546	203,029	257,493
1Q05	295,113	55,018	259	350,390	39,349	13,831	1,628	54,808	1,443	99	31	1,573	178,987	235,368
Annual Data														
2005	299,188	61,889	247	361,324	28,818	13,180	1,335	43,333	1,045	218	30	1,293	231,265	275,891
2004	304,555	51,882	261	356,698	41,828	14,504	1,672	58,004	1,599	81	31	1,711	166,086	225,801
2003	Not Available	Not Available	Not Available	393,135	Not Available	Not Available	Not Available	74,529	Not Available	Not Available	Not Available	2,760	107,000	184,289
2002	Before 2004	Before 2004	Before 2004	341,287	Before 2004	Before 2004	Before 2004	78,829	Before 2004	Before 2004	Before 2004	4,878	70,752	154,459
2001				308,427				71,128				5,699	42,336	119,163
2000				246,209				28,303				8,991	35,997	73,291
1999				211,198				13,245				6,615	31,019	50,879
1998				168,108				3,749				4,458	16,970	25,177
1997				103,400				Not Available				6,393	Not Available	Not Available
1996				81,195				Before 1998				7,434	Before 1998	Before 1998
1995				56,006								Not Available		
1994				30,670								Before 1996		
1993				15,877										
1992				6,394										
1991				Not Available										
				Before 1992										

Source: Freddie Mac

[1] For the period 2001 through 2003, data are based on restated and revised financial results.
[2] Based on unpaid principal balances.
[3] For the period 2001 through 2005, includes structured securities backed by Ginnie Mae MBS which were previously classified as non-Freddie Mac mortgage-related securities.

Table 15b. Freddie Mac Retained Mortgage Portfolio Detail - Part 2, Mortgage-Related Securities, Private-Label Detail[1]

End of Period	Mortgage-Related Securities ($ in Millions)					
	Private-Label					
	Single-Family					
		Other[2]				
	Manufactured Housing ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Total Other ($)	Multi-Family ($)	Total Private-Label ($)
4Q05	1,351	5,795	180,632	186,427	43,487	231,265
3Q05	1,392	5,723	172,491	178,214	45,245	224,851
2Q05	1,431	5,954	151,470	157,424	44,174	203,029
1Q05	1,468	7,149	128,483	135,632	41,887	178,987
Annual Data						
2005	1,351	5,795	180,632	186,427	43,487	231,265
2004	1,491	8,243	115,168	123,411	41,184	166,086
2003	1,784	Not Available	Not Available	Not Available	Not Available	107,000
2002	2,394	Before 2004	Before 2004	Before 2004	Before 2004	70,752
2001	2,462					42,336
2000	2,896					35,997
1999	4,693					31,019
1998	1,711					16,970
1997	Not Available					Not Available
1996	Before 1998					Before 1998
1995						
1994						
1993						
1992						
1991						

Source: Freddie Mac

[1] For the period 2001 through 2003, data are based on restated and revised financial results.

[2] Includes home equity securities.

Table 15b. Freddie Mac Retained Mortgage Portfolio Detail - Part 3, Mortgage-Related Securities [1]

End of Period	Mortgage-Related Securities ($ in Millions)		($ in Millions)	
	Mortgage Revenue Bonds[2] ($)	Total Mortgage-Related Securities[2] ($)	Unamortized Premiums, Discounts, Deferred Fees, Plus Unrealized Gains/Losses on Available-for-Sale Securities[3] ($)	Total Retained Mortgage Portfolio[4] ($)
4Q05	11,321	648,536	(514)	709,503
3Q05	10,944	623,323	2,114	686,644
2Q05	10,291	604,017	8,858	673,861
1Q05	9,226	594,984	4,644	661,364
Annual Data[5]				
2005	11,321	648,536	(514)	709,503
2004	9,077	591,576	11,646	664,582
2003	7,772	585,196	15,065	660,531
2002	7,640	503,386	22,627	589,899
2001	7,257	434,847	6,130	503,769
2000	6,953	326,453	(242)	385,451
1999	5,690	267,767	(1,529)	322,914
1998	4,640	197,925	661	255,670
1997	3,031	Not Available	122	164,543
1996	1,787	Before 1998	71	137,826
1995	Not Available		282	107,706
1994	Before 1996		Not Available	73,171
1993			Before 1995	55,938
1992				33,629
1991				26,667
1990				21,520
1989				21,448
1988				16,918
1987				12,354
1986				13,093
1985				13,547
1984				10,018
1983				7,485
1982				4,679
1981				5,178
1980				5,006
1979				4,003
1978				3,038
1977				3,204
1976				4,175
1975				4,878
1974				4,469
1973				2,521
1972				1,726
1971				935

Source: Freddie Mac

[1] For the period 2001 through 2003, data are based on restated and revised financial results.

[2] Based on unpaid principal balances.

[3] Includes premiums, discounts, deferred fees and other basis adjustments on mortgage loans and mortgage-related securities plus unrealized gains or losses on mortgage-related securities and MBS residuals.

[4] Excludes "Reserve for losses on mortgage loans held for investment."

[5] Shaded amounts have been revised.

Table 16. Freddie Mac Financial Derivatives[1]

	Financial Derivatives - Notional Amount Outstanding ($ in millions)									
End of Period	Interest Rate Swaps ($)	Interest Rate Caps, Floors, and Corridors ($)	Foreign Currency Contracts ($)	OTC Futures, Options, and Forward Rate Agreements ($)	Treasury-Based Contracts[2] ($)	Exchange-Traded Futures, Options, and Other Derivatives ($)	Credit Derivatives[3] ($)	Commitments[4] ($)	Other[5] ($)	Total ($)
4Q05	341,008	45	37,850	193,104	0	86,252	2,414	21,961	738	683,372
3Q05	290,787	337	42,347	191,033	3,211	65,906	2,580	45,593	85,659	727,453
2Q05	245,386	9,739	43,743	192,616	12,446	46,766	2,784	56,586	94,464	704,530
1Q05	226,033	9,836	52,942	192,624	17,293	61,178	10,104	52,060	99,800	721,870
Annual Data[6]										
2005	341,008	45	37,850	193,104	0	86,252	2,414	21,961	738	683,372
2004	178,739	9,897	56,850	224,204	2,001	127,109	10,926	32,952	114,100	756,778
2003	287,592	11,308	46,512	349,650	8,549	122,619	15,542	89,520	152,579	1,083,871
2002	290,096	11,663	43,687	277,869	17,900	210,646	17,301	191,563	117,219	1,177,944
2001	442,771	12,178	23,995	187,486	13,276	358,500	10,984	121,588	0	1,170,778
2000	277,888	12,819	10,208	113,064	2,200	22,517	N/A	N/A	35,839	474,535
1999	126,580	19,936	1,097	172,750	8,894	94,987	Not Applicable	Not Applicable	0	424,244
1998	57,555	21,845	1,464	63,000	11,542	157,832	Before 2000	Before 2000	0	313,238
1997	54,172	21,995	1,152	6,000	12,228	0			0	95,547
1996	46,646	14,095	544	0	651	0			0	61,936
1995	45,384	13,055	0	0	24	0			0	58,463
1994	21,834	9,003	0	0	0	0			0	30,837
1993	17,888	1,500	0	0	0	0			0	19,388

Source: Freddie Mac

[1] For the period 2001 through 2003, data are based on restated and revised financial results.
[2] Amounts for years 2002 through 2005 are exchange-traded.
[3] Amounts included in "Other" in 2000, not applicable in prior periods.
[4] Commitments to purchase and sell mortgage loans and mortgage-related securities. Periods prior to 2004 include commitments to purchase and sell various debt securities.
[5] Includes prepayment management agreement and swap guarantee derivatives.
[6] Shaded amounts have been revised.

Table 17. Freddie Mac Non-Mortgage Investments[1]

Non-Mortgage Investments ($ in Millions)						
End of Period	Federal Funds and Eurodollars ($)	Asset-Backed Securities ($)	Repurchase Agreements ($)	Commercial Paper and Corporate Debt ($)	Other[2] ($)	Total ($)
4Q05	9,909	30,578	5,250	5,764	5,823	57,324
3Q05	15,980	29,382	2,950	3,087	5,490	56,889
2Q05	22,345	28,444	6,750	7,565	4,884	69,988
1Q05	22,013	26,156	3,400	5,234	6,480	63,283
Annual Data						
2005	9,909	30,578	5,250	5,764	5,823	57,324
2004	18,647	21,733	13,550	0	8,097	62,027
2003	7,567	16,648	13,015	5,852	10,042	53,124
2002	6,129	34,790	16,914	13,050	20,988	91,871
2001	15,868	26,297	17,632	21,712	8,340	89,849
2000	2,267	19,063	7,488	7,302	7,401	43,521
1999	10,545	10,305	4,961	3,916	4,425	34,152
1998	20,524	7,124	1,756	7,795	4,961	42,160
1997	2,750	2,200	6,982	3,203	1,295	16,430
1996	9,968	2,086	6,440	1,058	2,696	22,248
1995	110	499	9,217	1,201	1,684	12,711
1994	7,260	0	5,913	1,234	3,401	17,808
1993	9,267	0	4,198	1,438	3,322	18,225
1992	5,632	0	4,060	53	2,797	12,542
1991	2,949	0	4,437	0	2,570	9,956
1990	1,112	0	9,063	0	1,949	12,124
1989	3,527	0	5,765	0	1,758	11,050
1988	4,469	0	9,107	0	1,031	14,607
1987	3,177	0	5,859	0	1,431	10,467

Source: Freddie Mac

[1] For the period 2001 through 2003, data are based on restated and revised financial results.

[2] Includes non-mortgage related securities classified as trading, debt securities issued by the U.S. Treasury and other U.S. government agencies, obligations of states and municipalities, and preferred stock.

Table 18. Freddie Mac Asset Mix[1]

Asset Ratios		
End of Period	Total Retained Mortgage Portfolio/ Total Assets (%)	Non-Mortgage Investments/ Total Assets (%)
4Q05	88.0	7.1
3Q05	87.8	7.3
2Q05	86.5	9.0
1Q05	85.3	8.2
Annual Data		
2005	88.0	7.1
2004	83.6	7.8
2003	82.2	6.6
2002	78.4	12.2
2001	78.6	14.0
2000	83.9	9.5
1999	83.5	8.8
1998	79.5	13.1
1997	84.6	8.4
1996	79.3	12.8
1995	78.5	9.3
1994	68.9	16.8
1993	66.7	21.7
1992	56.5	21.1
1991	56.9	21.2
1990	53.0	29.9
1989	60.5	31.2
1988	49.2	42.5
1987	48.1	40.8
1986	56.4	Not Available
1985	81.7	Before 1987
1984	72.7	
1983	83.2	
1982	78.0	
1981	81.9	
1980	91.4	
1979	86.1	
1978	82.2	
1977	91.4	
1976	86.1	
1975	82.2	
1974	91.5	
1973	87.7	
1972	97.4	
1971	90.1	

Source: Freddie Mac

[1] For the period 2001 through 2003, data are based on restated and revised financial results.

Table 19. Freddie Mac Mortgage Asset Quality[1]

Mortgage Asset Quality					
End of Period	Single-Family Delinquency Rate[2] (%)	Multi-Family Delinquency Rate[3] (%)	Credit Losses / Average Total Mortgage Portfolio[4] (%)	REO / Total Mortgage Portfolio[5] (%)	Credit-Enhanced[6]/ Total Mortgage Portfolio[5] (%)
4Q05	0.69	0.00	0.01	0.04	17.0
3Q05	0.59	0.00	0.01	0.04	18.0
2Q05	0.61	0.01	0.01	0.04	18.0
1Q05	0.67	0.05	0.01	0..04	18.0
Annual Data					
2005	0.69	0.00	0.01	0.04	17.0
2004	0.73	0.06	0.01	0.05	19.0
2003	0.86	0.05	0.01	0.06	21.0
2002	0.77	0.13	0.01	0.05	27.4
2001	0.62	0.15	0.01	0.04	34.7
2000	0.49	0.04	0.01	0.04	31.8
1999	0.39	0.14	0.02	0.05	29.9
1998	0.50	0.37	0.04	0.08	27.3
1997	0.55	0.96	0.08	0.11	15.9
1996	0.58	1.96	0.10	0.13	10.0
1995	0.60	2.88	0.11	0.14	9.7
1994	0.55	3.79	0.08	0.18	7.2
1993	0.61	5.92	0.11	0.16	5.3
1992	0.64	6.81	0.09	0.12	Not Available
1991	0.61	5.42	0.08	0.14	Before 1993
1990	0.45	2.63	0.08	0.12	
1989	0.38	2.53	0.08	0.09	
1988	0.36	2.24	0.07	0.09	
1987	0.36	1.49	0.07	0.08	
1986	0.42	1.07	Not Available	0.07	
1985	0.42	0.63	Before 1987	0.10	
1984	0.46	0.42		0.15	
1983	0.47	0.58		0.15	
1982	0.54	1.04		0.12	
1981	0.61	Not Available		0.07	
1980	0.44	Before 1982		0.04	
1979	0.31			0.02	
1978	0.21			0.02	
1977	Not Available			0.03	
1976	Before 1978			0.04	
1975				0.03	
1974				0.02	
1973				Not Available	
				Before 1974	

Source: Freddie Mac

[1] For the period 2000 through 2003, data are based on restated and revised financial results, except for the credit-enhanced share of the total mortgage portfolio in 2000.

[2] Based on the number of mortgages 90 days or more delinquent or in foreclosure. Rates for years 2000 through 2005 are bases on the total single-family portfolio. Includes delinquencies on mortgage loans where Freddie Mac has transferred primary or full default risk to various third parties as well as structured securities backed by alternative collateral deals.

[3] Based on net carrying value of mortgages 60 days or more delinquent or in foreclosure.

[4] Credit losses equal to REO operations expense (income) plus Charge-offs, net. Calculated as credit losses (gains) divided by the average total mortgage portfolio, excluding non-Freddie Mac mortgage-related securities and that portion of structured securities that is backed by Ginnie Mae MBS.

[5] Based on the total mortgage portfolio excluding non-Freddie Mac mortgage-related securities and that portion of issued structured securities that is backed by Ginnie Mae MBS.

[6] Includes loans for which the lender or a third party has retained primary default risk by pledging collateral or agreeing to accept losses on loans that default. In many cases, the lender's or third party's risk is limited to a specific level of losses at the time the credit enhancement becomes effective.

Table 20. Freddie Mac Capital[1]

End of Period	Core Capital ($)	Minimum Capital Requirement ($)	Regulatory Capital Surplus (Deficit)[2] ($)	Total Capital[3] ($)	Risk-Based Capital Requirement[4] ($)	Risk-Based Capital Surplus (Deficit)[5] ($)	Market Capitalization[6] ($)	Core Capital / Total Assets (%)	Core Capital / Total MBS Outstanding plus Total Assets (%)	Common Share Dividend Payout Rate[7] (%)
	Capital ($ in Millions)									
	Minimum Capital Requirement			Risk-Based Capital Requirement						
4Q05	35,964	25,010	10,954	36,781	11,282	25,499	45,269	4.46	2.02	54.2
3Q05	35,665	24,284	11,381	36,721	10,081	26,640	39,084	4.56	2.07	29.8
2Q05	35,062	24,065	10,997	36,099	11,144	24,955	45,138	4.50	2.07	86.6
1Q05	34,965	23,740	11,225	35,885	7,678	28,207	43,665	4.51	2.12	142.0
Annual Data										
2005	35,964	25,010	10,954	36,781	11,282	25,499	45,269	4.46	2.02	56.4
2004	35,009	24,131	10,878	34,691	11,108	23,583	50,898	4.40	2.12	30.7
2003	32,985	23,774	9,211	33,436	5,426	28,010	40,158	4.11	2.12	15.6
2002	28,990	22,339	6,651	24,222	4,743	19,479	40,590	3.85	1.96	6.2
2001	20,181	19,014	1,167	Not Available	Not Applicable	Not Applicable	45,473	3.15	1.56	18.9
2000	14,380	14,178	202	Before 2002	Before 2002	Before 2002	47,702	3.13	1.39	20.0
1999	12,692	12,287	405				32,713	3.28	1.37	20.1
1998	10,715	10,333	382				44,797	3.33	1.34	20.7
1997	7,376	7,082	294				28,461	3.79	1.10	21.1
1996	6,743	6,517	226				19,161	3.88	1.04	21.3
1995	5,829	5,584	245				14,932	4.25	0.98	21.1
1994	5,169	4,884	285				9,132	4.87	0.91	20.5
1993	4,437	3,782	655				9,005	5.29	0.85	21.6
1992	Not Applicable	Not Applicable	Not Applicable				8,721	Not Applicable	Not Applicable	23.1
1991	Before 1993	Before 1993	Before 1993				8,247	Before 1993	Before 1993	21.6
1990							2,925			23.2
1989							4,024			24.3
1988							Not Applicable			Not Available
							Before 1989			Before 1989

Source: Freddie Mac and OFHEO

[1] For the period 2001 through 2003, data are based on restated and revised financial results.
[2] The difference between Core Capital and Minimum Capital Requirement.
[3] Total capital includes Core Capital and general reserves for mortgage and foreclosure losses.
[4] The Risk-Based Capital Requirement is the amount of Total Capital that an Enterprise must hold to absorb projected losses flowing from future adverse interest rate and credit risk conditions and is specified by the Federal Housing Enterprise Financial Safety and Soundness Act of 1992.
[5] The difference between Total Capital and Risk-Based Capital Requirement.
[6] Stock price at the end of the period multiplied by the number of outstanding common shares.
[7] Common dividends paid as a percentage of net income available to common stockholders.

Table 21. Combined Purchases[1]

Period	Business Activity ($ in Millions)			
	Purchases			
	Single-Family ($)	Multi-Family ($)	Total Mortgages ($)	Mortgage-Related Securities ($)
4Q05	240,229	9,917	250,146	123,785
3Q05	281,214	8,326	289,540	101,048
2Q05	216,550	5,684	222,235	87,929
1Q05	180,592	8,730	189,323	75,045
Annual Data				
2005	918,586	32,657	951,243	387,807
2004	942,738	29,106	971,844	399,684
2003	2,023,507	46,170	2,069,677	793,684
2002	1,333,510	27,265	1,360,775	568,248
2001	951,797	28,641	980,438	457,590
2000	395,082	16,407	411,489	221,612
1999	548,748	17,193	565,941	271,803
1998	618,410	15,338	633,748	275,706
1997	275,081	8,775	283,856	85,702
1996	287,306	8,680	295,986	83,567
1995	215,974	6,531	222,505	75,550
1994	280,792	4,686	285,478	45,722
1993	518,877	4,326	523,203	Not Available
1992	439,702	2,983	442,685	Before 1994
1991	233,280	3,440	236,720	
1990	185,187	4,518	189,705	
1989	157,275	6,149	163,424	
1988	107,497	5,361	112,858	
1987	148,766	3,749	152,515	
1986	177,159	5,415	182,574	
1985	84,653	3,102	87,755	
1984	Not Available	Not Available	50,704	
1983	Before 1985	Before 1985	49,431	
1982			49,610	
1981			10,573	
1980			11,791	
1979			16,523	
1978			18,829	
1977			8,908	
1976			4,761	
1975			6,036	
1974			9,204	
1973			7,586	
1972			5,129	
1971			4,818	

Sources: Fannie Mae and Freddie Mac

[1] See notes to Tables 1 and 11.

Table 21a. Combined Mortgage Purchases Detail, By Type of Loan[1]

Period	Purchases ($ in Millions)											
	Single-Family Mortgages								Multi-Family Mortgages			
	Conventional				FHA/VA							
	Fixed-Rate ($)	Adjustable-Rate ($)	Seconds ($)	Total ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Total ($)	Total Single-Family Mortgages ($)	Conventional ($)	FHA/RHS ($)	Total Multi-Family Mortgages ($)	Total Mortgage Purchases ($)
4Q05	198,593	39,603	32	238,228	155	1,847	2,001	240,229	9,841	76	9,917	250,146
3Q05	220,771	58,752	34	279,557	82	1,576	1,658	281,214	8,326	0	8,326	289,540
2Q05	170,688	44,288	30	215,006	172	1,372	1,544	216,550	5,625	59	5,684	222,235
1Q05	142,160	37,123	20	179,304	136	1,153	1,289	180,592	6,252	2,478	8,730	189,323
Annual Data												
2005	732,211	179,766	116	912,094	545	5,948	6,492	918,586	30,044	2,614	32,657	951,243
2004	755,587	181,834	51	937,472	1,393	3,873	5,266	942,738	28,355	751	29,106	971,844
2003	1,808,625	209,030	93	2,017,748	2,715	3,044	5,759	2,023,507	33,940	12,230	46,170	2,069,677
2002	1,199,560	130,220	41	1,329,821	2,141	1,548	3,689	1,333,510	24,604	2,661	27,265	1,360,775
2001	887,171	56,428	1,137	944,736	5,959	1,102	7,061	951,797	27,356	1,285	28,641	980,438
2000	332,980	55,010	726	388,716	5,446	920	6,366	395,082	15,157	1,250	16,407	411,489
1999	517,228	19,581	1,198	538,007	9,658	1,084	10,742	548,749	16,039	1,153	17,192	565,941
1998	590,375	21,657	1	612,033	5,866	511	6,377	618,410	14,754	584	15,338	633,748
1997	242,503	30,045	3	272,551	2,098	432	2,530	275,081	8,177	598	8,775	283,856
1996	262,470	22,025	3	284,498	2,474	334	2,808	287,306	8,428	252	8,680	295,986
1995	180,768	32,077	9	212,854	3,014	106	3,120	215,974	6,242	289	6,531	222,505
1994	245,717	32,986	8	278,711	1,968	113	2,081	280,792	4,467	219	4,686	285,478
1993	482,724	35,128	30	517,882	875	120	995	518,877	4,110	216	4,326	523,203
1992	401,847	36,513	143	438,503	1,120	79	1,199	439,702	2,872	111	2,983	442,685
1991	205,907	24,980	911	231,798	1,444	38	1,482	233,280	3,419	21	3,440	236,720
1990	151,817	30,814	1,340	183,971	1,201	15	1,216	185,187	4,503	15	4,518	189,705
1989	117,894	35,527	1,727	155,148	2,113	14	2,127	157,275	6,133	16	6,149	163,424
1988	70,504	34,745	492	105,741	1,658	98	1,756	107,497	5,340	21	5,361	112,858
1987	129,582	15,454	208	145,244	3,477	45	3,522	148,766	3,479	270	3,749	152,515
1986	154,356	9,567	588	164,511	12,634	14	12,648	177,159	5,415	0	5,415	182,574
1985	70,219	11,341	905	82,465	2,172	16	2,188	84,653	3,102	0	3,102	87,755
1984	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985

Sources: Fannie Mae and Freddie Mac

[1] See notes to Tables 1a and 11a.

Table 21b. Combined Purchases of Mortgage-Related Securities[1]

Period	Purchases ($ in millions)						
		Others' Securities					
			Private Label				
	Enterprise Securities ($)	Ginnie Mae ($)	Manufactured Housing ($)	Other[2] ($)	Total Private-Label ($)	Mortgage Revenue Bonds ($)	Total Mortgage-Related Securities ($)
4Q05	62,451	0	0	60,665	60,665	669	123,785
3Q05	46,212	0	0	53,540	53,540	1,296	101,048
2Q05	27,820	64	0	58,323	58,323	1,722	87,929
1Q05	25,301	0	0	48,803	48,803	941	75,045
Annual Data							
2005	161,784	64	0	221,331	221,331	4,628	387,807
2004	179,787	0	0	211,829	211,829	8,068	399,684
2003	683,165	202	0	103,186	103,186	7,131	793,684
2002	491,074	5,245	374	66,418	66,792	5,136	568,248
2001	422,501	1,777	Not Available	Not Available	27,981	5,331	457,590
2000	191,840	5,832	Before 2002	Before 2002	18,770	5,170	221,612
1999	213,970	20,983			31,774	5,076	271,803
1998	236,636	3,057			31,432	4,581	275,706
1997	73,345	3,834			5,682	2,841	85,702
1996	Not Available	Not Available			Not Available	Not Available	83,567
1995	Before 1997	Before 1997			Before 1997	Before 1997	75,550
1994							45,722
1993							Not Available
							Before 1994

Sources: Fannie Mae and Freddie Mac

[1] See notes to Tables 1b and 11b, Parts 1 and 2.

[2] The category 'Other' includes home equity and multi-family private label purchases by both Enterprises.

Table 22. Combined MBS Issuances[1]

Period	Business Activity ($ in Millions)			
	MBS Issuances			
	Single-Family MBS ($)	Multi-Family MBS ($)	Total MBS ($)	Multi-class MBS ($)
4Q05	234,605	3,440	238,045	78,744
3Q05	269,478	1,616	271,094	98,311
2Q05	215,059	1,994	217,053	71,802
1Q05	177,739	3,982	181,722	83,396
Annual Data				
2005	896,881	11,033	907,914	332,253
2004	906,376	11,029	917,405	310,053
2003	1,902,011	31,355	1,933,366	559,037
2002	1,270,973	15,934	1,286,907	502,467
2001	901,855	16,158	918,013	331,840
2000	369,181	9,382	378,563	87,746
1999	523,178	10,542	533,720	174,725
1998	564,747	11,965	576,712	219,309
1997	257,373	6,314	263,687	169,781
1996	263,133	6,438	269,571	64,925
1995	191,791	4,542	196,333	25,053
1994	245,286	2,446	247,732	146,496
1993	429,209	959	430,168	353,966
1992	372,389	855	373,244	301,489
1991	203,967	1,415	205,382	184,840
1990	168,004	2,506	170,510	108,770
1989	139,420	3,862	143,282	81,469
1988	90,610	4,045	94,655	29,990
1987	134,933	3,314	138,247	9,917
1986	156,815	3,949	160,764	4,633
1985	60,725	1,752	62,477	2,625
1984	Not Available	Not Available	32,230	1,805
1983	Before 1985	Before 1985	33,031	1,685
1982			38,139	Not Issued
1981			4,243	Before 1983

Sources: Fannie Mae and Freddie Mac

[1] See notes to Tables 2 and 12.

Table 23. Combined Earnings[1]

Period	Earnings ($ in Millions)				
	Net Interest Income ($)	Guarantee Fee Income ($)	Administrative Expenses ($)	Credit-Related Expenses ($)	Net Income ($)
4Q05	N/A	N/A	N/A	N/A	N/A
3Q05	N/A	N/A	N/A	N/A	N/A
2Q05	N/A	N/A	N/A	N/A	N/A
1Q05	N/A	N/A	N/A	N/A	N/A
Annual Data					
2005	N/A	N/A	N/A	N/A	N/A
2004	N/A	N/A	N/A	N/A	N/A
2003	23,067	4,064	3,340	114	12,721
2002	20,091	3,343	2,625	218	14,709
2001	15,538	2,863	2,041	117	9,052
2000	9,432	2,594	1,730	169	8,114
1999	7,820	2,301	1,455	286	6,135
1998	6,325	2,248	1,286	603	5,118
1997	5,796	2,356	1,131	904	4,451
1996	5,297	2,282	1,000	1,017	3,968
1995	4,443	2,173	941	876	3,235
1994	3,935	2,191	904	803	3,115
1993	3,305	1,970	804	829	2,659
1992	2,753	1,770	710	777	2,245
1991	2,461	1,467	606	789	1,918
1990	2,212	1,190	529	784	1,587
1989	1,708	980	471	588	1,244
1988	1,329	793	412	584	888
1987	1,209	735	347	535	677
1986	683	476	285	426	352
1985	451	300	223	285	201
1984	123	236	183	140	73
1983	116	186	134	94	135
1982	(434)	93	97	62	(132)
1981	(395)	36	79	(12)	(175)
1980	75	Not Available	70	42	48
1979	377	Before 1981	65	55	198
1978	331		53	49	234
1977	282		44	36	186
1976	221		40	24	141
1975	205		37	27	131
1974	184		31	50	112
1973	211		25	27	138
1972	148		18	9	100
1971	59		Not Available	Not Available	67
			Before 1972	Before 1972	

Sources: Fannie Mae and Freddie Mac

N/A = not available

[1] See notes to Tables 3 and 13.

Table 24. Combined Balance Sheet[1]

	Balance Sheet ($ in Millions)							
End of Period	Total Assets ($)	Total Retained Mortgage Portfolio ($)	Non-Mortgage Investments ($)	Debt Outstanding ($)	Shareholders' Equity ($)	Core Capital ($)	Fair Value of Net Assets ($)	Total Mortgage-Backed Securities Outstanding ($ in Millions)
4Q05	N/A	N/A	N/A	N/A	N/A	74,099	N/A	2,572,279
3Q05	N/A	N/A	N/A	N/A	N/A	72,658	N/A	2,516,731
2Q05	N/A	N/A	N/A	N/A	N/A	70,703	N/A	2,399,639
1Q05	N/A	N/A	N/A	N/A	N/A	69,963	N/A	2,314,394
Annual Data								
2005	N/A	N/A	N/A	N/A	N/A	74,099	N/A	2,572,279
2004	N/A	N/A	N/A	N/A	N/A	67,650	N/A	2,255,045
2003	1,813,018	1,562,516	112,617	1,701,345	53,860	67,390	58,882	2,052,505
2002	1,639,764	1,391,039	131,164	1,516,678	47,618	57,069	45,030	1,759,380
2001	1,441,048	1,210,116	155,831	1,341,835	37,742	45,363	40,975	1,516,529
2000	1,134,521	993,182	95,868	1,069,581	35,675	35,207	Not Available	1,282,823
1999	961,992	846,017	71,451	908,330	29,154	30,568	Before 2001	1,217,028
1998	806,567	671,104	100,675	747,687	26,288	26,180		1,115,494
1997	586,270	481,135	81,026	542,616	21,314	21,169		1,055,123
1996	524,907	424,354	78,854	488,251	19,504	19,516		1,021,238
1995	453,731	360,574	69,984	419,135	16,822	16,788		972,275
1994	378,707	293,986	64,143	350,509	14,703	14,710		947,001
1993	300,859	246,107	39,621	251,105	12,489	12,489		910,335
1992	240,480	189,889	32,116	195,931	10,344	Not Applicable		831,958
1991	193,932	153,346	19,792	164,199	8,113	Before 1993		714,447
1990	173,692	135,586	21,992	154,344	6,077			604,434
1989	159,777	129,429	19,388	142,211	4,907			489,382
1988	146,610	117,017	19,896	132,341	3,844			396,503
1987	129,133	106,019	13,935	116,604	2,993			348,369
1986	122,850	107,216	Not Available	108,938	2,135			264,754
1985	115,663	108,156	Before 1987	106,732	1,788			154,461
1984	101,576	94,153		94,718	1,524			105,764
1983	87,378	82,732		81,867	1,421			82,841
1982	78,980	74,035		74,605	1,249			57,402
1981	67,904	64,807		64,231	1,330			20,614
1980	63,357	60,595		59,766	1,678			16,962
1979	55,948	53,780		52,555	1,739			15,316
1978	47,203	45,141		44,201	1,564			12,017
1977	37,481	36,456		35,000	1,350			6,765
1976	37,225	35,950		35,088	1,139			2,765
1975	37,495	35,698		35,572	1,003			1,643
1974	34,572	33,135		32,852	898			780
1973	27,191	26,110		25,699	801			791
1972	22,118	21,378		20,878	669			444
1971	19,629	18,821		18,587	567			64

Sources: Fannie Mae and Freddie Mac

N/A = not available

[1] See notes to Tables 4 and 14.

Table 24a. Combined MBS Outstanding Detail[1]

End of Period	Single-Family Mortgages ($ in Millions)					Multi-Family Mortgages ($ in Millions)			
	Conventional								
	Fixed-Rate ($)	Adjustable-Rate ($)	Seconds ($)	Total ($)	Total FHA/VA ($)	Conventional ($)	FHA/RHS ($)	Total Multi-Family ($)	Total MBS Outstanding ($)
4Q05	2,150,876	340,541	53	2,491,471	8,196	72,333	279	72,612	2,572,279
3Q05	2,099,411	333,830	56	2,433,297	8,892	74,248	294	74,542	2,516,731
2Q05	2,001,895	309,895	84	2,311,874	10,236	77,226	304	77,529	2,399,639
1Q05	1,931,357	292,357	95	2,223,809	11,112	79,159	315	79,473	2,314,394
Annual Data									
2005	2,150,876	340,541	53	2,491,471	8,196	72,333	279	72,612	2,572,279
2004	1,889,273	274,909	128	2,164,310	12,185	78,227	323	78,550	2,255,045
2003	1,725,892	228,194	249	1,954,335	16,120	81,676	374	82,050	2,052,505
2002	1,529,221	153,397	343	1,682,961	17,476	57,957	986	58,943	1,759,380
2001	1,361,501	83,367	782	1,445,650	19,853	49,845	1,181	51,026	1,516,529
2000	1,133,330	97,761	1,183	1,232,274	8,854	40,915	780	41,695	1,282,823
1999	1,085,740	84,568	1,241	1,171,549	8,796	35,980	703	36,683	1,217,028
1998	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	1,115,494
1997	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	Before 1999	1,055,123
1996									1,021,238
1995									972,275
1994									947,001
1993									910,335
1992									831,958
1991									714,447
1990									604,434
1989									489,382
1988									396,503
1987									348,369
1986									264,754
1985									154,461
1984									105,764
1983									82,841
1982									57,402
1981									20,614
1980									16,962
1979									15,316
1978									12,017
1977									6,765
1976									2,765
1975									1,643
1974									780
1973									791
1972									444
1971									64

Sources: Fannie Mae and Freddie Mac

[1] See notes to Tables 4a and 14a.

Table 25. Combined Financial Derivatives[1]

Financial Derivatives - Notional Amount Outstanding ($ in millions)										
End of Period	Interest Rate Swaps ($)	Interest Rate Caps, Floors, and Corridors ($)	Foreign Currency Contracts ($)	OTC Futures, Options, and Forward Rate Agreements ($)	Treasury-Based Contracts ($)	Exchange-Traded Futures, Options, and Other Derivatives ($)	Credit Derivatives ($)	Commitments ($)	Other ($)	Total ($)
4Q05	647,992	33,045	43,335	491,789	N/A	N/A	N/A	N/A	738	N/A
3Q05	558,627	47,037	47,657	499,118	N/A	N/A	N/A	N/A	85,659	N/A
2Q05	502,110	66,289	52,527	526,301	N/A	N/A	N/A	N/A	94,464	N/A
1Q05	470,935	97,336	63,648	548,559	N/A	N/A	N/A	N/A	99,800	N/A
Annual Data										
2005	647,992	33,045	43,335	491,789	N/A	N/A	N/A	N/A	738	N/A
2004	421,198	114,047	67,593	555,604	N/A	N/A	N/A	67,083	114,100	1,479,661
2003	857,476	141,658	51,224	685,300	N/A	N/A	N/A	128,012	152,579	2,162,959
2002	536,604	134,056	47,706	561,544	N/A	N/A	N/A	Not Available	117,219	1,834,539
2001	742,724	88,071	32,488	336,286	N/A	N/A	N/A	Before 2003	0	1,703,917
2000	505,539	46,482	19,719	166,979	N/A	N/A	N/A		35,839	799,275
1999	318,612	48,886	12,604	213,831	N/A	N/A	N/A		1,400	699,214
1998	200,401	36,345	14,459	76,481	N/A	N/A	N/A		3,735	500,795
1997	203,845	22,095	11,120	6,000	N/A	N/A	N/A		1,660	256,948
1996	204,786	14,395	2,973	0	N/A	N/A	N/A		350	223,155
1995	171,063	13,355	1,224	29	N/A	N/A	N/A		975	186,670
1994	109,304	9,363	1,023	0	N/A	N/A	N/A		1,465	121,154
1993	67,346	1,860	1,023	0	N/A	N/A	N/A		1,425	71,653

Sources: Fannie Mae and Freddie Mac

N/A = not available

[1] See notes to tables 6 and 16.

Table 26. Combined Non-Mortgage Investments[1]

Non-Mortgage Investments ($ in Millions)						
End of Period	Federal Funds and Eurodollars ($)	Asset Backed Securities ($)	Repurchase Agreements ($)	Commercial Paper and Corporate Debt ($)	Other ($)	Total ($)
4Q05	N/A	N/A	N/A	N/A	N/A	N/A
3Q05	N/A	N/A	N/A	N/A	N/A	N/A
2Q05	N/A	N/A	N/A	N/A	N/A	N/A
1Q05	N/A	N/A	N/A	N/A	N/A	N/A
Annual Data						
2005	N/A	N/A	N/A	N/A	N/A	N/A
2004	N/A	N/A	N/A	N/A	N/A	N/A
2003	20,142	43,548	13,126	22,595	13,206	112,617
2002	7,677	57,101	17,095	27,125	22,166	131,164
2001	31,957	47,234	18,440	45,517	12,683	155,831
2000	9,806	36,575	7,575	16,195	25,717	95,868
1999	15,382	29,512	5,083	5,639	15,835	71,451
1998	28,450	28,117	9,312	12,950	21,846	100,675
1997	21,962	18,839	13,697	14,948	11,580	81,026
1996	31,702	16,721	11,107	7,249	12,075	78,854
1995	19,885	10,404	19,392	9,830	10,473	69,984
1994	24,853	3,796	14,919	8,953	11,622	64,143
1993	13,763	3,557	8,882	1,438	11,981	39,621
1992	12,219	4,124	7,249	53	8,471	32,116
1991	5,903	2,416	6,632	0	4,841	19,792
1990	6,441	1,780	10,014	0	3,757	21,992
1989	8,685	1,107	5,765	0	3,831	19,388
1988	8,594	481	9,107	0	1,714	19,896
1987	5,736	25	5,859	0	2,315	13,935

Sources: Fannie Mae and Freddie Mac

N/A = not available

[1] See notes to Tables 7 and 17.

Table 27. Combined Capital[1]

	Capital ($ in Millions)						
	Minimum Capital Requirement			Risk-Based Capital Requirement			
End of Period	Core Capital ($)	Minimum Capital Requirement ($)	Regulatory Capital Surplus (Deficit) ($)	Total Capital ($)	Risk-Based Capital Requirement ($)	Risk-Based Capital Surplus (Deficit) ($)	Market Capitalization ($)
4Q05	74,099	53,473	20,627	75,985	23,918	52,067	92,642
3Q05	72,658	52,162	20,496	74,581	25,780	48,801	82,557
2Q05	70,703	53,792	16,911	72,243	34,205	38,038	101,775
1Q05	69,963	54,699	15,264	71,380	14,033	57,347	96,464
Annual Data							
2005	74,099	53,473	20,627	75,985	23,918	52,067	92,642
2004	67,650	56,297	11,353	70,569	21,147	49,422	119,908
2003	67,390	55,294	12,096	68,618	32,647	35,970	112,996
2002	57,069	49,542	7,528	53,093	22,177	30,916	104,202
2001	45,363	43,196	2,167	Not Applicable	Not Applicable	Not Applicable	124,754
2000	35,207	34,472	735	Before 2002	Before 2002	Before 2002	134,345
1999	30,568	30,057	511				96,364
1998	26,180	25,667	513				120,678
1997	21,169	19,785	1,384				87,628
1996	19,516	17,983	1,533				59,093
1995	16,788	16,035	753				48,744
1994	14,710	14,300	411				29,014
1993	12,489	11,658	831				30,392
1992	Not Applicable	Not Applicable	Not Applicable				29,595
1991	Before 1993	Before 1993	Before 1993				27,083
1990							11,415
1989							12,116
							Not Applicable Before 1989

Sources: Fannie Mae, Freddie Mac, and OFHEO

[1] See notes to Tables 10 and 20.

Table 28. Loan Limits

Year	Single-Family Conforming Loan Limits[1]			
	1-unit	2-units	3-units	4-units
2006	417,000	533,850	645,300	801,950
2005	359,650	460,400	556,500	691,600
2004	333,700	427,150	516,300	641,650
2003	322,700	413,100	499,300	620,500
2002	300,700	384,900	465,200	578,150
2001	275,000	351,950	425,400	528,700
2000	252,700	323,400	390,900	485,800
1999	240,000	307,100	371,200	461,350
1998	227,150	290,650	351,300	436,000
1997	214,600	274,550	331,850	412,450
1996	207,000	264,750	320,050	397,800
1995	203,150	259,850	314,100	390,400
1994	203,150	259,850	314,100	390,400
1993	203,150	259,850	314,100	390,400
1992	202,300	258,800	312,800	388,800
1991	191,250	244,650	295,650	367,500
1990	187,450	239,750	289,750	360,150
1989	187,600	239,950	290,000	360,450
1988	168,700	215,800	260,800	324,150
1987	153,100	195,850	236,650	294,150
1986	133,250	170,450	205,950	256,000
1985	115,300	147,500	178,200	221,500
1984	114,000	145,800	176,100	218,900
1983	108,300	138,500	167,200	207,900
1982	107,000	136,800	165,100	205,300
1981	98,500	126,000	152,000	189,000
1980	93,750	120,000	145,000	180,000
1979	67,500	Not Applicable	Not Applicable	Not Applicable
1977 - 1978	60,000	Not Applicable	Not Applicable	Not Applicable
1970 - 1976	33,000	Not Applicable	Not Applicable	Not Applicable

Sources: Department of Housing and Urban Development (HUD), Federal Housing Finance Board, Freddie Mac

[1] Conforming Loan Limits are 50 percent higher in Alaska, Hawaii, Guam and the U.S. Virgin Islands.

Year	FHA Single-Family Insurable Limits							
	1-unit		2-units		3-units		4-units	
	Low Cost Area Max	High Cost Area Max	Low Cost Area Max	High Cost Area Max	Low Cost Area Max	High Cost Area Max	Low Cost Area Max	High Cost Area Max
2006	200,160	362,790	256,248	464,449	309,744	561,411	384,936	697,696
2005	172,632	312,895	220,992	400,548	267,120	484,155	331,968	601,692
2004	160,176	290,319	205,032	371,621	247,824	449,181	307,992	558,236
2003	154,896	280,749	198,288	359,397	239,664	434,391	297,840	539,835
2002	144,336	261,609	184,752	334,863	223,296	404,724	277,512	502,990
2001	132,000	239,250	168,936	306,196	204,192	370,098	253,776	459,969
2000	121,296	219,849	155,232	281,358	187,632	340,083	233,184	422,646
1999	115,200	208,800	147,408	267,177	178,176	322,944	221,448	401,375
1998	109,032	197,621	139,512	252,866	168,624	305,631	209,568	379,842
1997	81,546	170,362	104,310	205,875	126,103	248,888	156,731	309,338

Sources: Federal Housing Administration

Table 29. Mortgage Interest Rates

Period	Average Commitment Rates on Loans		Effective Rates on Closed Loans	
	Conventional		Conventional	
	30-Year Fixed Rate (%)	One-Year ARMs (%)	Fixed-Rate (%)	Adjustable Rate (%)
4Q05	6.2	5.1	6.4	5.8
3Q05	5.8	4.5	6.0	5.5
2Q05	5.7	4.3	6.0	5.4
1Q05	5.8	4.2	6.0	5.4
Annual Data				
2005	5.9	4.5	6.1	5.5
2004	5.8	3.9	6.0	5.2
2003	5.8	3.8	5.9	5.0
2002	6.5	4.6	6.7	5.7
2001	7.0	5.8	7.1	6.4
2000	8.1	7.0	8.3	7.1
1999	7.4	6.0	7.4	6.5
1998	6.9	5.6	7.2	6.5
1997	7.6	5.6	7.9	6.9
1996	7.8	5.7	8.0	7.1
1995	7.9	6.1	8.2	7.1
1994	8.4	5.4	8.2	6.4
1993	7.3	4.6	7.5	5.7
1992	8.4	5.6	8.5	6.6
1991	9.3	7.1	9.7	8.3
1990	10.1	8.4	10.4	9.2
1989	10.3	8.8	10.5	9.4
1988	10.3	7.9	10.4	8.5
1987	10.2	7.8	9.9	8.5
1986	10.2	8.4	10.5	9.4
1985	12.4	10.1	12.4	10.9
1984	13.9	11.5	13.2	12.1
1983	13.2	Not Available	13.0	12.3
1982	16.0	Before 1984	15.2	15.4
1981	16.6		Not Available	Not Available
1980	13.8		Before 1982	Before 1982
1979	11.2			
1978	9.6			
1977	8.9			
1976	8.9			
1975	9.1			
1974	9.2			
1973	8.0			
1972	7.4			
1971	Not Available			
	Before 1972			

Average Commitment Rate Source: Freddie Mac
Effective Rates Source: Federal Housing Finance Board

Table 30. Housing Market Activity[1]

Period	Housing Starts (units in thousands)			Home Sales (units in thousands)	
	Single-Family Housing Starts	Multi-Family Housing Starts	Total Housing Starts	New Single-Family Home Sales	Existing Single-Family Home Sales
4Q05[2]	1,750	308	2,058	1,283	6,943
3Q05[2]	1,793	308	2,101	1,298	7,180
2Q05[2]	1,733	311	2,044	1,287	7,193
1Q05[2]	1,754	329	2,083	1,249	6,940
Annual Data					
2005	1,757	311	2,068	1,283	7,075
2004	1,653	304	1,957	1,203	6,784
2003	1,532	315	1,847	1,086	6,183
2002	1,397	308	1,705	973	5,631
2001	1,310	293	1,603	908	5,296
2000	1,270	299	1,569	877	5,152
1999	1,334	307	1,641	880	5,205
1998	1,314	303	1,617	886	4,970
1997	1,178	296	1,474	804	4,382
1996	1,206	271	1,477	757	4,196
1995	1,110	244	1,354	667	3,812
1994	1,233	224	1,457	670	3,946
1993	1,155	133	1,288	666	3,802
1992	1,061	139	1,200	610	3,520
1991	876	138	1,014	509	3,220
1990	932	260	1,193	534	3,211
1989	1,059	318	1,376	650	3,346
1988	1,140	348	1,488	676	3,594
1987	1,212	409	1,621	671	3,526
1986	1,263	542	1,805	750	3,565
1985	1,166	576	1,742	688	3,214
1984	1,206	544	1,750	639	2,868
1983	1,181	522	1,703	623	2,719
1982	743	320	1,062	412	1,990
1981	797	288	1,084	436	2,419
1980	962	331	1,292	545	2,973
1979	1,316	429	1,745	709	3,827
1978	1,558	462	2,020	817	3,986
1977	1,573	414	1,987	819	3,650
1976	1,248	289	1,538	646	3,064
1975	956	204	1,160	549	2,476
1974	956	382	1,338	519	2,272
1973	1,250	795	2,045	634	2,334
1972	1,451	906	2,357	718	2,252
1971	1,271	781	2,052	656	2,018

Housing Starts Source and New Single-Family Sales Source: Bureau of the Census.

Existing Single-Family Sales Source: National Association of Realtors.

[1] Components may not add to totals due to rounding.

[2] Seasonally adjusted annual rates.

Table 31. Weighted Repeat Sales House Price Index (Annual Data)[1]

Period	USA	New England	Mid-Atlantic	South Atlantic	East North Central	West North Central	East South Central	South Central	Mountain	Pacific
1Q06	12.53	8.67	13.33	17.23	5.56	6.21	7.74	7.69	17.80	18.02
4Q05	13.33	10.08	14.00	18.38	6.29	7.03	7.66	6.85	18.92	19.36
3Q05	12.71	9.92	13.19	17.82	6.33	6.95	7.39	6.35	16.80	18.45
2Q05	14.14	13.31	15.48	17.77	7.06	7.87	6.94	5.95	16.70	22.78
1Q05	13.15	12.92	14.50	15.93	6.72	7.49	5.64	5.11	14.07	22.51
Annual Data										
2005	13.33	10.08	14.00	18.38	6.29	7.03	7.66	6.85	18.92	19.36
2004	11.99	12.17	13.16	14.16	6.08	6.95	5.36	4.95	12.02	21.07
2003	7.85	10.21	10.71	8.16	4.82	6.18	3.53	3.15	5.00	12.24
2002	7.43	11.78	10.48	7.31	4.36	6.21	3.31	4.04	4.34	10.95
2001	7.53	10.90	8.91	7.92	5.18	7.24	5.03	5.83	6.45	9.26
2000	7.55	12.39	7.90	6.51	6.01	7.24	3.85	5.10	6.91	11.21
1999	5.13	9.72	5.19	4.29	4.88	6.13	2.51	4.29	4.17	5.79
1998	4.97	6.48	4.05	4.55	4.16	4.83	4.88	4.94	4.00	7.17
1997	4.59	4.58	3.27	4.52	5.17	4.93	4.65	3.90	4.86	5.30
1996	2.58	1.65	0.35	2.23	4.97	4.08	4.03	2.31	4.21	0.98
1995	4.52	4.11	3.16	4.31	6.02	5.26	5.56	4.21	7.49	2.84
1994	0.83	-3.14	-3.29	0.09	4.95	5.26	4.69	1.54	8.97	-3.36
1993	2.07	0.26	1.31	1.91	3.65	3.89	4.10	4.01	7.85	-1.96
1992	1.88	-1.10	1.71	2.16	3.90	2.98	3.25	3.38	5.30	-1.38
1991	2.59	-2.26	1.49	3.15	4.56	3.76	4.10	3.72	4.69	1.32
1990	0.26	-7.73	-2.91	0.37	3.81	0.54	0.70	0.40	1.88	3.04
1989	6.04	0.69	2.32	5.03	6.12	3.26	3.01	2.79	2.79	19.36
1988	6.19	3.70	6.00	6.99	6.76	2.33	2.59	-2.14	0.26	17.50
1987	6.77	13.33	16.28	7.12	7.79	2.54	4.16	-8.58	-2.65	9.56
1986	8.14	21.06	18.08	6.23	7.09	4.13	5.65	-0.43	3.13	7.19
1985	6.52	25.01	14.37	5.36	4.78	4.35	4.96	-1.39	2.11	4.90
1984	5.34	17.75	13.34	4.39	2.77	4.52	3.00	0.00	2.46	5.27
1983	4.04	16.17	10.08	3.53	4.21	4.46	4.60	0.92	-2.67	1.00
1982	2.20	4.19	4.01	3.42	-4.39	-0.32	5.04	5.67	7.06	0.92
1981	4.75	4.82	0.56	6.97	2.33	0.46	0.29	11.94	6.70	5.81
1980	6.87	5.90	10.32	7.89	1.43	4.19	6.88	7.76	6.48	11.22
1979	11.85	10.71	16.89	11.07	8.94	9.14	4.87	13.02	15.46	16.05
1978	13.39	16.90	7.24	11.34	13.87	13.02	12.23	17.14	16.96	15.71
1977	13.31	9.15	10.43	7.88	13.49	15.15	11.27	12.00	18.20	25.69
1976	7.66	2.83	1.60	6.40	8.07	5.43	5.49	8.54	10.55	19.91

[1] Data for 1977-2005 are measured based on fourth quarter to fourth quarter percentage change

Regional Divisions:

New England: Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island, Vermont
Mid-Atlantic: New Jersey, New York, Pennsylvania
South Atlantic: Washington, D.C., Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia
East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin
West North Central: Iowa, Kansas, Minnesota, Missouri, North Dakota, South Dakota, Nebraska
East South Central: Alabama, Kentucky, Mississippi, Tennessee
West South Central: Arkansas, Louisiana, Oklahoma, Texas
Mountain: Arizona, Colorado, Idaho, Montana, New Mexico, Nevada, Utah, Wyoming
Pacific: Alaska, California, Hawaii, Oregon, Washington