GOVERNMENT–SPONSORED ENTERPRISES

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

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

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

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

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

FEDERAL NATIONAL MORTGAGE ASSOCIATION

Portfolio Programs

Status of Direct Loans (in millions of dollars)

Identification code 99–2500–0–3–371	2008 actual	2009 est.	2010 est.
1131 Direct loan obligations	191,820		
1150 Total direct loan obligations	191,820		
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	723,813		
Disbursements:			
1231 Direct loan disbursements	191,820		
1251 Repayments: Repayments and prepayments	−154,237		
1290 Outstanding, end of year	761,396		

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

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

Growing stress in the mortgage markets over the last two years has reduced Fannie Mae's capital, demonstrated by a dramatic decline in stockholder equity. Responsive legislation enacted last summer, the Housing and Economic Recovery Act of 2008 (HERA), strengthened housing GSE regulation by creating the Federal Housing Finance Agency (FHFA), a new independent regulator, and provided temporary authority for the U.S. Department of Treasury to purchase obligations of the housing GSEs. In September 2008, FHFA put Fannie Mae under Federal conservatorship and the U.S. Department of Treasury entered into a Preferred Stock Purchase Agreement (PSPA) with Fannie Mae to make investments of up to $100 billion in senior preferred stock as required to maintain positive equity. On February 18, 2009, Treasury announced that the funding commitments for the PSPA would be increased to $200 billion. As of April 16, 2009 Fannie Mae has received $15.2 billion under the PSPA. The Budget continues to reflect the GSEs as non-budgetary entities, though their status will continue to be reviewed. All of the current federal assistance being provided to Fannie Mae, including the PSPA, is shown on-budget. For additional discussion and analyses of Fannie Mae, please see the *Analytical Perspectives* volume of the Budget documents.

Balance Sheet (in millions of dollars)

Identification code 99–2500–0–3–371	2007 actual	2008 actual
ASSETS:		
1201 Investments in other securities, net	199,690	172,242
1699 Value of assets related to direct loans	571,957	627,645
1801 Cash and other monetary assets	35,318	64,570
1803 Property, plant and equipment, net	3,107	7,493
1901 Other Assets	29,711	24,665
1999 Total assets	839,783	896,615
LIABILITIES:		
2102 Accrued interest payable	8,168	6,264
2105 Other	14,473	18,988
2203 Debt	761,765	831,310
2204 Estimated liability for loan guarantees	15,334	30,618
2999 Total liabilities	799,740	887,180
NET POSITION:		
3999 Change in stockholder equity	−1,416	−30,646
3999 Total net position	39,922	9,276
3999 Minority interests in consolidated subsidiaries	−121	−159
4999 Total liabilities and net position	839,783	896,615

Mortgage-Backed Securities

Status of Direct Loans (in millions of dollars)

Identification code 99–2501–0–3–371	2008 actual	2009 est.	2010 est.
1131 Direct loan obligations	629,387		

MORTGAGE-BACKED SECURITIES—Continued

Status of Direct Loans (in millions of dollars)—Continued

Identification code 99–2501–0–3–371	2008 actual	2009 est.	2010 est.
1150 Total direct loan obligations	629,367		
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	2,267,980		
1231 Disbursements: Direct loan disbursements	629,387		
1251 Repayments: Repayments and prepayments	−337,826		
1290 Outstanding, end of year	2,559,521		

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

Balance Sheet (in millions of dollars)

Identification code 99–2501–0–3–371	2007 actual	2008 actual
ASSETS:		
1699 Value of assets related to direct loans	2,267,980	2,559,521
1999 Total assets	2,267,980	2,559,521
LIABILITIES:		
2104 Resources payable	2,267,980	2,559,521
2999 Total liabilities	2,267,980	2,559,521

FEDERAL HOME LOAN MORTGAGE CORPORATION

PORTFOLIO PROGRAMS

Status of Direct Loans (in millions of dollars)

Identification code 99–4420–0–3–371	2008 actual	2009 est.	2010 est.
1131 Direct loan obligations	265,552		
1150 Total direct loan obligations	265,552		
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	713,164		
1231 Disbursements: Direct loan disbursements	265,552		
1251 Repayments: Repayments and prepayments	−241,840		
1290 Outstanding, end of year	736,876		

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

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

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

Growing stress in the mortgage markets over the last two years has reduced Freddie Mac's capital, demonstrated by a dramatic decline in stockholder equity. Responsive legislation enacted last summer, the Housing and Economic Recovery Act of 2008 (HERA), strengthened housing GSE regulation by creating the Federal Housing Finance Agency (FHFA), a new independent regulator, and provided temporary authority for the U.S. Deparment of Treasury to purchase obligations of the housing GSEs. In September 2008, FHFA put Freddie Mac under Federal conservatorship and the U.S. Department of Treasury entered into a Preferred Stock Purchase Agreement (PSPA) with Freddie Mac to make investments of up to $100 billion in senior preferred stock as required to maintain positive equity. On February 18, 2009, Treasury announced that the funding commitments for the PSPA would be increased to $200 billion. As of April 16, 2009 Freddie Mac has received $44.6 billion under the PSPA. The Budget continues to reflect the GSEs as non-budgetary entities, though their status will continue to be reviewed. All of the current federal assistance being provided to Freddie Mac, including the PSPA, is shown on-budget. For additional discussion and analyses of Freddie Mac, please see the *Analytical Perspectives* volume of the Budget documents.

Balance Sheet (in millions of dollars)

Identification code 99–4420–0–3–371	2007 actual	2008 actual
ASSETS:		
1201 Investments in other securities, net	38,531	18,410
1699 Value of assets related to direct loans	704,899	694,618
1801 Cash and other monetary assets	12,227	50,180
1803 Property, plant and equipment, net	1,321	3,224
1901 Other assets	35,895	37,958
1999 Total assets	792,873	804,390
LIABILITIES:		
2202 Accrued interest payable	7,655	6,207
2203 Debt	735,262	783,950
2204 Estimated liability for loan guarantees	11,162	23,635
2207 Other.	12,693	4,298
2999 Total liabilities.	766,772	818,090
NET POSITION:		
3300 Change in stockholder equity	–3,180	–39,615
3999 Total net position	25,820	–13,795
3999 Minority interests in consolidated subsidiaries	–281	–95
4999 Total liabilities and net position	792,837	804,390

MORTGAGE-BACKED SECURITIES

Status of Direct Loans (in millions of dollars)

Identification code 99–4440–0–3–371	2008 actual	2009 est.	2010 est.
1131 Direct loan obligations	427,332		

1150	Total direct loan obligations	427,332		
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	1,664,776		
1231	Disbursements: Direct loan disbursements	427,332		
1251	Repayments: Repayments and prepayments	−257,700		
1290	Outstanding, end of year	1,834,408		

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

Mortgage-Backed Securities

Balance Sheet (in millions of dollars)

Identification code 99–4440–0–3–371		2007 actual	2008 actual
	ASSETS:		
1699	Value of assets related to direct loans	1,664,776	1,834,408
1999	Total assets	1,664,776	1,834,408
	LIABILITIES:		
2104	Resources payable	1,664,776	1,834,408
2999	Total liabilities	1,664,776	1,834,408

FEDERAL HOME LOAN BANK SYSTEM

Federal Home Loan Banks

Status of Direct Loans (in millions of dollars)

Identification code 99–4200–0–3–371		2008 actual	2009 est.	2010 est.
	Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans			
1131	Direct loan obligations	8,844,413		
1150	Total direct loan obligations	8,844,413		
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	916,963	1,099,624	1,099,624
1231	Disbursements: Direct loan disbursements	8,844,413		
1251	Repayments: Repayments and prepayments	–8,668,137		
1261	Adjustments: Capitalized interest			
1264	Write-offs for default: Other adjustments, net (+ or -)	6,385		
1290	Outstanding, end of year	1,099,624	1,099,624	1,099,624

The Federal Home Loan Bank System is a Government-sponsored enterprise (GSE) in the housing finance market. The Federal Home Loan Banks were chartered by the Federal Home Loan Bank Board under the authority of the Federal Home Loan Bank Act of 1932 (Act). The 12 Federal Home Loan Banks (FHLBanks) are under the supervision of the Federal Housing Finance Agency (FHFA), established by Congress in 2008. The common mission of FHLBanks is to facilitate the extension of credit through their members. To accomplish this mission, FHLBanks make loans, called advances, and provide other credit products and services to their 8,132 member commercial banks, savings associations, insurance companies, and credit unions. Advances and letters of credit must be fully secured by eligible collateral and long-term advances may be made only for the purpose of providing funds for residential housing finance. However, "community financial institutions" may also use long-term advances to finance small businesses, small farms, and small agri-businesses. Additionally, specialized advance programs provide funds for community reinvestment and affordable housing programs. All regulated financial depositories and insurance companies engaged in residential housing finance are eligible for membership. Each FHLBank operates in a geographic district designated by the Board and together FHLBanks cover all of the United States, as well as the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands. The principal source of funds for the lending operation is the sale of consolidated obligations to the public. The consolidated obligations are not guaranteed by the U.S. Government as to principal or interest. Other sources of lendable funds include members' deposits and capital. Funds not immediately needed for advances to members are invested. The capital stock of the Federal Home Loan Banks is owned entirely by the members. Initially the U.S. Government purchased stock of the banks in the amount of $125 million. The banks had repurchased the Government's investment in full by mid–1951. The Act, as amended in 1989, requires each FHLBank to operate an Affordable Housing Program (AHP). Each FHLBank provides subsidies in the form of direct grants or below-market rate advances for members that use the funds for qualifying affordable housing projects. Each of the FHLBanks must set aside annually the greater of $100 million or 10 percent of its previous year's net earnings for the AHP. The Act, as amended in 1999, also requires that FHLBanks contribute 20 percent of net earnings annually to assist in the payment of interest on bonds issued by the Resolution Funding Corporation. In 2002, the Administration requested all GSEs, including FHLBanks, to voluntarily register their equity securities with the Securities and Exchange Commission (SEC). This voluntary registration is part of the Administration's efforts to have GSEs undergo the same scrutiny process as other corporate enterprises. A rule issued on June 23, 2004 required each FHLBank to register a class of its stock. All of the Federal Home Loan Banks complied by 2006. For additional discussion and analyses of the FHLBanks, please see the Analytical Perspectives volume of the Budget.

Balance Sheet (in millions of dollars)

Identification code 99–4200–0–3–371		2007 actual	2008 actual
	ASSETS:		
	Non-Federal assets:		
1201	Investments in other securities, net	305,465	316,647
1206	Accounts receivable	5,071	4,249
1401	Net value of assets related to direct loans receivable: Direct loans receivable, gross	916,963	1,099,613
	Other Federal assets:		
1801	Cash and other monetary assets	349	6,560
1803	Property, plant and equipment, net	207	197
1901	Other assets	2,602	2,124
1999	Total assets	1,230,657	1,429,390
	LIABILITIES:		
2101	Federal liabilities: REFCORP and Affordable Housing Program	1,037	1,057
	Non-Federal liabilities:		
2202	Interest payable	9,579	7,402
2203	Debt	1,136,660	1,323,417
2207	Deposit funds and other borrowing	25,965	28,825
2207	Other	5,947	11,593
2999	Total liabilities	1,179,188	1,372,294
	NET POSITION:		
3100	Invested capital	51,469	57,096
3999	Total net position	51,469	57,096

FEDERAL HOME LOAN BANKS—Continued

Balance Sheet (in millions of dollars)—Continued

Identification code 99–4200–0–3–371	2007 actual	2008 actual
4999 Total liabilities and net position	1,230,657	1,429,390

FARM CREDIT SYSTEM

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

AGRICULTURAL CREDIT BANK

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

AGRICULTURAL CREDIT BANK

Status of Direct Loans (in millions of dollars)

Identification code 99–4130–0–3–351	2008 actual	2009 est.	2010 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1131 Direct loan obligations	209,613	178,162	188,851
1150 Total direct loan obligations	209,613	178,162	188,851
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	36,339	43,110	46,722
1231 Disbursements: Direct loan disbursements	209,602	178,162	188,851
1251 Repayments: Repayments and prepayments	−202,830	−174,523	−186,256
Write-offs for default:			
1263 Direct loans	−1	−27	−39
1264 Other adjustments, net (+ or −)			
1290 Outstanding, end of year	43,110	46,722	49,278

Balance Sheet (in millions of dollars)

Identification code 99–4130–0–3–351	2007 actual	2008 actual
ASSETS:		
Non-Federal assets:		
1201 Cash and investment securities	10,743	14,036
1206 Accrued interest receivable on loans	310	385
Net value of assets related to direct loans receivable and acquired defaulted guaranteed loans receivable:		
1601 Direct loans, gross	36,339	43,110
1603 Allowance for estimated uncollectible loans and interest (–)	–448	–441
1699 Value of assets related to direct loans	35,891	42,669
1803 Other Federal assets: Property, plant and equipment, net	429	809
1999 Total assets	47,373	57,899
LIABILITIES:		
2104 Federal liabilities: Resources payable	1,339	485
Non-Federal liabilities:		
2201 Consolidated systemwide and other bank bonds	41,610	51,387
2201 Notes payable and other interest-bearing liabilities	838	2,025
2202 Accrued interest payable	425	475
2999 Total liabilities	44,212	54,372
NET POSITION:		
3300 Cumulative results of operations	3,161	3,527
3999 Total net position	3,161	3,527
4999 Total liabilities and net position	47,373	57,899

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

99–4130	2007 actual	2008 actual	2009 est.	2010 est.
Beginning balance of net worth	2,982,698	3,161,880	3,526,570	3,768,613
Capital stock and participations issued	12,725	211,694	39,028	35,420
Capital stock and participations retired	50,508	40,758	13,000	43,100
Net income	388,417	560,704	518,707	576,256
Cash/Dividends/Patronage Distributions	–184,943	–243,897	–276,452	–287,110
Other, net	13,491	–123,053	–26,240	–23,739
Ending balance of net worth	3,161,880	3,526,570	3,768,613	4,026,340

Financing Activities (in thousands of dollars)

99–4130	2007 actual	2008 actual	2009 est.	2010 est.
Beginning balance of outstanding system obligations	32,546,980	41,610,180	51,386,797	54,070,146
Consolidated systemwide and other bank bonds issued	13,626,729	26,630,980	22,636,333	23,994,513
Consolidated systemwide and other bank bonds retired	8,300,989	10,747,483	22,731,831	21,767,313
Consolidated systemwide notes, net	3,737,460	–6,106,880	2,778,847	275,000
Other (Net)				
Ending balance of outstanding system obligations	41,610,180	51,386,797	54,070,146	56,572,346

FARM CREDIT BANKS

Status of Direct Loans (in millions of dollars)

Identification code 99–4160–0–3–371	2008 actual	2009 est.	2010 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1131 Direct loan obligations	259,516	243,130	265,957
1150 Total direct loan obligations	259,516	243,130	265,957
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	87,395	103,382	114,198

1231	Disbursements: Direct loan disbursements	259,515	243,543	266,399
1251	Repayments: Repayments and prepayments	−243,526	−232,727	−255,415
1263	Write-offs for default: Direct loans	−2		
1290	Outstanding, end of year	103,382	114,198	125,182

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

FCBs serve as discount banks and as of October 1, 2008 provided funds to 9 Federal Land Credit Associations (FLCA) and 83 Agricultural Credit Associations (ACAs). These direct lender associations, in turn, primarily make short and intermediate-term production loans and long-term real estate loans to eligible farmers and ranchers; farm-related businesses; and rural homeowners. FCBs can also lend to other financing institutions, including commercial banks, as authorized by the Farm Credit Act of 1971, as amended.

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

Balance Sheet (in millions of dollars)

Identification code 99–4160–0–3–371		2007 actual	2008 actual
	ASSETS:		
	Non-Federal assets:		
1201	Cash and investment securities	24,560	25,133
1206	Accrued Interest Receivable	979	951
	Net value of assets related to direct loans receivable and acquired defaulted guaranteed loans receivable:		
1601	Direct loans, gross	87,395	103,382
1603	Allowance for estimated uncollectible loans and interest (–)	–5	–31
1699	Value of assets related to direct loans	87,390	103,351
1803	Other Federal assets: Property, plant and equipment, net	440	577
1999	Total assets	113,369	130,012
	LIABILITIES:		
2104	Federal liabilities: Resources payable	368	346
	Non-Federal liabilities:		
2201	Consolidated systemwide and other bank bonds	105,181	121,741
2201	Notes payable and other interest-bearing liabilities	780	912
2202	Accrued interest payable	1,064	922
2999	Total liabilities	107,393	123,921
	NET POSITION:		
3300	Cumulative results of operations	5,976	6,091
3999	Total net position	5,976	6,091
4999	Total liabilities and net position	113,369	130,012

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

99–4160	2007 actual	2008 actual	2009 est.	2010 est.
Beginning balance of net worth	5,129,876	5,976,301	6,090,651	6,723,346
Capital stock and participations issued	786,756	716,991	87,352	158,388
Capital stock and participations retired	35,541	113,129	0	0
Surplus Retired	1,324	1,001	0	0
Net income	545,649	698,366	767,304	782,771
Cash/Dividends/Patronage Distributions	–398,307	–512,906	–382,016	–430,405
Other, net	–50,808	–673,971	160,055	75,876
Ending balance of net worth	5,976,301	6,090,651	6,723,346	7,309,976

Financing Activities(in thousands of dollars)

99–4160	2007 actual	2008 actual	2009 est.	2010 est.
Beginning balance of outstanding system obligations	93,938,983	105,181,000	121,740,706	132,501,277
Consolidated systemwide and other bank bonds issued	32,142,448	89,058,106	54,587,110	50,422,891
Consolidated systemwide and other bank bonds retired	27,849,880	70,839,044	47,874,236	42,723,402
Consolidated systemwide notes, net	6,949,449	–1,659,356	4,047,697	4,073,245
Other (Net)	0	0	0	0
Ending balance of outstanding system obligations	105,181,000	121,740,706	132,501,277	144,274,011

Federal Agricultural Mortgage Corporation
(Farmer Mac)

Farmer Mac is authorized under the Farm Credit Act of 1971 (Act), as amended by the Agricultural Credit Act of 1987, to create a secondary market for agricultural real estate and rural home mortgages. The Farmer Mac title of the Act was amended by the 1990 farm bill to authorize Farmer Mac to purchase, pool, and securitize the guaranteed portions of farmer program, rural business, and community development loans guaranteed by the United States Department of Agriculture (USDA). The Farmer Mac title was amended in 1991 to clarify Farmer Mac's authority to issue debt obligations, provide for the establishment of minimum capital standards, establish the Office of Secondary Market Oversight at the Farm Credit Administration (FCA), and expand the agency's rulemaking authority. The Farm Credit System Reform Act of 1996 (1996 Act) amended the Farmer Mac title to allow Farmer Mac to purchase loans directly from lenders and to issue and guarantee mortgage-backed securities without requiring that a minimum cash reserve or subordinated (first loss) interest be maintained by poolers as had been required under its original authority. The 1996 Act expanded FCA's regulatory authority to include provisions for establishing a conservatorship or receivership, if necessary, and provided for increased core capital requirements at Farmer Mac phased in over three years. Most recently, the 2008 Farm Bill, the Food, Conservation and Energy Act of 2008, amended the Farmer Mac title to authorize the financing of rural electric and telephone cooperatives.

Farmer Mac operates through several programs "Farmer Mac I" involves mortgage loans secured by first liens on agricultural real estate, rural utility cooperative real estate, or rural housing (qualified loans), and "Farmer Mac II," which involves the guaranteed portions of USDA guaranteed loans. Farmer Mac operates by: i) purchasing, or committing to purchase, newly originated or existing qualified loans or guaranteed portions from lenders; ii) purchasing or guaranteeing "AgVantage" bonds backed by qualified loans or guaranteed portions from lenders; and iii) exchanging qualified loans or guaranteed portions for guaranteed securities. Loans pur-

FEDERAL AGRICULTURAL MORTGAGE CORPORATION—Continued

(FARMER MAC)—Continued

chased by Farmer Mac are aggregated into pools that back Farmer Mac guaranteed securities, which are held by Farmer Mac or sold into the capital markets. Farmer Mac is intended to attract new capital for financing qualified loans and guaranteed portions, foster increased long-term, fixed-rate lending, and provide greater liquidity to agricultural and rural lenders.

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

FINANCING

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

As of September 30, 2008, Farmer Mac's core capital exceeded statutory requirements. Additionally, Farmer Mac's regulatory capital (core capital plus the allowance for loan losses) exceeded the amount of required regulatory capital as determined by the risk-based capital rule.

GUARANTEES

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

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

REGULATION

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

FEDERAL AGRICULTURAL MORTGAGE CORPORATION

Status of Guaranteed Loans (in millions of dollars)

Identification code 99–4180–0–3–351	2008 actual	2009 est.	2010 est.
Position with respect to appropriations act limitation on commitments:			
2131 Guaranteed loan commitments	2,910		
2150 Total guaranteed loan commitments	2,910		
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	8,362	9,810	9,810
2231 Disbursements of new guaranteed loans	2,910		
2251 Repayments and prepayments	–1,462		
2290 Outstanding, end of year	9,810	9,810	9,810
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	943		

Balance Sheet (in millions of dollars)

Identification code 99–4180–0–3–351	2007 actual	2008 actual
ASSETS:		
Non-Federal assets:		
1201 Investment in securities	2,678	1,468
1206 Receivables, net	82	225
Net value of assets related to direct loans receivable:		
1401 Direct loans receivable, gross	2,034	2,857
1402 Interest receivable	60	58
1499 Net present value of assets related to direct loans	2,094	2,915
1801 Other Federal assets: Cash and other monetary assets	572	51
1999 Total assets	5,426	4,659
LIABILITIES:		
Non-Federal liabilities:		
2201 Accounts payable	37	91
2202 Interest payable	40	32
2203 Debt	5,044	4,307
2204 Liabilities for loan guarantees	53	58
2999 Total liabilities	5,174	4,488
NET POSITION:		
3300 Invested capital	252	171
3999 Total net position	252	171
4999 Total liabilities and net position	5,426	4,659