



**Office of Federal Housing Enterprise Oversight
(OFHEO)**

NEWS RELEASE

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**OFHEO Announces Fannie Mae Achieves 30
Percent Capital Surplus**

WASHINGTON, D.C.— Stephen Blumenthal, Acting Director of the Office of Federal Housing Enterprise Oversight (OFHEO), safety and soundness regulator for Fannie Mae and Freddie Mac (the Enterprises), announces that Fannie Mae achieved the 30 percent capital surplus as required by OFHEO.

In agreements between OFHEO and Fannie Mae resulting in a Capital Restoration Plan, Fannie Mae was required to achieve a 30 percent capital surplus over the minimum capital requirement by September 30, 2005. Fannie Mae certified its third quarter 2005 minimum capital report demonstrating the achievement of the target for September 30, 2005, taking into account current assessments of accounting deficiencies and estimates of other potential impacts to capital. OFHEO actively monitors Fannie Mae's compliance with the Plan on a weekly basis and has reviewed the certified numbers.

Fannie Mae achieved an estimated \$9.1 billion surplus through earnings retention and asset sales as of September 30, 2005 after accounting for estimated accounting errors and hurricane losses. This resulted in an additional \$752 million over the required 30 percent surplus. Based on current information, this surplus is sufficient to absorb uncertainties in the estimated impact to capital of potential additional accounting errors, which may arise during the restatement process.

OFHEO's next quarterly capital classification will be issued by December 31, 2005 once all capital-related data, including the Risk-based Capital Report, is received. At this time, the existing classification issued on September 28, 2005 of "adequately capitalized" remains unchanged.

Technical questions regarding these results should be directed to:
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Media questions regarding these results should be directed to Corinne Russell at: crussell@ofheo.gov or 202.414.6921 or *Stefanie Mullin at:* stefanie.mullin@ofheo.gov or 202.414.6376.

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