FEDERAL HOUSING FINANCE AGENCY

NEWS RELEASE

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FHFA Releases First Conservator's Report on the Enterprises' Financial Condition

Washington, DC – The Federal Housing Finance Agency (FHFA) today released its first *Conservator's Report on the Enterprises' Financial Condition*. The Conservator's Report provides an overview of key aspects of the financial condition of Fannie Mae and Freddie Mac (the Enterprises) during conservatorship. The report will be released on a quarterly basis following the filing of the Enterprises' financial results with the Securities and Exchange Commission (SEC).

"FHFA initiated the Conservator's Report to enhance public understanding of Fannie Mae's and Freddie Mac's financial performance and condition leading up to and during conservatorship," said FHFA Acting Director Edward J. DeMarco.

The report includes information on Enterprise presence in the mortgage market; credit quality of Enterprise mortgage purchases; sources of Enterprise losses and capital reductions; and Enterprise loss mitigation activity. Information presented in the report includes:

- The key driver in the decline of the Enterprises' capital from the end of 2007 through the second quarter of 2010 was the Single-Family Credit Guarantee business segment, which accounted for 73 percent of the capital reduction over that period. The bulk of this capital reduction was associated with losses from mortgages originated in 2006 and 2007.
- The Investments and Capital Markets business segment (which includes the retained portfolio and credit losses associated with private-label mortgage-backed securities) accounted for 9 percent of the capital reduction over the same period.
- Since the establishment of the conservatorships, the credit quality of the Enterprises' new mortgage acquisitions has improved substantially. Single-family mortgages acquired by the Enterprises during conservatorship have, on average, higher credit scores and lower loan-to-value ratios, resulting in lower early cumulative default rates.

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The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than $5.9 trillion in funding for the U.S. mortgage markets and financial institutions.

Federal Housing Finance Agency

Conservator's Report on the Enterprises' Financial Performance

Second Quarter 2010

Contents

The purpose of this report is to provide an overview of key aspects of the financial condition of Fannie Mae and Freddie Mac during conservatorship. The data in this report are derived primarily from the Enterprises' SEC filings and other publicly available sources. In some cases, FHFA adjusted the classification of certain data to provide comparability between the Enterprises. In other cases, the Enterprises' reporting methodologies changed over time. Therefore, the data in this report may not match exactly published figures.

Executive Summary

Mortgage Markets and the Enterprises' Market Presence

Originations of nontraditional and higher-risk mortgages grew dramatically between 2004 and 2007. Private-label issuers played a large role in securitizing these mortgages. While the Enterprises acquired primarily traditional mortgages, they also acquired an increased amount of nontraditional and higher-risk mortgages such as Alt-A, subprime, and interest-only loans, and invested in senior tranches of private-label mortgage-backed securities. The Enterprises lost market share of mortgage-backed securities issuance between 2004 and 2007. After private-label issuers exited the secondary mortgage market in 2007, the Enterprises' market presence increased, and they have constituted the majority of secondary market issuance since.

Credit Quality of New Single-Family Business

Starting in 2008, the Enterprises tightened credit underwriting standards for new mortgage acquisitions and largely ceased acquiring nontraditional and higher-risk mortgages. Mortgages acquired since 2008 have, on average, higher credit scores and lower loan-to-value ratios and include few higher-risk products.

Capital

At the end of 2007, the Enterprises had $71 billion of combined capital. From the end of 2007 through the second quarter of 2010, capital was reduced by $226 billion. Of the three business segments (Investments and Capital Markets, Single-Family Credit Guarantee and Multifamily) the largest contributor to capital reduction to date has been the Single-Family Credit Guarantee segment, accounting for $166 billion, or 73 percent, of combined capital reduction over that period.

Single-Family Credit Guarantee Segment Results

Credit-related expenses have been the primary driver of losses in the Single-Family Credit Guarantee segment. Nontraditional and higher-risk mortgages concentrated in the 2006 and 2007 vintages account for a disproportionate share of credit losses. However, house price declines and prolonged economic weakness have taken a toll on the credit performance of traditional mortgages.

Investments and Capital Markets Segment Results

The Investments and Capital Markets segment accounts for $21 billion, or 9 percent, of capital reduction from the end of 2007 through the second quarter of 2010. Losses in the Investments and Capital Markets segment stemmed from impairments of private-label securities, fair-value losses on securities, and fair-value losses on derivatives (used for hedging interest rate risk).

Loss Mitigation Activity

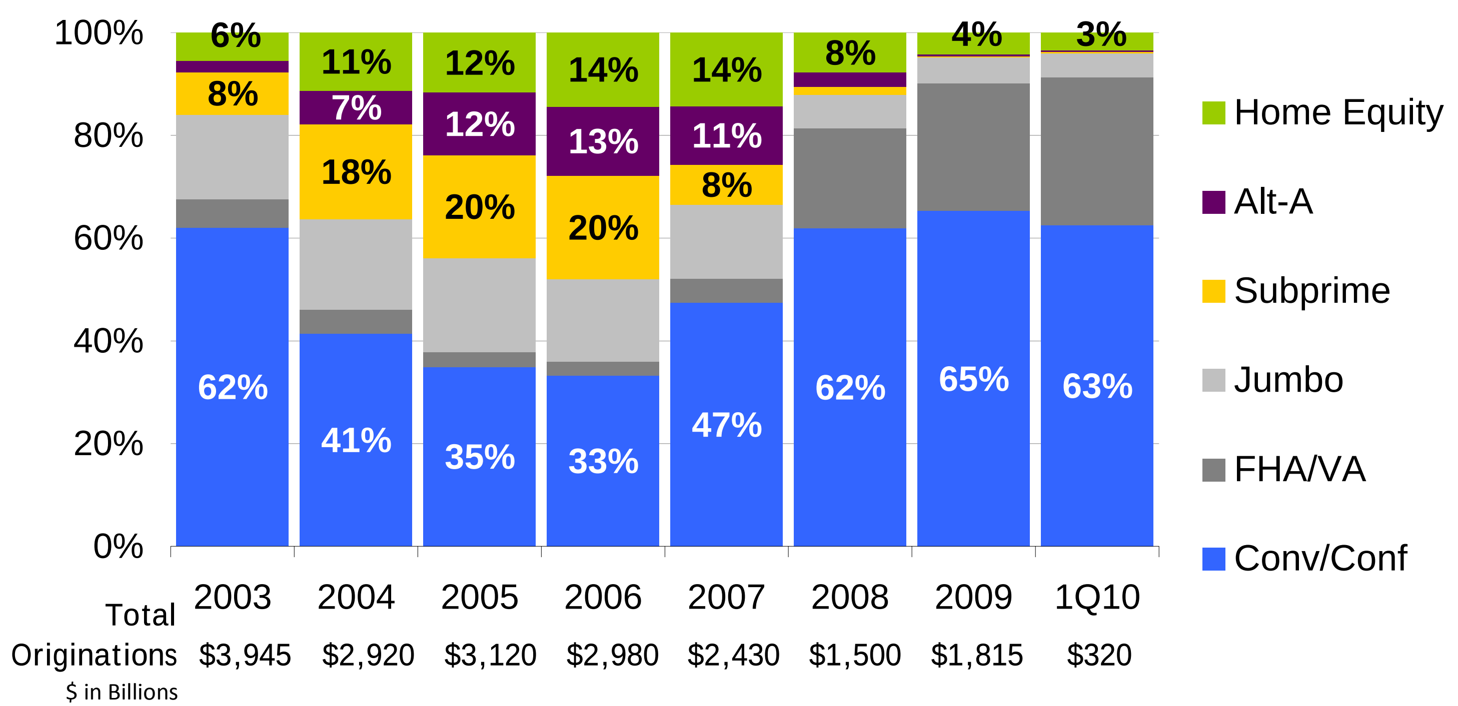
Since 2008, the Enterprises have enhanced their standard loss mitigation programs to address the needs of delinquent borrowers in this credit cycle. Implementation of the Making Home Affordable program in 2009, together with the Enterprises' enhanced loss mitigation programs, expanded the options available to delinquent borrowers to retain or give up their homes while avoiding foreclosure.

Mortgage Markets and the Enterprises' Market Presence

1.1. Primary Mortgage Market Trends—Mortgage Originations

- Peaking in 2006 at a third of all mortgages originated, the volume of Alt-A and subprime mortgages was extraordinarily high between 2004 and 2007. In 2005 and 2006, conventional, conforming mortgages accounted for approximately one-third of all mortgages originated.

Figure 1.1. Mortgage Originations by Product Type

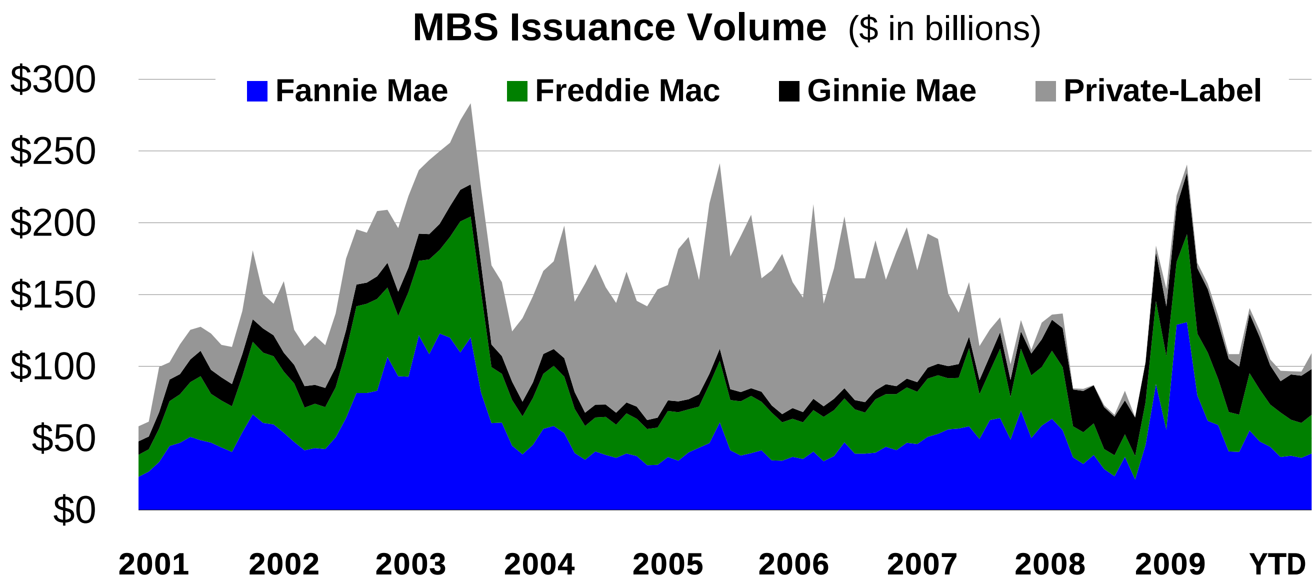


Source:
Inside Mortgage Finance, second quarter 2010 data not available.

1.2. Secondary Mortgage Market Trends—Mortgage-Backed Securities Issued

- Private-label issuers played a large role in securitizing higher-risk mortgages from early 2004 to mid-2007 while the Enterprises continued to guarantee primarily traditional mortgages. Consequently, the Enterprises lost market share of mortgage-backed securities (MBS) issuance. After private-label issuers exited the secondary mortgage market in 2007, the Enterprises' market share increased. Their combined market share of MBS issued in the first half of 2010 was 66 percent.

Figure 1.2. Enterprises' Market Share



	2001	2002	2003	2004	2005	2006	2007	2008	2009	YTD
Enterprises	67%	68%	70%	47%	41%	40%	58%	73%	72%	66%
Ginnie Mae	13%	9%	8%	7%	4%	4%	5%	22%	25%	29%
Total Agency	80%	77%	78%	54%	45%	44%	63%	95%	97%	95%

Sources:
Inside Mortgage Finance, Enterprise Monthly Volume Summaries.
Issuance figures exclude MBS issued backed by assets previously held in the Enterprises' portfolios.

2. Credit Quality of New Single-Family Business

2.1 Credit Characteristics of the Enterprises' New Single-Family Business

- Pre-conservatorship: As the mix of mortgage originations in the primary market shifted toward higher-risk mortgages, the Enterprises guaranteed and purchased an increased amount of nontraditional and higher-risk mortgages. However, during this period, the Enterprises continued to guarantee primarily traditional mortgages.
- Post-conservatorship: Purchases of nontraditional and higher-risk mortgages are down dramatically and the average FICO credit score and loan-to-value ratio (LTV) of new single-family business has improved. While the percentage of new business with LTVs greater than 90 percent increased in 2010, the bulk of this relates to the Home Affordable Refinance Program.

Figure 2.1. Characteristics of Single-Family Mortgage Acquisitions

Percent of New Single-Family Business[1]
(Categories overlap and are not additive)

	Fannie Mae				YTD	Freddie Mac				YTD
	2006	2007	2008	2009	Jun '10	2006	2007	2008	2009	Jun '10
Alt-A[2]	22%	17%	3%	0%	0%	18%	22%	7%	0%	1%
Interest-Only	15%	15%	6%	1%	2%	17%	21%	6%	0%	0%
Credit Score <620	6%	6%	3%	0%	1%	5%	6%	3%	1%	1%
LTV >90 Percent	10%	16%	10%	4%	8%	6%	11%	9%	4%	9%
Average LTV	73%	75%	72%	67%	69%	73%	74%	71%	67%	70%
Average Credit Score	716	716	738	761	758	720	718	734	756	750

Notes:
[1] New business is defined as issuance of MBS plus purchases of whole loans and does not include purchases of mortgage-related securities.
[2] Refer to sources for Alt-A definitions. Freddie Mac's year-to-date figures include Alt-A purchases of $1.5 billion due to a long-term standby commitment termination and a subsequent PC issuance. There was no change to the Alt-A exposure on these mortgages as a result of these transactions.

Sources:
Enterprises' Forms 10-K, credit supplements to SEC disclosures, and management reports.

2.2 Performance of Nontraditional and Higher-Risk Mortgages (mostly purchased pre-conservatorship)

- Declines in house prices and weakness in the broader economy over the past few years have contributed to deteriorating credit performance of mortgages in general and of nontraditional and higher-risk mortgages in particular.

Figure 2.2. Single-Family Serious Delinquency Rates

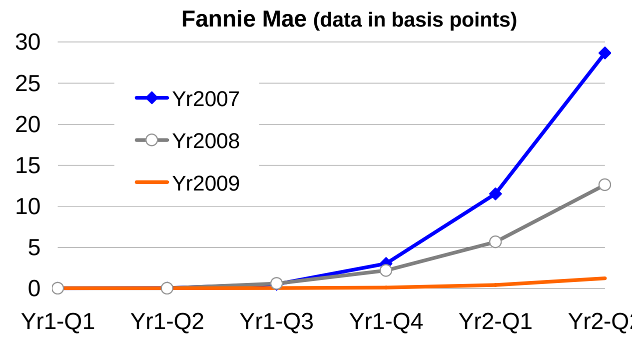
	Fannie Mae				Freddie Mac			
	4Q07	**4Q08**	**4Q09**	**2Q10**	**4Q07**	**4Q08**	**4Q09**	**2Q10**
Product Type[1]								
Alt-A	2.2%	7.0%	15.6%	15.2%	1.9%	5.6%	12.3%	12.4%
Interest-Only	2.0%	8.4%	20.2%	19.4%	2.0%	7.6%	17.6%	18.4%
Credit Score								
<620	4.7%	9.0%	18.2%	16.1%	3.4%	7.8%	14.9%	14.4%
Loan-to-Value Ratio								
>90 Percent	3.0%	6.3%	13.1%	11.6%	1.9%	4.8%	9.1%	8.5%
Risk-Layering								
Credit score <620 & LTV >90 Percent	8.6%	16.0%	28.0%	24.3%	5.4%	11.5%	19.0%	17.9%
Total Single-Family	1.0%	2.4%	5.4%	5.0%	0.7%	1.8%	4.0%	4.0%

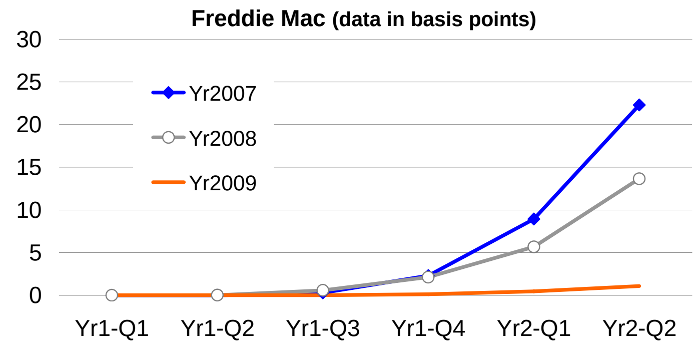
Notes
[1] Loans with multiple product features may be in more than one category. Refer to sources for Alt-A definition.
Sources:
Enterprises' Form 10-Ks, Credit supplements to SEC disclosures, and management reports.

2.3 Performance of Post-Conservatorship Business

- While not necessarily indicative of the ultimate performance, the improved credit characteristics of new post-conservatorship business is reflected in substantially lower cumulative default rates for the 2009 vintage compared to the years leading up to conservatorship.

Figure 2.3. Cumulative Default Rate by Origination Year





Cumulative Default Rate by Origination Year (data in basis points)

Time Since Beginning of Origination Year
Fannie Mae[1]

Vintage	Yr1Q4	Yr2Q2
2002	0.35	3.09
2003	0.36	2.52
2004	0.70	4.56
2005	0.66	4.81
2006	1.28	11.58
2007	3.01	28.68
2008	2.17	12.61
2009	0.09	1.21

Time Since Origination
Freddie Mac[2]

Vintage	Yr1Q4	Yr2Q2
2002	0.31	2.65
2003	0.16	1.22
2004	0.35	2.04
2005	0.21	1.82
2006	0.57	5.97
2007	2.30	22.29
2008	2.12	13.65
2009	0.12	1.07

Notes:

[1] Defaults include loan liquidations other than through voluntary pay-off or repurchase by lenders and include loan foreclosures, preforeclosure sales, sales to third parties and deeds-in-lieu of foreclosure. Cumulative Default Rate is the total number of single-family conventional loans in the guarantee book of business originated in the identified year that have defaulted, divided by the total number of single-family conventional loans in Fannie Mae's guarantee book of business originated in the identified year.

[2] Rates are calculated for each year of origination as the number of loans that have proceeded to foreclosure transfer or short sale, divided by the number of loans in Freddie Mac's single-family credit guarantee portfolio relative to origination.

Source:

Enterprise quarterly credit supplement.

3. Capital

- At the end of 2007, the Enterprises had $71 billion of combined capital. From the end of 2007 through the second quarter of 2010, the Enterprises' combined capital reductions have totaled $226 billion, requiring Treasury support of $148 billion through draws under the Preferred Stock Purchase Agreements. The Single-Family Credit Guarantee segment has been the largest contributor to capital reduction, accounting for $166 billion, or 73 percent, of capital reduction to date.

Figure 3. Capital Changes: January 1, 2008 - June 30, 2010

$ in billions	**Fannie Mae**	**Freddie Mac**	**Combined**	
Beginning Capital[1]	$44	$27	$71	
Equity Issuance[2]	7	0	7	
Available Capital	$51	$27	$78	
Capital Erosion				
Single-Family Guarantee Earnings	($109)	($58)	($166)	*73%*
Multifamily Earnings	(11)	(0)	(11)	*5%*
Investments Contribution[3]	(11)	(11)	(21)	*9%*
Consolidation Accounting Adjustment	3	(12)	(8)	*4%*
Other	(3)	(3)	(6)	*3%*
Senior Preferred dividends	(6)	(7)	(13)	*6%*
Total Capital Erosion[4]	($136)	($90)	($226)	*100%*
Capital deficit	($85)	($63)	($148)	
Treasury Senior Preferred draw[5]	$85	$63	$148	

Notes

Totals may not sum due to rounding.

[1] Capital is defined as stockholders' equity.

[2] Fannie Mae's figure includes common and preferred stock issuance pre-conservatorship.

[3] Investments contribution equals the sum of investments segment earnings, the change in the accumulated other comprehensive income (AOCI) component of stockholders' equity (excluding the consolidation adjustment related to AOCI), and the impact of accounting changes for securities impairments.

[4] Included in total capital erosion for both Enterprises are losses attributable to the writedown of low income housing tax credits (LIHTC) investments to zero in the fourth quarter of 2009. $5 billion of these LIHTC losses for Fannie Mae are included in Multifamily Earnings and $3 billion of losses for Freddie Mac are included in Other. Also included in total capital erosion but spread among the business segments is the establishment of a deferred tax asset valuation allowance which reduced capital by $21 billion for Fannie Mae and $14 billion for Freddie Mac in 2008.

[5] Total draws include amounts relating to the second quarter of 2010.

Sources

Fannie Mae segment earnings per Fannie Mae SEC disclosures for the relevant time periods.

Freddie Mac's 2008 and 2009 segment earnings revised to reflect methodology effective in the first quarter of 2010 SEC disclosure.

4. Single-Family Credit Guarantee Segment Results

4.1 Single-Family Credit Guarantee Segment Results

- Losses from the Single-Family segment have been driven by substantial provisions for credit losses as rising delinquencies caused the Enterprises to build their loan loss reserves.

Figure 4.1. Single-Family Credit Guarantee Segment Results

$ in billions	Fannie Mae 2008	Fannie Mae 2009	Fannie Mae YTD Jun '10	Fannie Mae Total	Freddie Mac 2008	Freddie Mac 2009	Freddie Mac YTD Jun '10	Freddie Mac Total	Combined 2008 - YTD Jun '10
Revenue[1]	$9	$9	$0	$19	$5	$4	$2	$12	$30
Provision for credit losses[2]	(26)	(50)	(16)	(92)	(16)	(29)	(11)	(57)	(149)
Foreclosed Property Expenses	(2)	(1)	(0)	(3)	(1)	(0)	(0)	(1)	(5)
Credit-related expenses	(28)	(51)	(17)	(95)	(17)	(29)	(11)	(58)	(154)
SOP 03-3 Losses[3]	(2)	(20)	(0)	(23)	(2)	(5)	(0)	(6)	(29)
Other expenses[4]	(2)	(3)	(1)	(6)	(1)	(1)	(1)	(3)	(9)
Pre-tax income (loss)	(22)	(65)	(18)	(105)	(15)	(31)	(10)	(56)	(161)
Provision (benefit) for taxes	(5)	1	0	(3)	(5)	4	0	(1)	(5)
Net income (loss)	($27)	($64)	($18)	($109)	($20)	($27)	($10)	($58)	($166)

Notes
Totals may not sum due to rounding.
[1] Consists of guarantee fee income, trust management income, net interest income, and other income. Guarantee fee revenue of $3.6 billion for Fannie Mae year-to-date was offset by net interest expense of $3.3 billion related to forgone interest on nonperforming loans.
[2] The provision for credit losses is the recognition of estimated incurred losses and increases the loan loss reserve. Fannie Mae's figures have been adjusted to exclude losses on credit-impaired loans acquired from MBS trusts.
Effective January 1, 2010, Freddie Mac's provision for credit losses for segment earnings includes nonaccrual expense that is part of net interest income for GAAP-basis earnings.
[3] Losses on credit-impaired loans acquired from MBS/PC Trusts.
[4] Consists of investment gains (losses), administrative expenses, and other expenses.

Sources
Fannie Mae segment earnings per Fannie Mae SEC disclosures for the relevant time periods. Effective in the first quarter 2010, Fannie Mae changed the presentation of segment financial information; prior periods were not revised.
Freddie Mac segment earnings for 2008 and 2009 revised to reflect business segment reporting methodology effective in the first quarter of 2010 SEC disclosure.
2010 segment results for both Enterprises are not comparable with prior periods due to the adoption of new accounting standards for consolidations.

4.2 Loan Loss Reserves

- The Enterprises have increased loan loss reserves substantially since the end of 2007, with the bulk of the increase attributed to the single-family book. Charge-offs have been low compared to provisions for credit losses, but their relative magnitude continues to increase.

Figure 4.2. Loan Loss Reserves

$ in billions	Fannie Mae		YTD	Total Jan '08 - YTD Jun '10	Freddie Mac		YTD	Total Jan '08 - YTD Jun '10
Single-Family Loss Reserve	**2008**	**2009**	**Jun '10**		**2008**	**2009**	**Jun '10**	
Beginning balance[1]	$3	$24	$62		$3	$15	33	
Provision for credit losses[2,3]	26	50	16	92	16	29	11	57
Charge-offs, net[3]	(5)	(13)	(12)	(29)	(2)	(7)	(6)	(16)
Adoption of New Accounting Standards[1]	-	-	(11)		-	-	(0)	
Other	-	-	3		(1)	(4)	(0)	
Ending balance[1]	$24	$62	$59		$15	$33	$37	
Credit Losses - Single-Family								
Charge-offs[3]	$5	$13	$12	$29	$2	$7	$6	16
Other[4]	-	-	-	-	0	0	0	1
Foreclosed Property Expense	2	1	0	3	1	0	-	1
Total[3]	$6	$13	$12	$32	$4	$8	$7	$18

Notes
Totals may not sum due to rounding.
1 Fannie Mae's loan loss reserve excludes amounts related to the allowance for accrued interest receivable and allowance for preforeclosure property taxes and insurance. Freddie Mac's loan loss reserve excludes amounts related to the allowance for accrued interest receivable.
2 Freddie Mac's figures include nonaccrual expense for segment reporting purposes.
3 Fannie Mae's provision for credit losses have been adjusted to exclude losses on credit-impaired loans acquired from MBS trusts. Additionally, the effect of losses from credit-impaired loans acquired from MBS trusts on charge-offs and foreclosed property expense has been reflected as an adjustment to total credit losses and charge-offs, net.
4 Freddie Mac's figures include charge-offs related to certain loans purchased under financial guarantees.

Sources
SEC disclosures for the relevant time periods.

4.3 Credit Losses

- Nontraditional and higher-risk mortgages concentrated in the 2006 and 2007 vintages account for a disproportionate share of credit losses (charge-offs and foreclosed property expenses). However, house price declines and prolonged economic weakness have taken a toll on the credit performance of conventional mortgages.
- Mortgages originated in California, Florida, Arizona and Nevada also account for a disproportionate share of credit losses. Those states had some of the highest increases in house prices through 2006 and 2007 followed by the steepest declines to date.

Figure 4.3. Credit Losses

(Percent of Total Credit Losses)	Fannie Mae				Freddie Mac			
	% of UPB as of Dec 31, 2008[1]	2008	2009	YTD Jun '10	% of UPB as of Dec 31, 2008[1]	2008	2009	YTD Jun '10
by State								
California	16%	25%	24%	23%	14%	30%	32%	26%
Florida	7%	11%	16%	19%	7%	10%	15%	19%
Arizona	3%	8%	11%	10%	3%	9%	11%	11%
Nevada	1%	5%	7%	5%	1%	4%	6%	5%
by Product[2]								
Alt-A	11%	46%	40%	36%	10%	50%	44%	40%
Interest-Only	8%	34%	33%	30%	9%	50%	47%	39%
by Vintage								
2006	14%	35%	31%	30%	15%	41%	35%	30%
2007	20%	28%	36%	37%	19%	25%	36%	34%
2008	16%	1%	5%	7%	15%	0%	5%	6%
2009	n/a	n/a	0%	0%	n/a	n/a	0%	0%

Notes

[1] Represents each category's share of the respective Enterprise's single-family book of business, which is based on the unpaid principal balance of all single-family mortgages held by the Enterprises and those underlying MBS/PCs as of December 31, 2008. Freddie Mac's figures include loans held by the company underlying structured securities less structured securities backed by Ginnie Mae certificates.

[2] Product categories overlap.

Sources

Enterprises' Forms 10-K, credit supplements to SEC disclosures, and management reports.

5. Investments and Capital Markets Segment Results

5.1 Investments and Capital Markets Segment Results

- Losses in the Investments and Capital Markets segment stemmed from impairments of private-label securities and fair-value losses on securities. Fair-value losses on derivatives used to hedge interest rate risk contributed to investment segment losses, however certain offsetting changes in the fair value of hedged assets and liabilities are not reflected in earnings or equity.

Figure 5.1. Investments and Capital Markets Segment Results

$ in billions	Fannie Mae				Freddie Mac				Combined
	2008	2009	YTD Jun '10	Total	2008	2009	YTD Jun '10	Total	2008-YTD Jun '10
Revenue[1]	$8	$13	$6	$27	$3	$8	$3	$14	$41
Derivatives gains (losses)	(15)	(6)	(3)	(25)	(13)	5	(5)	(13)	(38)
Trading gains (losses)	(7)	4	3	(1)	1	5	(1)	5	4
Other gains (losses)[2]	2	1	1	4	2	(0)	1	3	7
Other-than-temporary impairments	(7)	(10)	(0)	(17)	(17)	(10)	(1)	(28)	(45)
Other expenses[3]	(1)	(1)	(0)	(1)	(2)	(1)	1	(2)	(3)
Pre-tax income (loss)	(21)	1	7	(13)	(26)	7	(2)	(21)	(34)
Provision (benefit) for taxes[4]	(9)	(0)	0	(9)	(2)	(1)	0	(2)	(11)
Net income (loss)	($29)	$1	$7	($22)	($28)	$6	($2)	($23)	($45)
Unrealized gains (losses) on AFS[5]	(6)	11	3	8	(20)	19	9	7	16
Accounting change for Impairments	0	3	0	3	0	5	0	5	8
Investments Contribution	($36)	$15	$10	($11)	($48)	$30	$7	($11)	($21)

Notes

Totals may not sum due to rounding.

[1] Consists of guarantee fee expense, trust management income, net interest income, and other income.

[2] Figures consist of debt extinguishment losses, debt foreign exchange gains (losses), debt fair-value losses, investment gains (losses), and hedged mortgage assets gains, net.

[3] Consists of administrative expenses and other expenses.

[4] Includes extraordinary losses/noncontrolling interest.

[5] Includes unrealized gains (losses) on available for sale securities and adjustments for other-than-temporary impairments included in accumulated other comprehensive income.

Sources

Fannie Mae segment earnings per Fannie Mae SEC disclosures for the relevant time periods. Effective in the first quarter 2010, Fannie Mae changed the presentation of segment financial information; prior periods were not revised.

Freddie Mac segment earnings for 2008 and 2009 revised to reflect business segment reporting methodology effective in the first quarter of 2010 SEC disclosure.

5.2 Security Impairments

- Alt-A and subprime securities acquired in 2006 and 2007 account for the bulk of security impairments.

Figure 5.2. Security Impairments

$ in billions

Fannie Mae	2008			2009			YTD Jun '10			
Vintage[1]	2006 & 2007	Other vintages	Total	2006 & 2007	Other vintages	Total	2006 & 2007	Other vintages	Total	Total 2008-2Q10
Alt-A/Option ARM Alt-A	$3.0	$1.8	$4.8	$1.7	$2.3	$4.0	$0.1	$0.0	$0.2	$9.0
Subprime	1.9	-	1.9	5.6	0.1	5.7	0.2	-	0.2	7.7
Other	-	0.2	0.2	0.0	0.2	0.2	-	-	0.0	0.5
Total[2]	$4.9	$2.0	$7.0	$7.3	$2.6	$9.9	$0.3	$0.0	$0.4	$17.2

Freddie Mac	2008			2009			YTD Jun '10			
Vintage[1]	2006 & 2007	Other vintages	Total	2006 & 2007	Other vintages	Total	2006 & 2007	Other vintages	Total	Total 2008-2Q10
Alt-A	$2.1	$1.8	$4.0	$0.9	$0.8	$1.7	$0.0	$0.0	$0.0	$5.7
Subprime	3.4	0.2	3.6	6.4	0.1	6.5	0.3	0.0	0.3	10.4
CMBS	-	-	-	0.1	0.0	0.1	0.1	0.0	0.1	0.2
Option ARM	6.0	1.6	7.6	1.4	0.4	1.7	0.1	0.0	0.1	9.4
Other	1.1	0.4	1.4	0.8	0.1	0.9	0.3	0.0	0.3	2.7
Total[2]	$12.6	$4.0	$16.6	$9.6	$1.5	$11.0	$0.8	$0.1	$0.9	$28.5

Notes

Totals may not sum due to rounding.

[1] Vintage of private-label securities is based on security issue date.

[2] The adoption of FSP FAS 115-2 in April of 2009 required the Enterprises to begin recognizing only the credit portion of impairments in their statement of operations. This new accounting standard did not require the Enterprises to revise previously recorded amounts in their statements of operations but did result in an equity increase of $5 billion and $3 billion for Freddie Mac and Fannie Mae, respectively, which is not reflected in Figure 5.2.

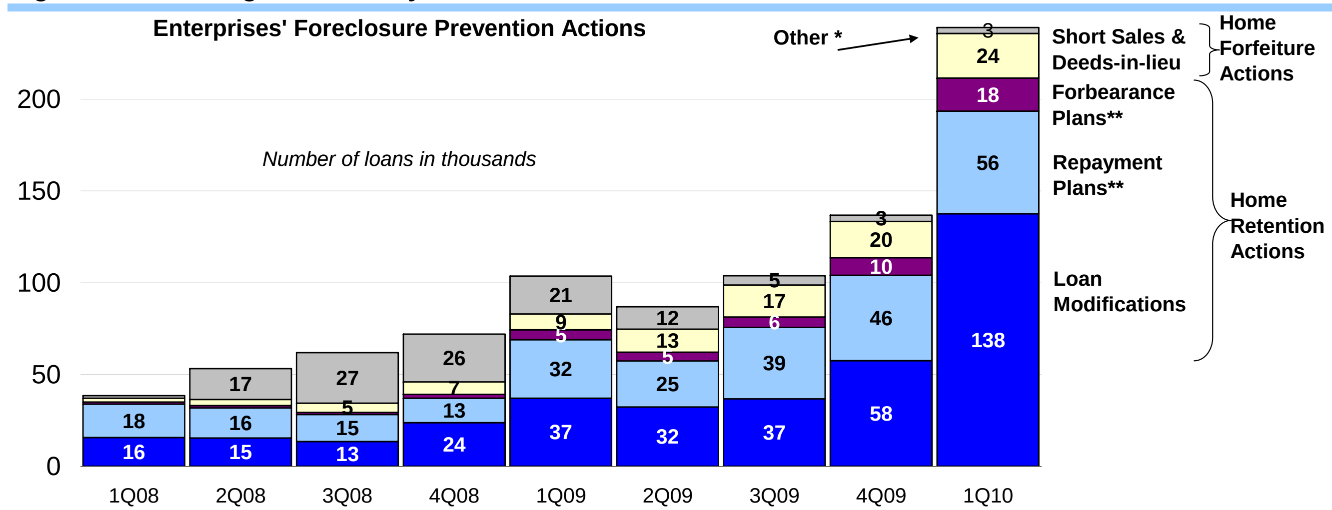
Sources

Fannie Mae and Freddie Mac management reports.

6. Loss Mitigation Activity

- The Enterprises have traditionally worked with delinquent borrowers to mitigate credit losses in situations where the borrower demonstrates the willingness and ability to cure the delinquency. Loss mitigation actions include loan modifications, repayment plans, forbearance plans, short sales and deeds-in-lieu.
- As the volume of delinquencies increased in 2008 and 2009, the Enterprises enhanced their standard loss mitigation programs to address the needs of delinquent borrowers in this credit cycle.
- Implementation of the Making Home Affordable program announced by the Administration in early 2009, together with the Enterprises' enhanced loss mitigation programs, expanded the options available to delinquent borrowers to retain or give up their homes while avoiding foreclosure.
- At the end of the first quarter of 2010 approximately 448,000 of the Enterprises' loans were in the trial period of the Home Affordable Modification Program (HAMP). (Note, this is not reflected in Figure 6.)
- More information on the Enterprises' loss mitigation activities can be found in FHFA First Quarter 2010 Foreclosure Prevention & Refinance Report.

Figure 6. Loss Mitigation Activity



* Consists of HomeSaver Advance (Fannie Mae), charge-offs in lieu and deeds-in-lieu.
** Include loans that were 30-plus days delinquent at initiation of the plan. Completed forbearance plans exclude Home Affordable Modification Program Loans.