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STATEMENT

FOR IMMEDIATE RELEASE

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STATEMENT OF OFHEO DIRECTOR JAMES B. LOCKHART ON FANNIE MAE 10-K FILING

“Today Fannie Mae released its financial statements for 2002 and 2003 and, for the first time, its audited financial statements for 2004. This is a key step forward for the company and represents two years of hard work. We congratulate the Fannie team.

While an important milestone, much remains to be done. As reflected in the 10-K, Fannie Mae faces enormous challenges in fixing its operational and risk management systems, in Sarbanes–Oxley compliance, and in producing audited financial statements for 2005 and 2006. Concerns remain with the speed of returning to full and timely financial reporting, the robustness of the Enterprise’s internal controls (as reflected in the large number of material weaknesses), and the accuracy of its accounting systems. OFHEO will continue to monitor Fannie Mae’s efforts to correct its problems, to operate in a safe and sound manner and to maintain an adequate capital cushion during this time of uncertainty.”

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*OFHEO's mission is to promote housing and a strong national housing finance system
by ensuring the safety and soundness of Fannie Mae and Freddie Mac.*