



Yale SCHOOL OF MANAGEMENT
Program on Financial Stability

EliScholar – A Digital Platform for Scholarly Publishing at Yale

YPFS Resource Library

1-1-1900

Fannie Mae Business Update - Headlines

Federal National Mortgage Association (Fannie Mae)

<https://elischolar.library.yale.edu/ypfs-documents/6508>

This resource is brought to you for free and open access by the Yale Program on Financial Stability and [EliScholar](#), a digital platform for scholarly publishing provided by Yale University Library. For more information, please contact ypfs@yale.edu.

Business Update – Headlines

- **Business Metrics**
 - Met or exceeded plan for almost all metrics
 - Single Family had a particularly good year.

- **Market Share**
 - December YTD:
 - 59.2% versus Freddie Mac, up from 58.6% in 2005
 - 25.6% versus market, up from 22% in December 2005
 - Signed JP Morgan Chase to majority share Alliance Agreement.

- **HUD Goals**
 - Met all HUD goals.
 - Very expensive.

- **Risk and Controls**
 - Duration Gap – December 2006: 0 months
Full Year Average: 0 months
 - Delinquency rates slightly lower than last year
 - Credit losses rising as housing prices decline in various regions.

- **Strategic Initiatives**
 - Significant success:
 - CMBS purchases: \$9.7 billion
 - Subprime: \$3.5 billion
 - Alt A: \$109.7 billion versus \$84.4 billion in 2005
 - RTF: First deal

Confidential – Highly Restricted

1



Business Update – Metrics (December 2006 Year-to-Date)

| | <u>Actual</u> | <u>Plan</u> | |
|--------------------------------------------|---------------|-------------|---|
| Single Family | | | |
| Book Growth | 8.0% | 5.8% | ✓ |
| Charged Fee (bps) | 26.2 | 26.0 | ✓ |
| Delinquency Rate - excluding Katrina (bps) | 59 (Oct 06) | 61 (Oct 05) | ✓ |
| Housing & Community Development | | | |
| MF Book Growth | 4.9%* | 5.1% | ◇ |
| Charged Fee (bps) | 24.2 | 24.2 | ✓ |
| Delinquency Rate - excluding Katrina (bps) | 5 (Oct 06) | 8 (Oct 05) | ✓ |
| LIHTC Investments (\$B) | 1.9 | 1.9 | ✓ |
| Mortgage Portfolio | | | |
| Portfolio Size (\$B) | \$723 | \$727.7 ** | ✓ |
| OAS (bps) | 24.8 | 25+ | ◇ |
| Duration Gap (months) | 0 | - | ✓ |

* Excludes liquidation of \$5.8 billion MBS held by Washington Mutual on which they paid 0 bps guarantee fee

** OFHEO Cap

Met or exceeded plan for almost all metrics

Confidential – Highly Restricted

2



Business Update – Housing Goals (YTD February 2007)

| | Goal | Actual |
|-----------------------------|-------|--------------|
| HUD | | |
| Low-Mod | 55.0% | 52.3% |
| Special Affordable | 25.0% | 25.4% |
| Underserved | 38.0% | 40.5% |
| Low-Mod Purchase | 46.0% | 39.5% |
| Special Affordable Purchase | 17.0% | 14.8% |
| Underserved Purchase | 33.0% | 32.2% |
| Minority | | |
| Total Minority | 25.9% | 26.6% |
| Hispanic | 12.0% | 12.2% |
| African American | 7.2% | 7.7% |

Met all HUD goals

Confidential – Highly Restricted

3



Cost of Housing Goals

| <u>Initiatives</u> | Beginning Year Estimate | | Actual Cost | |
|-----------------------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|
| | Cash Flow Cost (millions) | Opportunity Cost (millions) | Cash Flow Cost (millions) | Opportunity Cost (millions) |
| Private Label Subprime Securities | \$0 | \$0-40 | \$0 | \$40 |
| Manufactured Housing | \$45 | \$130 | \$25 | \$55 |
| CRA Related Product | \$100 | \$260 | \$70 | \$315 |
| DU "bumps" and Other | \$40 | \$85 | \$45 | \$60 |
| | \$185 | \$475-515 | \$140 | \$470 |

Confidential – Highly Restricted

4



Looking Ahead

- OFHEO Business Plan Submission

- Plan for 2007 HUD Goals

- Tax Plan for 2007

- Credit Enhancement

- Countrywide and Wells Fargo

- Mission – Role of CBCs

- Approval for Acquisition, Development, & Construction (ADC) lending