# Multifamily Business Information Presentation

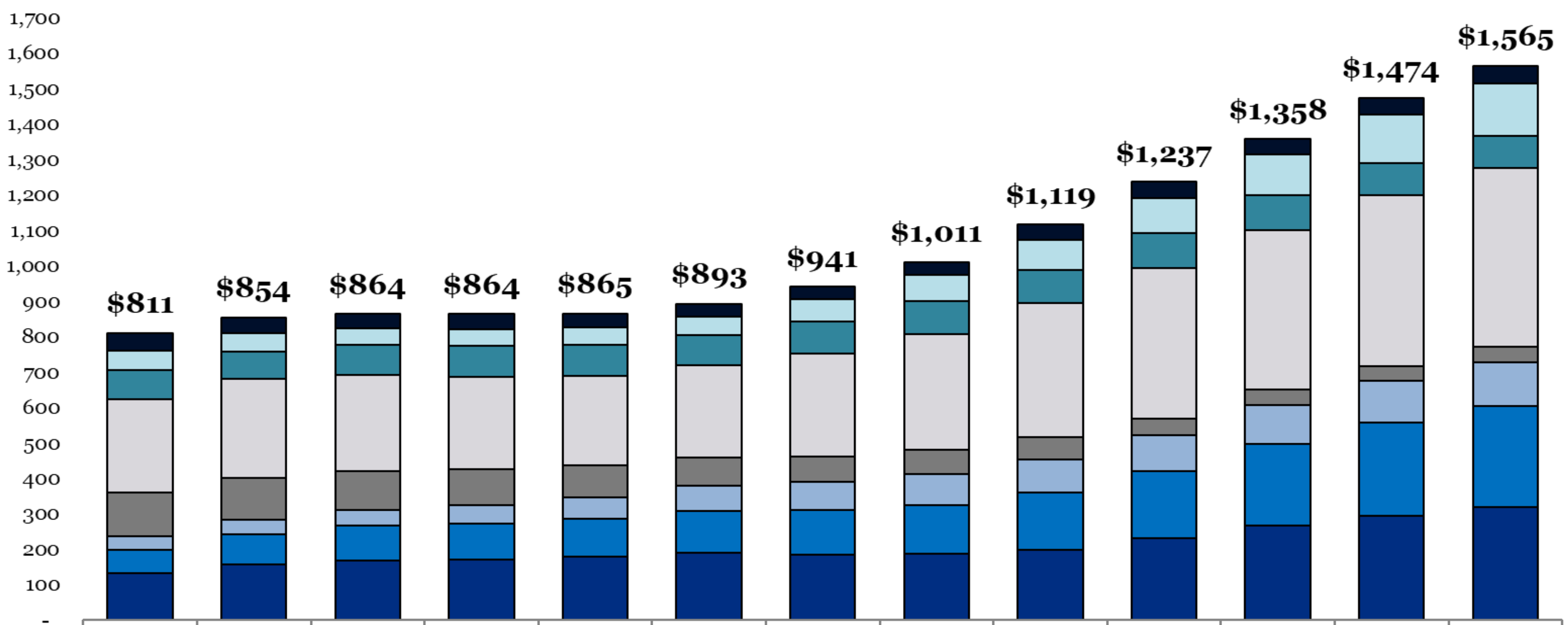
Updated January 2020

Fannie Mae®

# Multifamily Debt Outstanding (MDO) by Holders of Credit Risk

**Fannie Mae has continued to guarantee approximately 20% of Multifamily MDO in recent years**

Total $ in Billions




GSEs Guarantee 38% of MF MDO
FNM: 20%
FRE: 18%

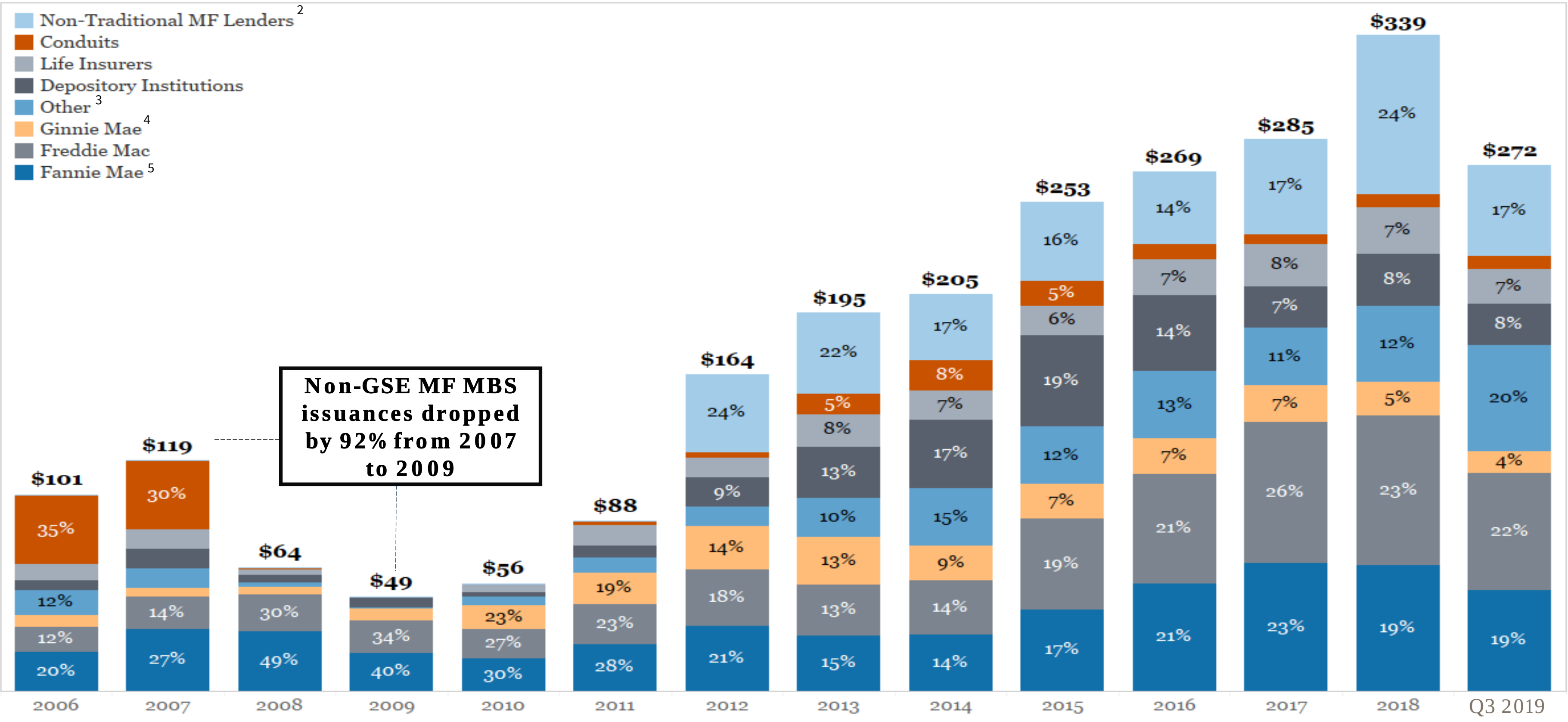
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | Q3 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Other | 50 | 44 | 41 | 43 | 39 | 36 | 36 | 37 | 45 | 46 | 44 | 48 | 50 |
| Life Insurance Companies | 56 | 52 | 47 | 46 | 48 | 51 | 62 | 75 | 86 | 99 | 115 | 136 | 147 |
| State & Local Credit Agencies | 83 | 76 | 83 | 90 | 89 | 87 | 91 | 91 | 92 | 97 | 98 | 91 | 90 |
| Banks & Thrifts | 261 | 280 | 271 | 258 | 251 | 259 | 290 | 327 | 379 | 425 | 451 | 482 | 506 |
| CMBS | 126 | 118 | 112 | 103 | 91 | 80 | 71 | 68 | 62 | 48 | 43 | 43 | 44 |
| Ginnie Mae | 38 | 39 | 44 | 52 | 60 | 71 | 82 | 90 | 94 | 99 | 109 | 118 | 123 |
| Freddie Mac | 67 | 88 | 98 | 100 | 107 | 119 | 124 | 135 | 160 | 191 | 231 | 262 | 286 |
| Fannie Mae | 132 | 156 | 168 | 172 | 179 | 190 | 185 | 189 | 200 | 231 | 266 | 295 | 319 |
| Total | 811 | 854 | 864 | 864 | 865 | 893 | 941 | 1,011 | 1,119 | 1,237 | 1,358 | 1,474 | 1,565 |
| **Fannie Mae's Share of MF MDO** | **16%** | **18%** | **19%** | **20%** | **21%** | **21%** | **20%** | **19%** | **18%** | **19%** | **20%** | **21%** | **20%** |

Source: Federal Reserve

Notes:
- Numbers may not sum due to rounding
- Data based on information available at time of publication

# Estimated Competitive Multifamily Market Acquisitions by Participant[1]

Total $ in Billions




Fannie Mae Volume ($B) 2006 - Q3 2019

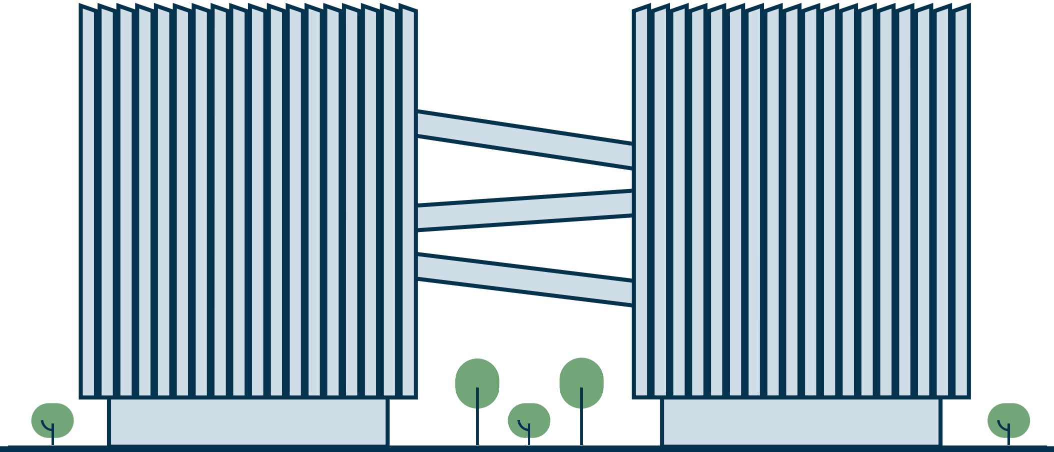
| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | Q3 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| $20 | $32 | $31 | $20 | $17 | $24 | $34 | $29 | $29 | $42 | $55 | $66 | $65 | $52 |

**Diversified participation exists in the multifamily market today**

Source: American Council of Life Insurers (ACLI), FDIC, Trepp, Mortgage Bankers Association & Fannie Mae Multifamily Economic Research Group

Notes:
[1] Estimated competitive market size is Fannie Mae's internal estimate of multifamily originations activity.
[2] Non-Traditional MF Lenders are non-institutional lenders that generate 1-2 multifamily loans a year with a typical size of less than $1M.
[3] Other includes state and local credit agencies, FHLBs and other financial institutions.
[4] Loans securitized by Ginnie Mae include non-dedicated multifamily housing (e.g. healthcare and new construction.)
[5] Excludes purchases of loans from others' portfolios and Treasury HFA New Issue Bond program volume in 2009 and 2010, therefore amounts may not tie to Fannie Mae 10-Qs or 10-Ks.

# Fannie Mae Acquisitions – Consistent Provider of Liquidity and Affordability to the Multifamily Debt Market



Fannie Mae

# Fannie Mae Multifamily Acquisitions by Asset Class

**Fannie Mae serves many sectors of the multifamily housing market**

Total $ in Billions

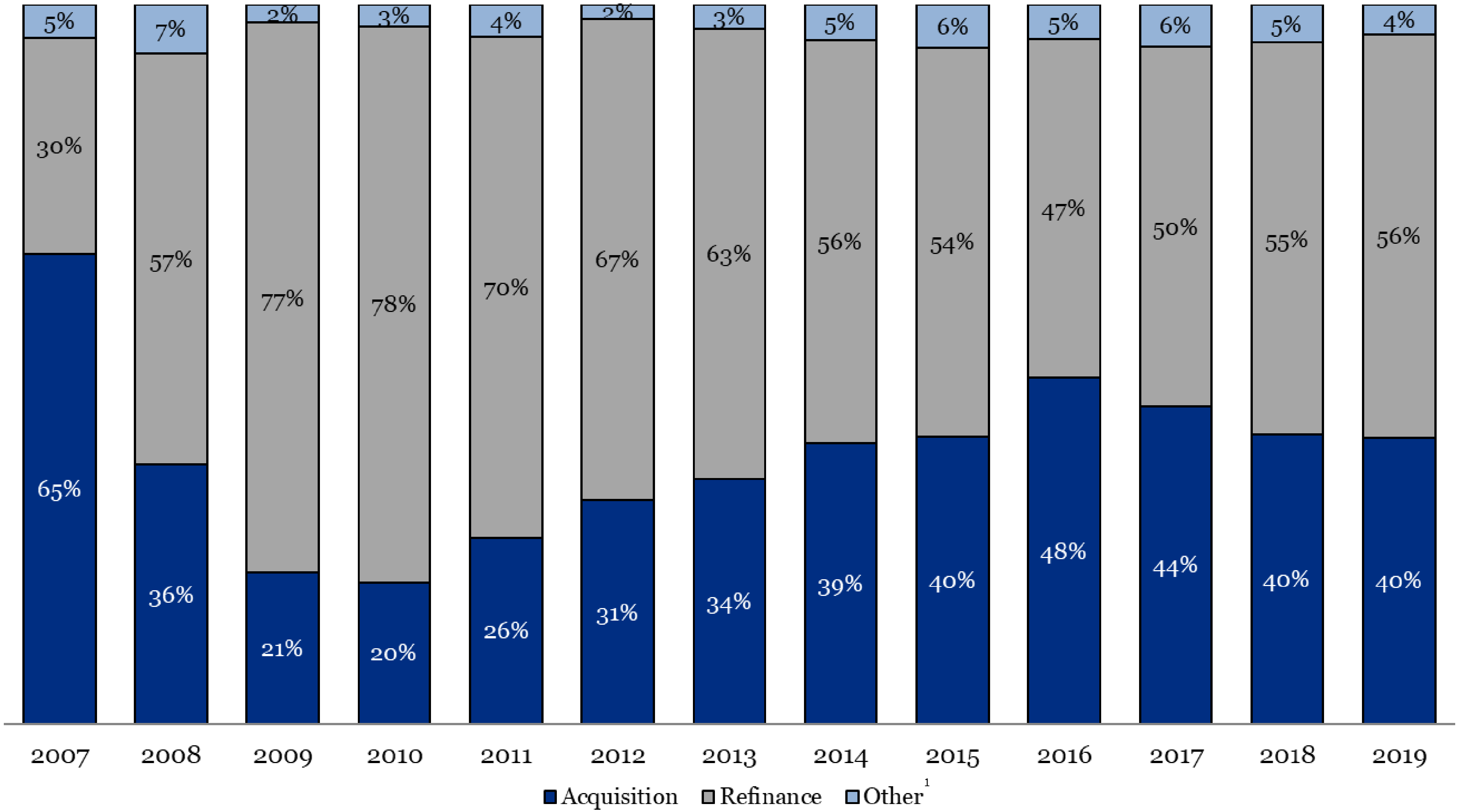
| Acquisition Year | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Manufactured Housing | $1.0 | $1.1 | $0.5 | $0.5 | $0.9 | $1.0 | $0.5 | $0.8 | $3.0 | $1.9 | $2.9 | $2.5 |
| Seniors Housing | 2.1 | 1.0 | 0.6 | 1.4 | 1.2 | 1.6 | 1.5 | 2.7 | 1.5 | 5.5 | 2.3 | 3.1 |
| Student Housing | 0.4 | 0.6 | 0.2 | 0.5 | 0.7 | 0.5 | 0.8 | 1.5 | 2.5 | 3.8 | 2.7 | 2.7 |
| Conventional & Coop | 31.5 | 17.2 | 15.5 | 22.0 | 30.9 | 25.7 | 26.1 | 37.3 | 48.2 | 54.8 | 57.4 | 61.9 |
| **Total Multifamily Acquisitions[1]** | **$35** | **$20** | **$17** | **$24** | **$34** | **$29** | **$29** | **$42** | **$55** | **$66** | **$65** | **$70** |

**Additional Loan Sectors Included in Total Acquisitions**

| Acquisition Year | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Multifamily Affordable Housing[2] | $1.1 | $0.8 | $2.3 | $3.8 | $2.3 | $2.6 | $3.0 | $4.3 | $5.4 | $6.0 | $7.2 |
| Small Balance Loans[3,4] | 3.8 | 3.8 | 4.4 | 5.5 | 4.4 | 2.9 | 2.9 | 3.1 | 3.4 | 3.0 | 4.1 |
| 5-50 Units[4] | 1.4 | 1.4 | 1.5 | 1.9 | 1.5 | 0.8 | 1.0 | 1.3 | 1.7 | 1.7 | 2.6 |
| Supplemental[5] | 0.3 | 0.2 | 0.3 | 0.6 | 0.7 | 0.9 | 1.4 | 1.5 | 1.8 | 1.3 | 1.2 |
| Green | N/A | N/A | N/A | 0.06 | 0.06 | 0.02 | 0.2 | 3.6 | 27.8 | 20.1 | 22.8 |
| Structured | 3.4 | 0.8 | 2.0 | 1.8 | 1.9 | 1.5 | 3.5 | 4.5 | 10.3 | 9.5 | 8.6 |

Notes:
[1] Excludes $1 billion and $391 million from the Treasury HFA New Issue Bond program for 2010 and 2009, respectively, and a transaction backed by a pool of single-family rental properties in 2017 totaling $945 million.
[2] Financing for rent-restricted properties and properties receiving other federal and state subsidies. Excludes Treasury HFA New Issue Bond Program.
[3] Loans up to $6 million.
[4] Combined population of Small balance and 5-50 units was $4.8B in 2019, $4.3B in 2018, $4.9B in 2017, and $4.4B in 2016.
[5] Loans that are second, third, or fourth liens on a property.

# Fannie Mae Multifamily Acquisitions by Financing Type



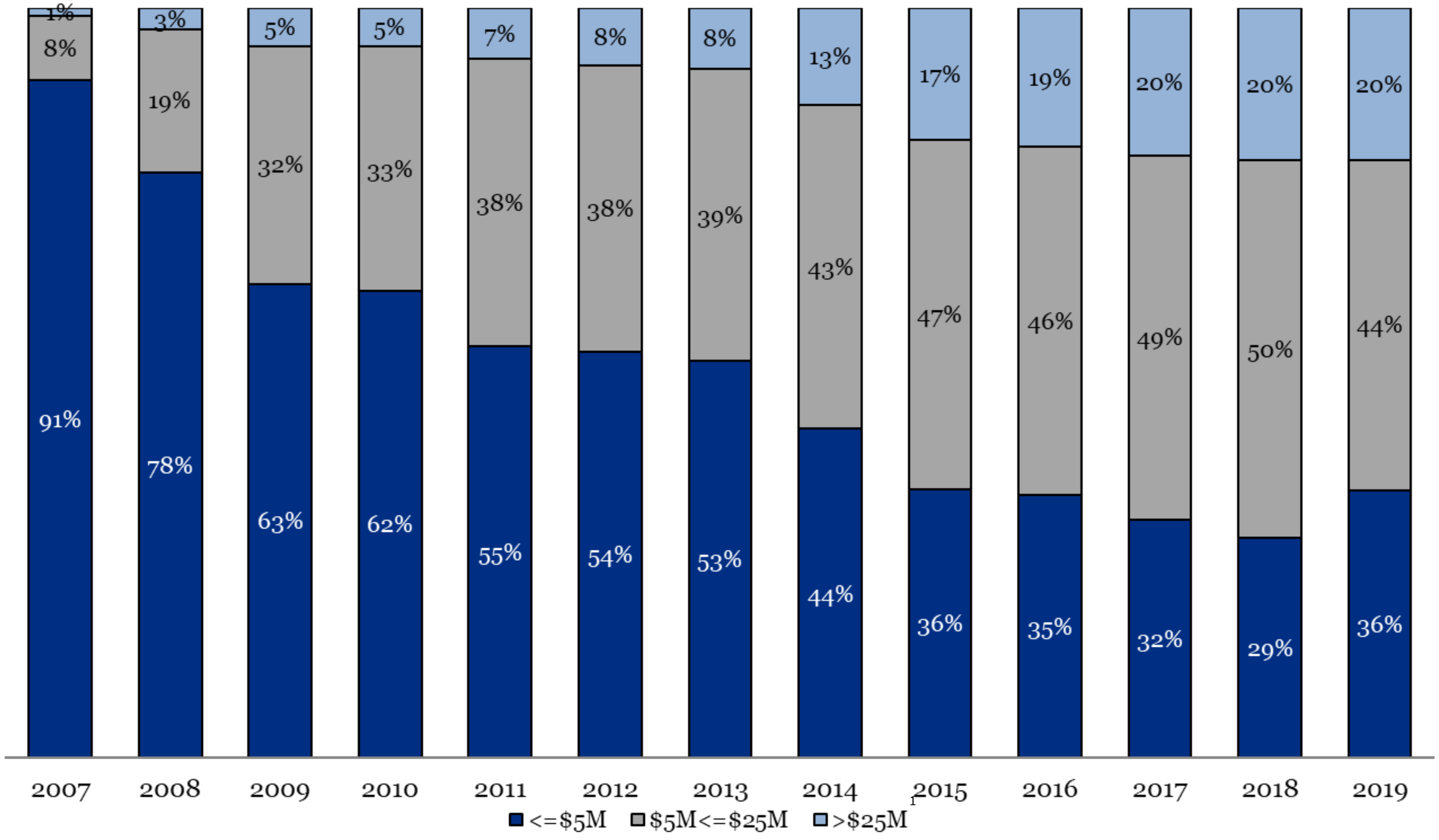

**Fannie Mae Multifamily business volume continues to be a balanced mixture of acquisitions and refinances**

Note:
[1] Other financing types include supplemental financing on existing properties and construction take-outs. Construction take-out refers to the permanent debt on a newly constructed property where Fannie Mae did not provide construction financing.

Source: Fannie Mae

# Fannie Mae Multifamily Acquisitions by Loan Size

(Based on Loan Count)



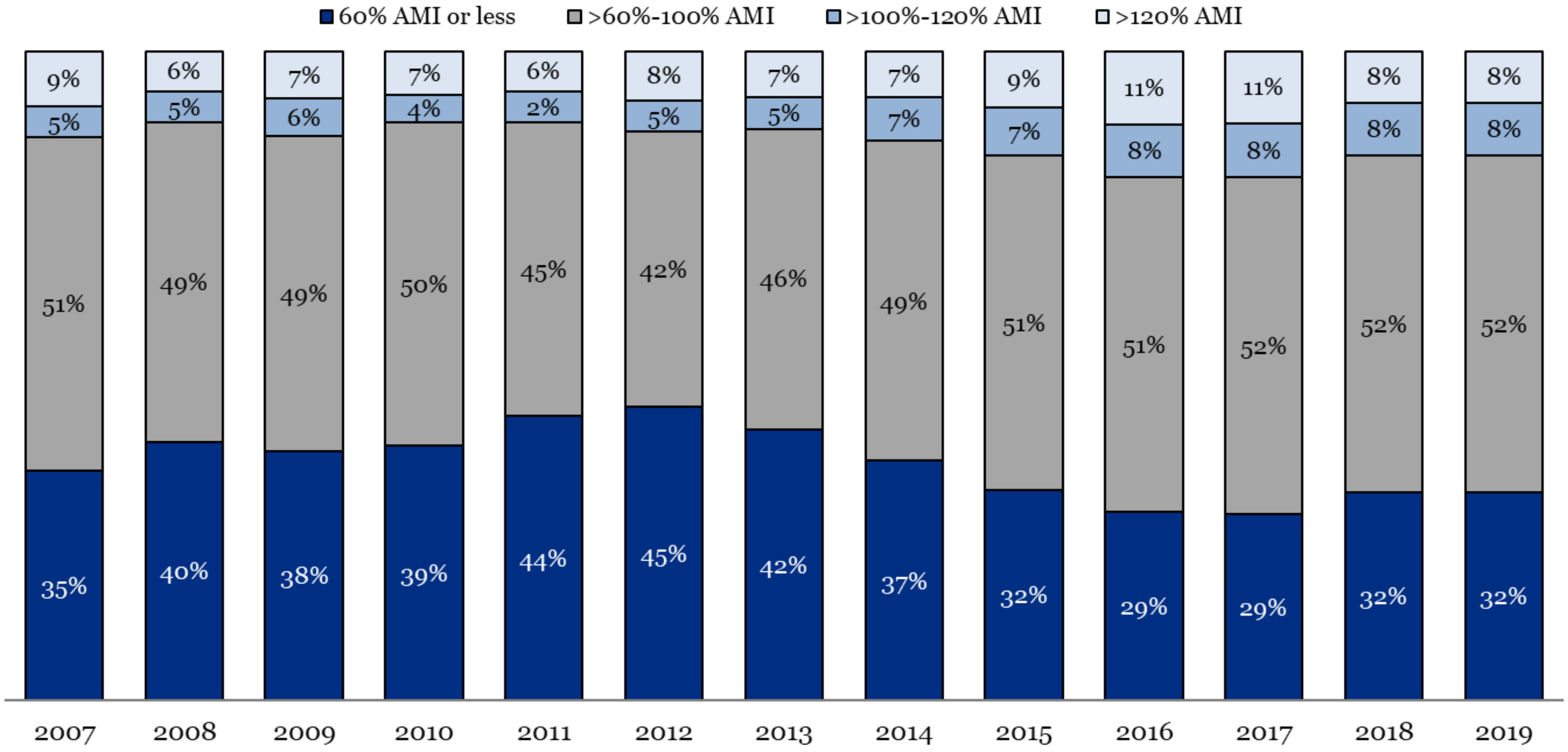

**Fannie Mae provides financing to diverse multifamily market segments with varying loan sizes**



Source: Fannie Mae

# Fannie Mae Multifamily Acquisitions by Area Median Income (AMI)

Fannie Mae's ability to serve a variety of income segments is a key component of serving across the multifamily market




| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Housing Goals Eligible Units 000s[1] | 666 | 652 | 344 | 286 | 390 | 500 | 430 | 370 | 469 | 553 | 631 | 627 | 598 |

**The substantial majority of multifamily units financed by Fannie Mae continue to be affordable to families at or below 120% of the area median income**

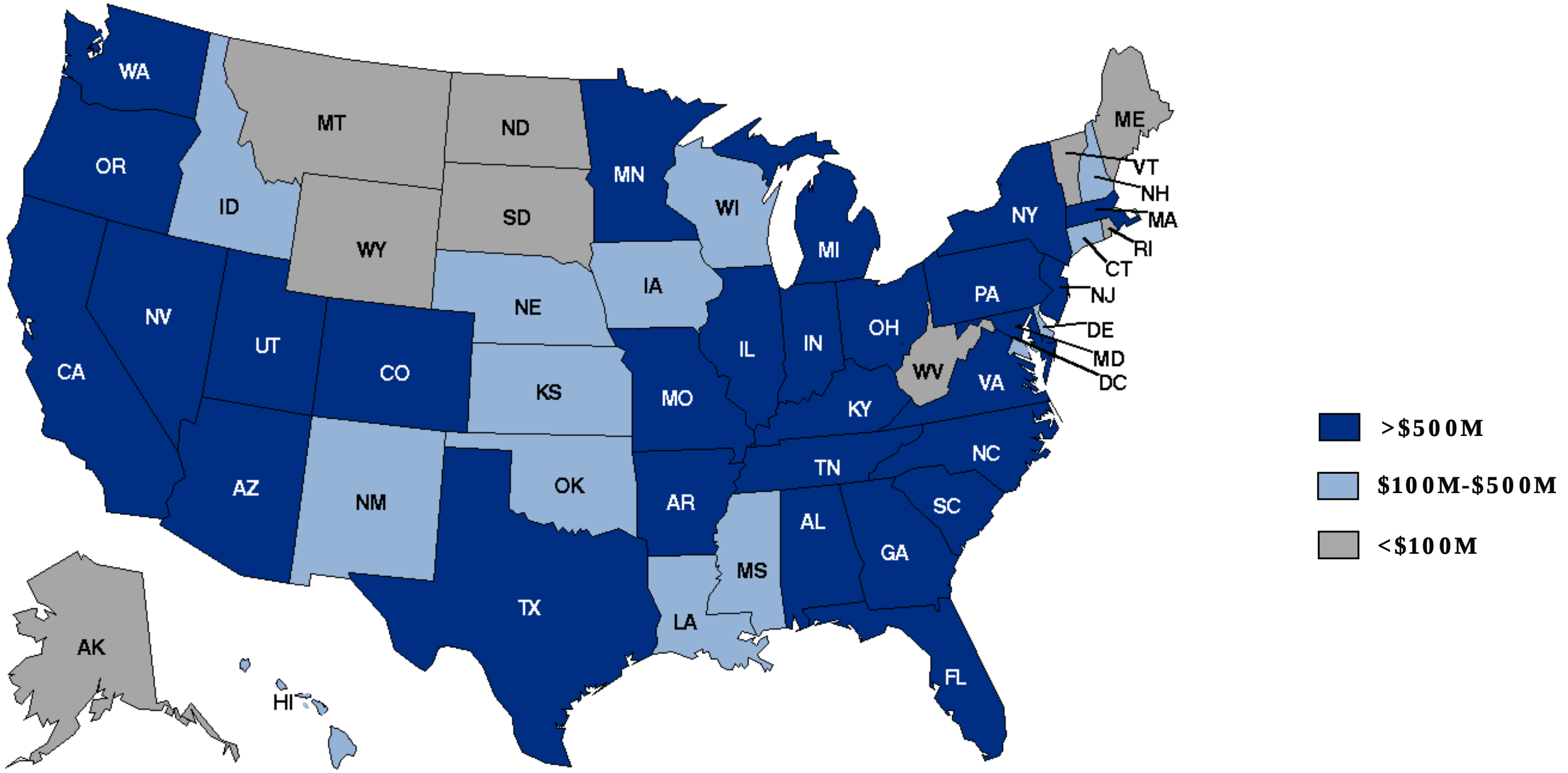
Source: Fannie Mae, based on Housing Goals methodology

Note:

[1] Housing Goals numbers are subject to final determination by FHFA

# Fannie Mae Multifamily Acquisitions by Region

Full Year 2019

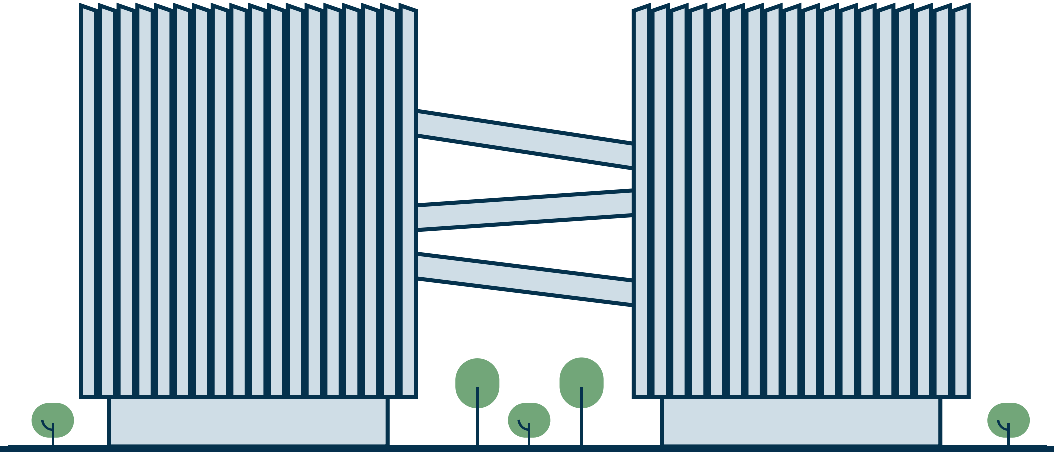



**Top 10 MSAs**

| MSA | % of UPB | MSA | % of UPB |
|---|---|---|---|
| New York-Newark-Jersey City, NY-NJ-PA | 9% | Houston-The Woodlands-Sugar Land, TX | 3% |
| Los Angeles-Long Beach-Anaheim, CA | 5% | Phoenix-Mesa-Scottsdale, AZ | 3% |
| Dallas-Fort Worth-Arlington, TX | 4% | Chicago-Naperville-Elgin, IL-IN-WI | 2% |
| Washington-Arlington-Alexandria, DC-VA-MD-WV | 4% | Miami-Fort Lauderdale-West Palm Beach, FL | 2% |
| Atlanta-Sandy Springs-Roswell, GA | 4% | Seattle-Tacoma-Bellevue, WA | 2% |

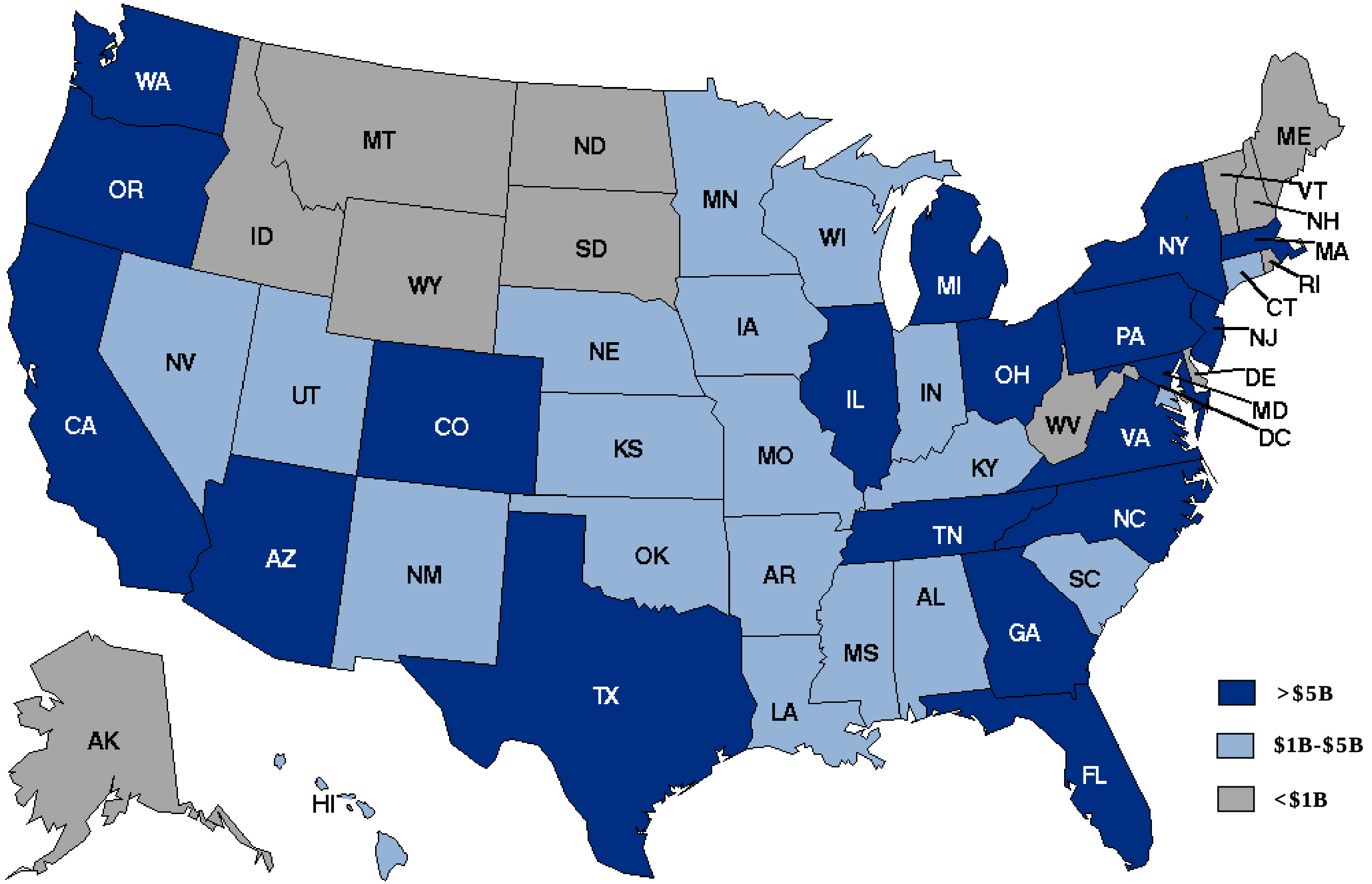
**The top 10 MSAs represented nearly 39% of full year 2019 multifamily acquisitions**

# Fannie Mae Multifamily Guaranty Book - Diversification and Balance



# Fannie Mae Multifamily Guaranty Book – Geographical Distribution by UPB

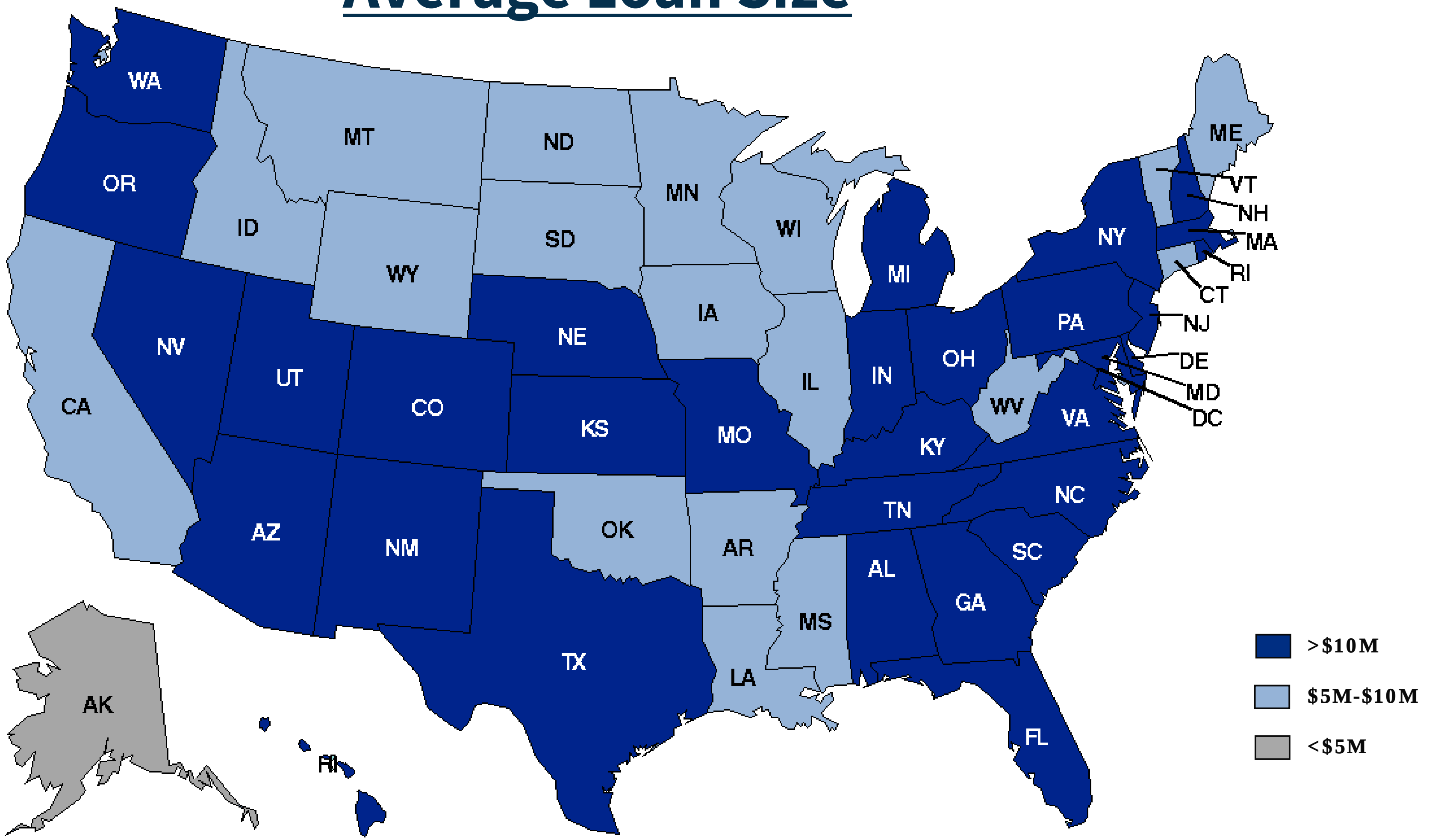
Full Year 2019




**Fannie Mae supports multifamily financing in all 50 states**

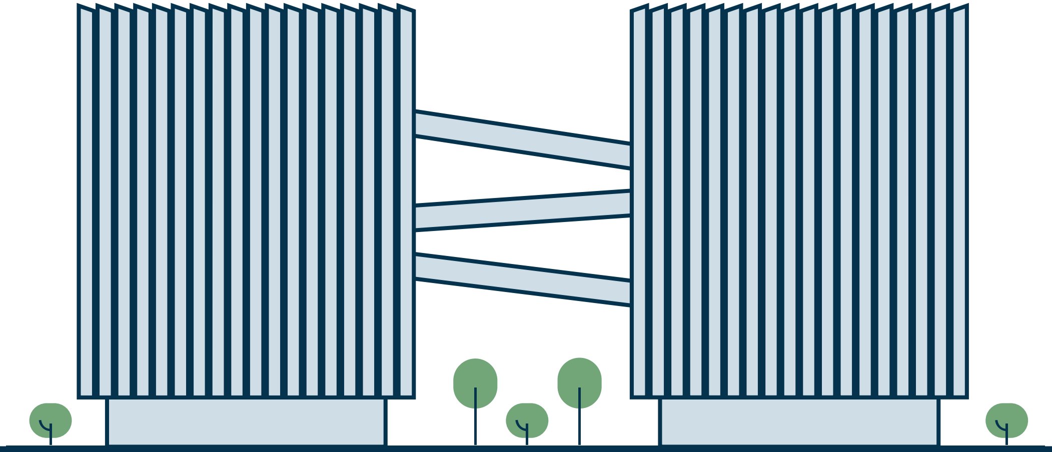
# Fannie Mae Multifamily Guaranty Book – Geographical Distribution by Average Loan Size

Full Year 2019

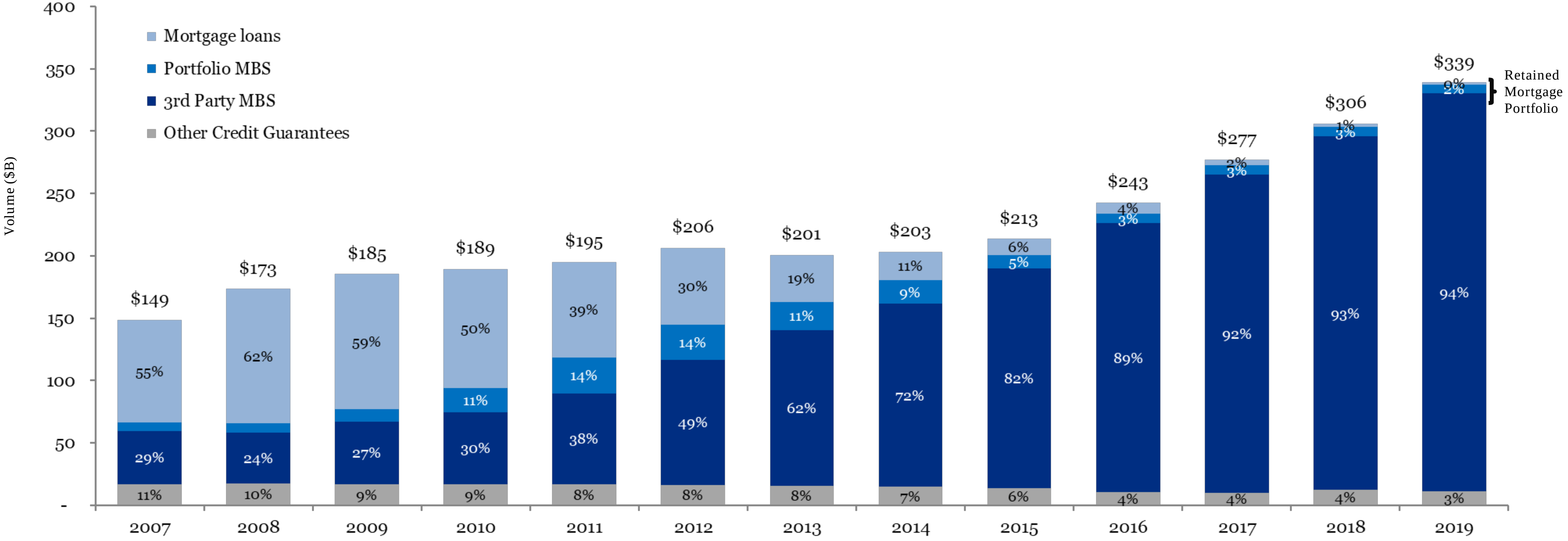



**Fannie Mae's average multifamily loan size nationwide is approximately $12M**

# Fannie Mae Mortgage Backed Securities



# Fannie Mae Multifamily Guaranty Book by Execution Type




**As Fannie Mae's retained mortgage portfolio has shrunk, strong demand has continued for Multifamily MBS and structured products**

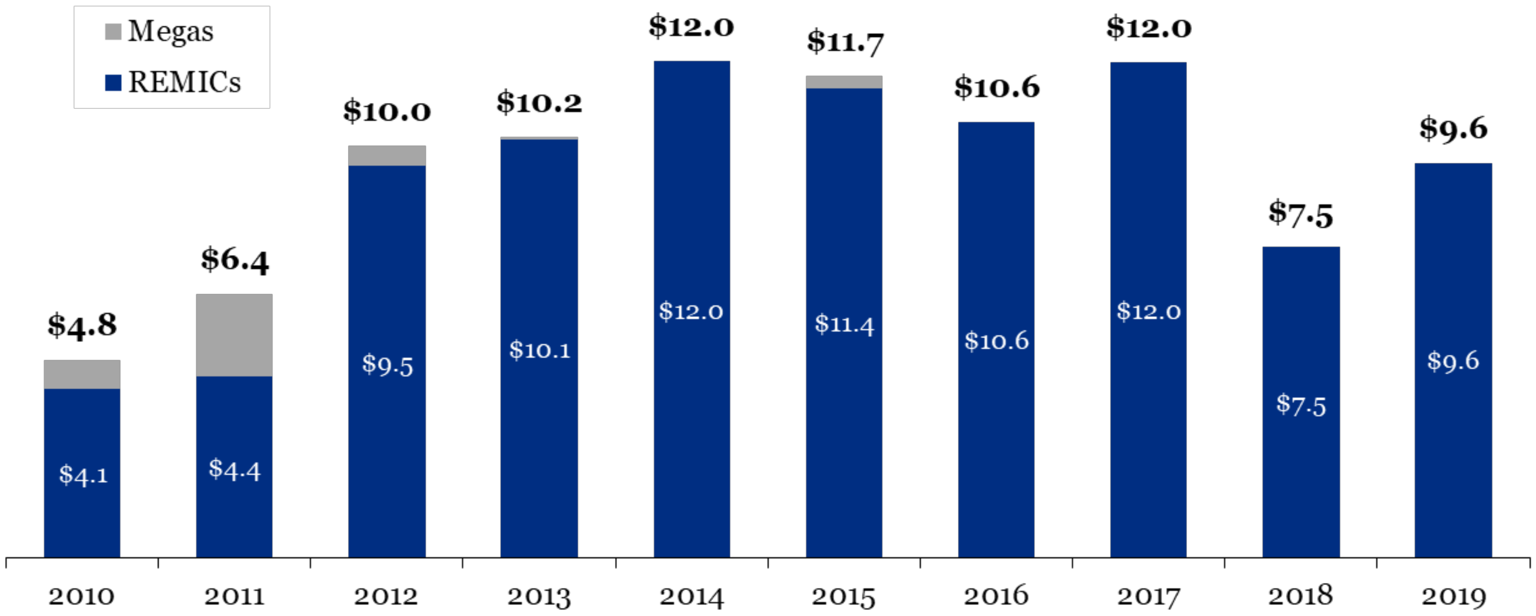
Notes:
- Numbers may not sum due to rounding
- Amounts measured at period-end



Source: Fannie Mae 10-Ks and 10-Qs

# Fannie Mae Multifamily Guaranteed Securities (GeMS) Issuance

Total $ in Billions




*Excludes GeMS sold in the secondary market

- Structured MF Securities created by collateral selected by Fannie Mae
- Executed via REMIC or Mega Structures
- Collateral Diversification
- Customizable Cash Flows
- Block Size & Par Pricing
- Dealer Syndicate Distribution

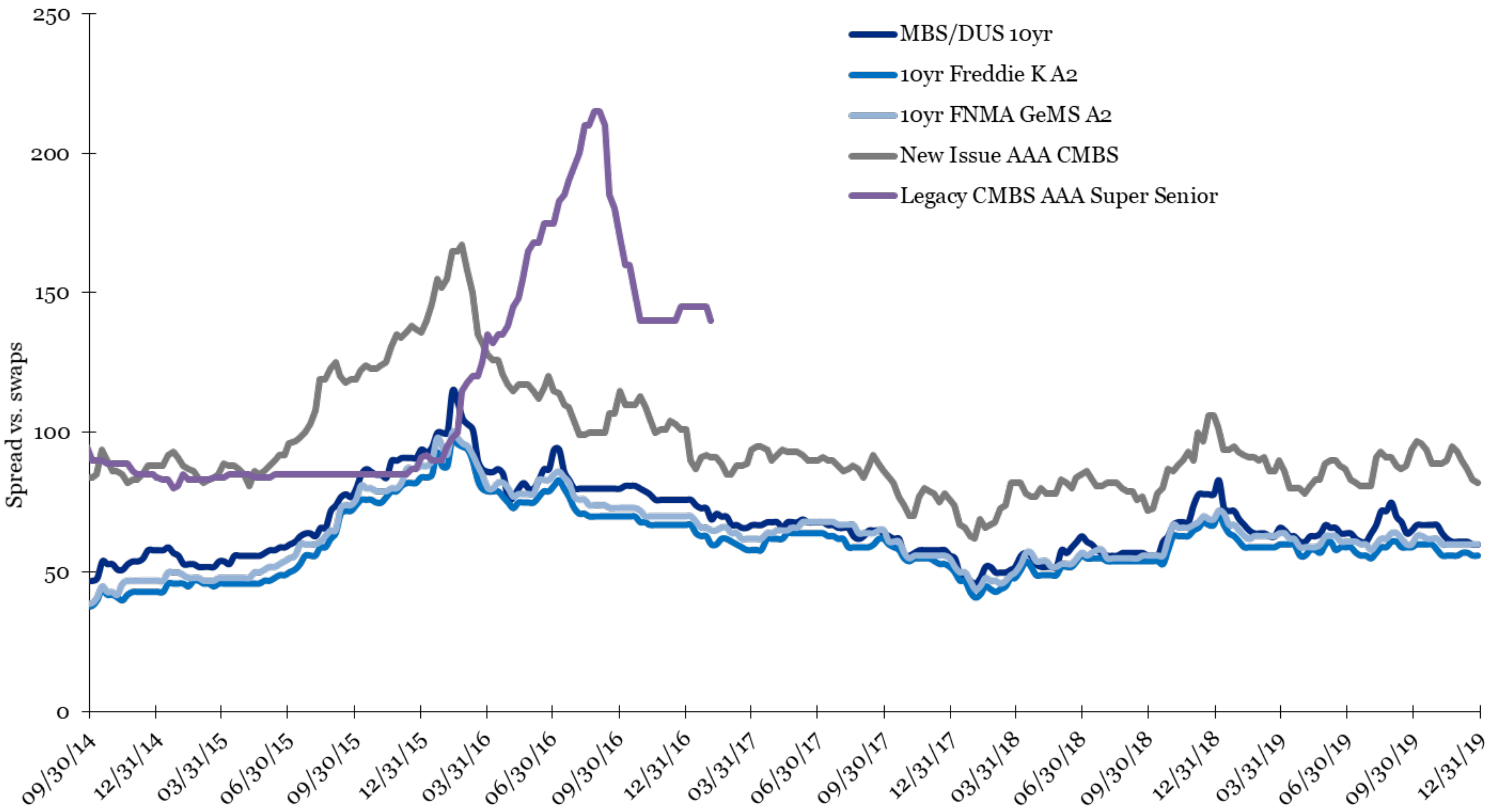
**GeMS issuance has facilitated market activity**

Note: A portion of structured securities issuances may include MBS issuances held by Fannie Mae in that same period. These do not include structured securities backed by MBS held by a third party.

Source: Fannie Mae 10-Ks and 10-Qs

# Multifamily Market Spreads

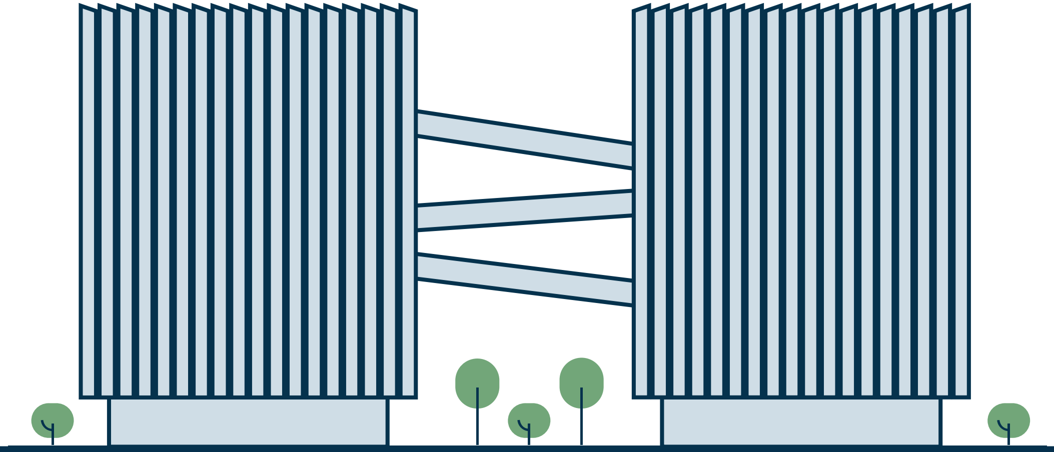
***Trailing Legacy & New Issue AAA CMBS, MBS/DUS®, GeMS and Freddie K Spreads***




**Spreads have been tight since Q2 2016, but may remain volatile as a result of macroeconomic uncertainty**

Source: JPMorgan CMBS Weekly Datasheet

# Fannie Mae Multifamily Delegated Underwriting and Servicing (DUS®)

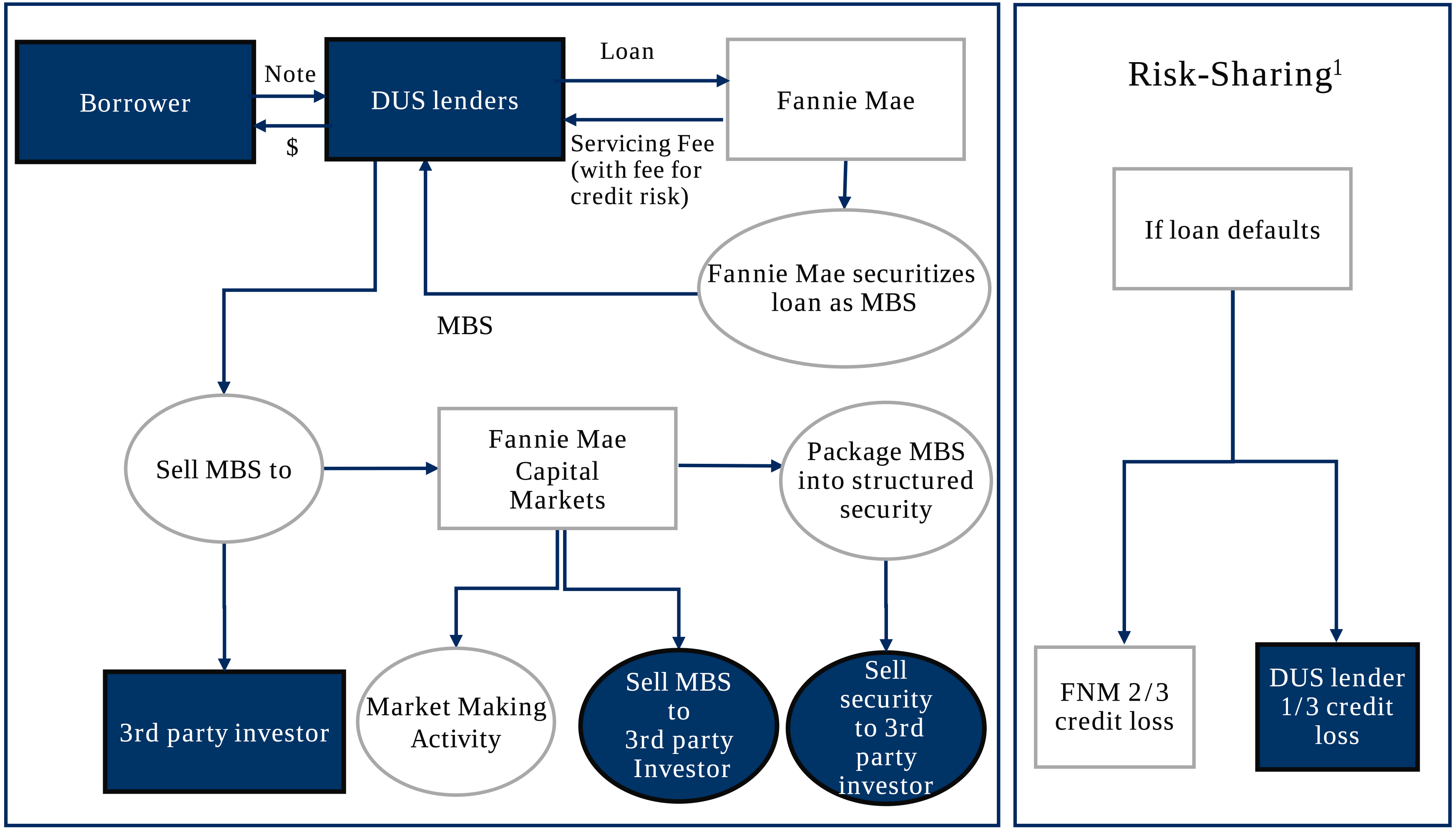


# Fannie Mae Multifamily DUS® Lenders

| DUS® Lenders service over 99% of Multifamily Guaranty Book | | |
|---|---|---|
| Arbor | Grandbridge | Orix |
| Barings | Greystone | PGIM |
| Bellwether | HomeStreet | PNC |
| Berkadia | Hunt | Regions |
| Capital One | JLL | Truist |
| CBRE | KeyBank | Walker & Dunlop |
| Chase | M&T | Wells Fargo |
| Citibank | Newmark Knight Frank | |
| Dougherty | NorthMarq | |

**Multifamily lender base includes both large and small institutions**

# Fannie Mae Multifamily Private Capital in the DUS® Model




**Private capital is part of every Fannie Mae Multifamily transaction**

Note: Blue indicates presence of private capital
[1]Based on most common risk-sharing structure

# Fannie Mae Multifamily Private Capital in the DUS® Model

| | Borrower | Lender | Fannie Mae | Investor |
|---|---|---|---|---|
| Interests | ▪ Competitive pricing<br>▪ Broad range of financing products<br>▪ Standardized loan documents<br>▪ Shorter timelines to loan closing<br>▪ Range from individual sponsors to REITs, pension funds, etc.<br>▪ Contributes 20%+ equity | ▪ Delegated authority<br>▪ Consistent underwriting and servicing standards<br>▪ Higher servicing fee income<br>▪ 25 DUS lenders range from independents to large diversified financial institutions<br>▪ Shares in approximately 1/3 of the credit losses | ▪ Steady guaranty fee income<br>▪ Scalable<br>▪ Provides financing through all economic cycles<br>▪ Shares in approximately 2/3 of the credit losses | ▪ Highly-rated credit strength<br>▪ Enhanced liquidity<br>▪ Call (prepayment) protection<br>▪ Lower spread volatility<br>▪ Stable cash flows |

**DUS® is a unique model that leverages private capital, aligns interests through risk-sharing, and provides attractive structures to investors**

# Fannie Mae Multifamily DUS® Risk-Sharing and Delegation Model

Borrower ← $ / Loan → DUS® Lender ← $ / Mortgage → Fannie Mae Multifamily ← $ / MBS → MBS Investors

| | Borrower | DUS® Lender | Fannie Mae Multifamily | MBS Investors |
|---|---|---|---|---|
| **Origination** | ▪ Applies for loan | ▪ Originates the loans | ▪ Sets loan documentation and delivery protocol | |
| **Underwriting & Servicing** | ▪ Borrower and property evaluated as part of underwriting | ▪ Underwrites and services the loans in accordance with Fannie Mae standards and requirements | ▪ Sets underwriting standards and servicing requirements<br>▪ Performs quality control on underwriting and servicing<br>▪ Creates Mortgage Backed Securities | ▪ Rely on standard underwriting<br>▪ Require periodic property performance information |
| **Risk-Sharing (private capital at risk)** | ▪ Contributes 20%+ equity | ▪ Shares in 1/3 of the credit losses[1] | ▪ Shares in 2/3 of the credit losses[1] | |

**Fannie Mae Multifamily's success has been achieved through its unique risk-sharing model and alignment of interests**

Note: [1] Example illustrates pari passu loss sharing

# Fannie Mae Multifamily DUS® Features and Benefits

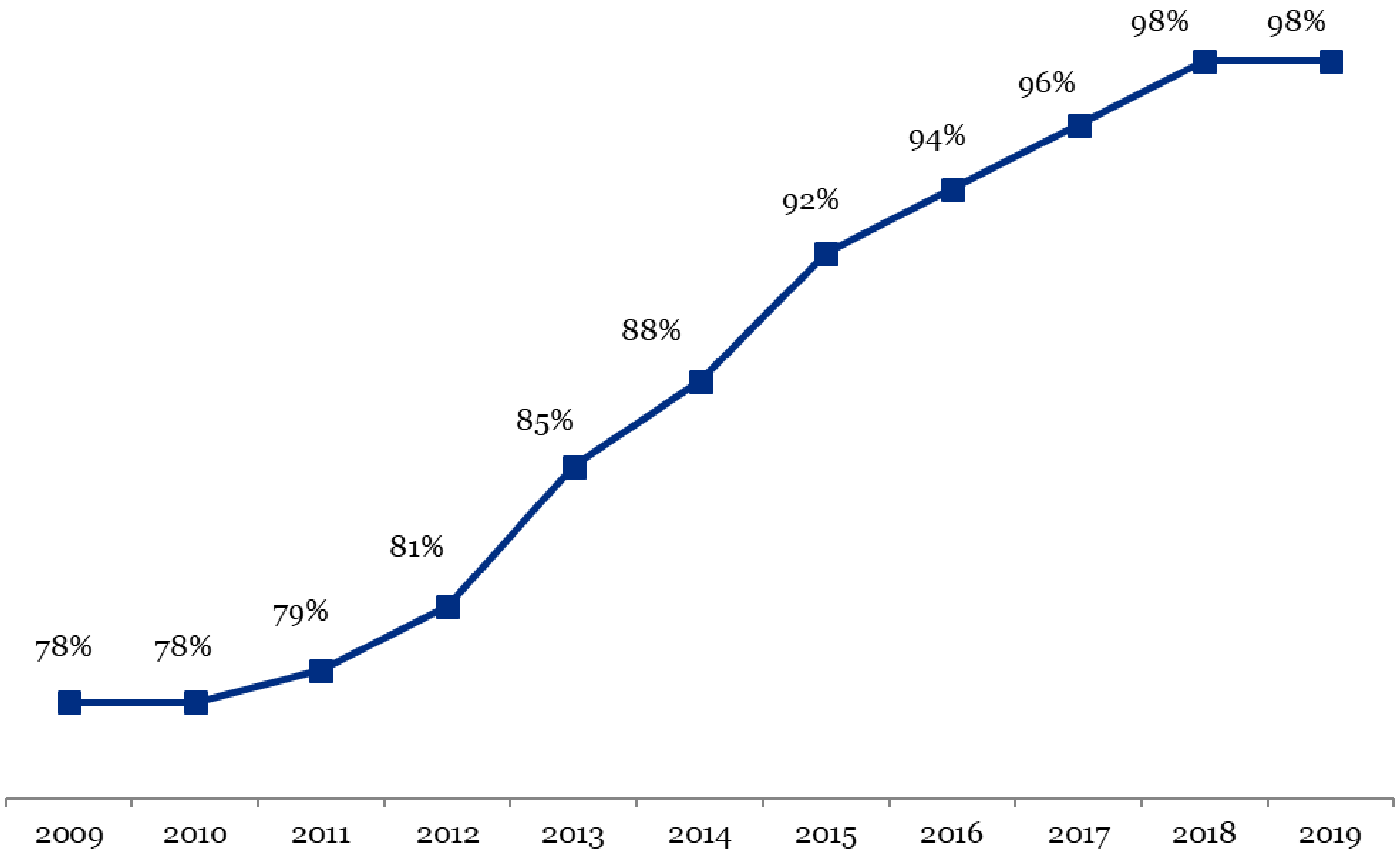
| Features | Benefits |
|---|---|
| **Industry Continuity** | ▪ Countercyclical stability – consistently provides access to credit throughout economic cycles<br>▪ Promotes confidence that funding and liquidity will be accessible |
| **Published Underwriting and Servicing Guidelines and Loan Documents** | ▪ Sets industry standards for multifamily underwriting and servicing best practices<br>▪ Promotes standardization and transparency across all industry participants<br>▪ Facilitates reliable securities disclosures |
| **Delegation and Scalability** | ▪ Enables Fannie Mae to scale the business as industry conditions change<br>▪ Improves efficiency and, therefore, lender responsiveness to customers |
| **Network of Approved Lenders/ Servicers** | ▪ Maintains a select group of business relationships based on:<br>  ▪ Financial strength<br>  ▪ Extensive multifamily underwriting and servicing experience<br>  ▪ Strong portfolio performance<br>  ▪ Creation of quality branded product |
| **Risk-Sharing** | ▪ Borrowers, Lenders and Fannie Mae have shared interests throughout the life of the loan<br>▪ Awareness of risk potential improves processes and performance of all parties<br>▪ Optimizes outcomes (e.g., profitability and loss mitigation) for all participants |
| **DUS Mortgage-Backed Security (DUS/MBS)** | ▪ Transforms a mortgage loan into a more liquid asset, which increases available funds in the financial system<br>▪ Offers investors highly-rated credit strength due to Fannie Mae's guarantee of timely payment of principal and interest |

**The delegated model allows Fannie Mae to be more responsive to customers**

Note: [1] Example illustrates pari passu loss sharing

# Fannie Mae Multifamily DUS® Risk-Sharing

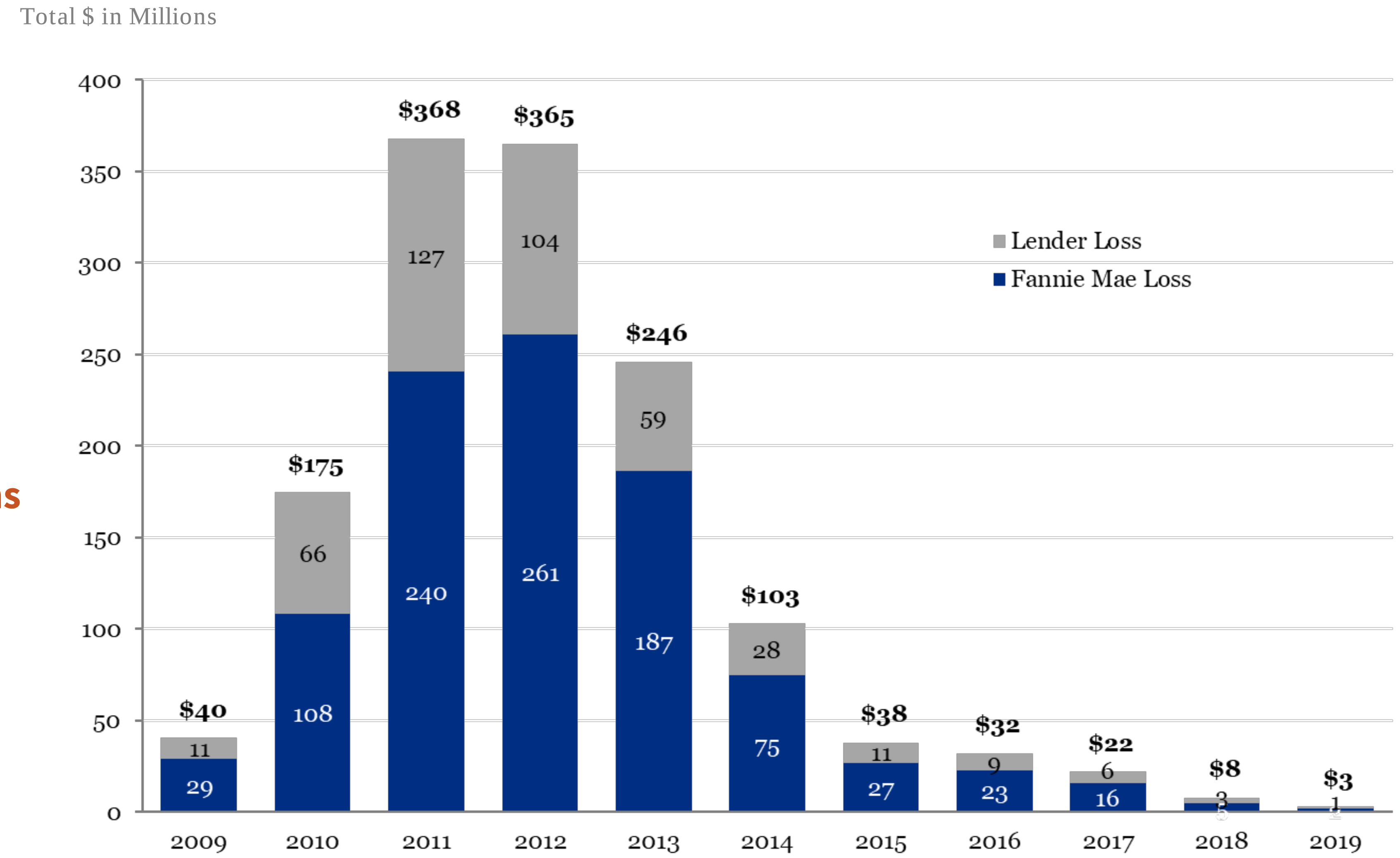
***Percent of Multifamily Guaranty Book of Business with DUS or Other Lender Risk-Sharing***




**Lenders have increasingly shared in the risk of multifamily loans delivered to Fannie Mae**

Source: Fannie Mae 10-Ks, 10-Qs and Quarterly Financial and Credit Supplements

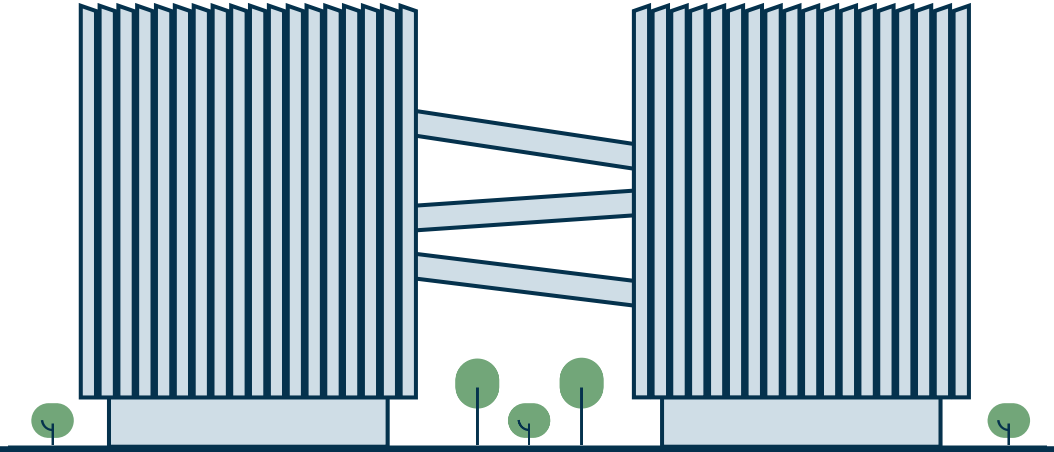
# Managing Multifamily Losses – Fannie Mae vs Lender Loss Sharing [1]




**Fannie Mae lender partners have assumed 31% of all losses on loans that have gone through settlement since 2007**

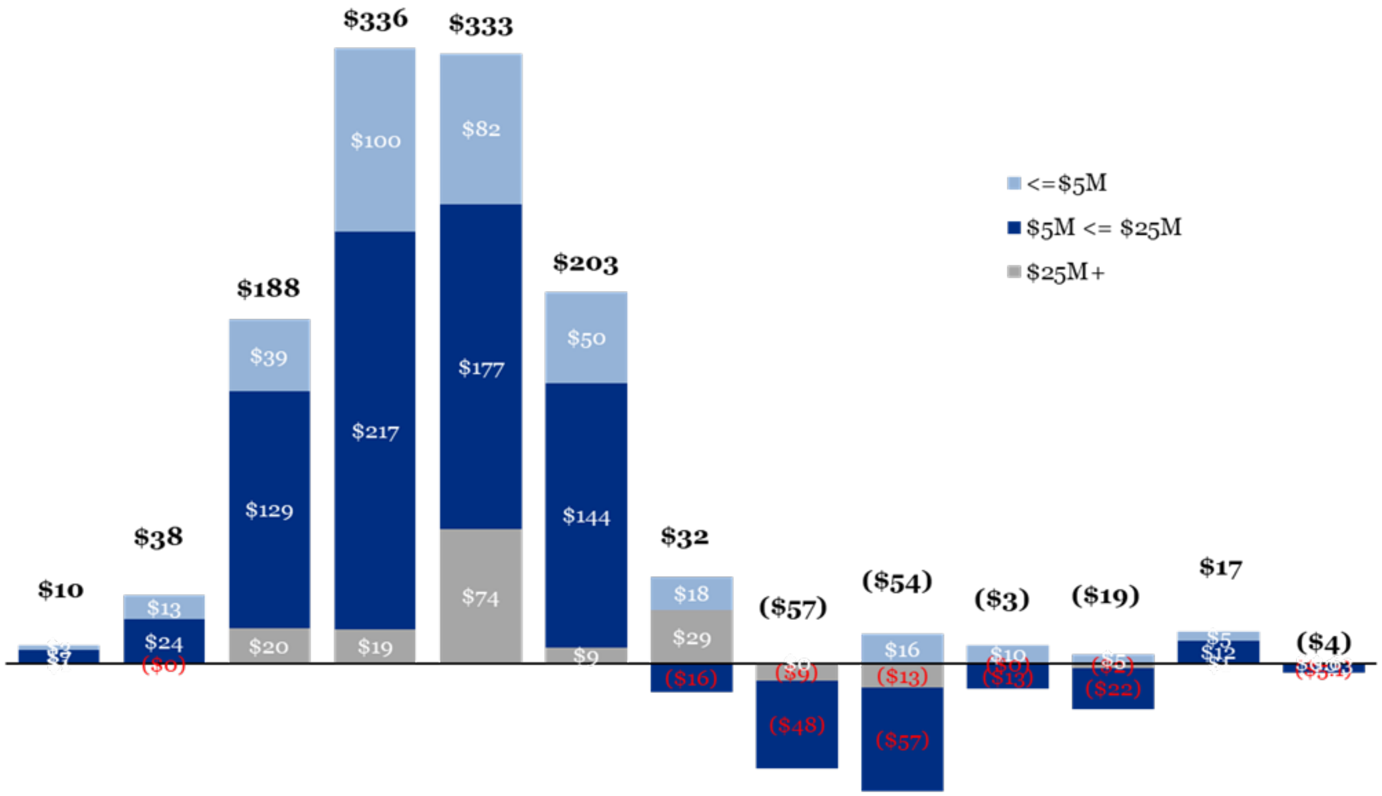
Notes:
[1] Amounts reflect Fannie Mae and Lender losses from loss-sharing settlements concluded during the period

# Fannie Mae Multifamily Financial Results



# Fannie Mae Multifamily DUS ® Credit Losses (Gains) by Loan Size

Total $ in Millions



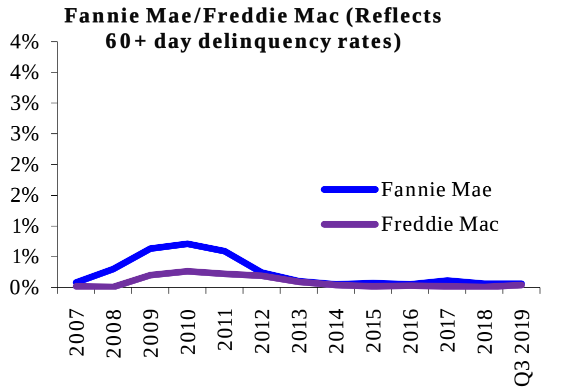

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| <=$5M | $3 | $13 | $39 | $100 | $82 | $50 | $18 | $0 | $16 | $10 | $5 | $5 | $0.63 |
| $5M <= $25M | $7 | $24 | $129 | $217 | $177 | $144 | ($16) | ($48) | ($57) | ($13) | ($22) | $12 | ($5.1) |
| $25M+ | $1 | ($0) | $20 | $19 | $74 | $9 | $29 | ($9) | ($13) | ($0) | ($2) | $1 | $0 |
| Total | $10 | $38 | $188 | $336 | $333 | $203 | $32 | ($57) | ($54) | ($3) | ($19) | $17 | ($4) |

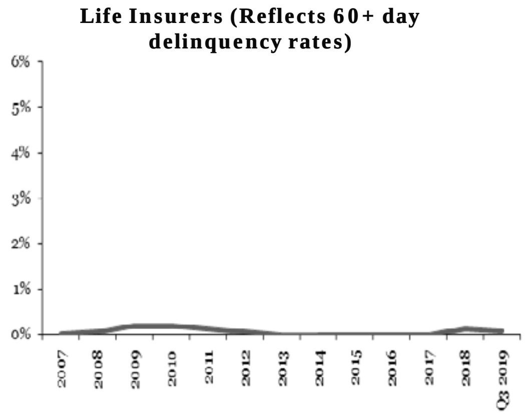
**The DUS ® model drives strong credit. Credit losses have been low in recent years**

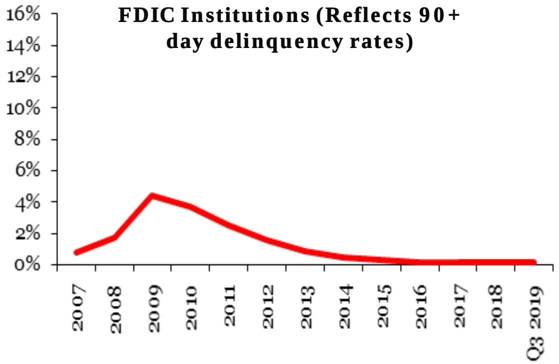
Source: Fannie Mae 10-Ks, 10-Qs and Quarterly Financial and Credit Supplements

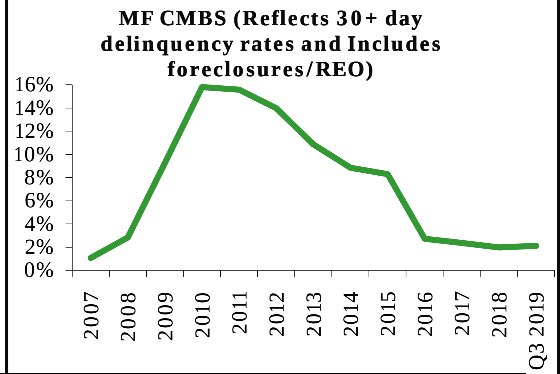
# Market Performance – Multifamily Credit Risk Management Market Spreads

## MF Delinquencies 2007 – September 2019



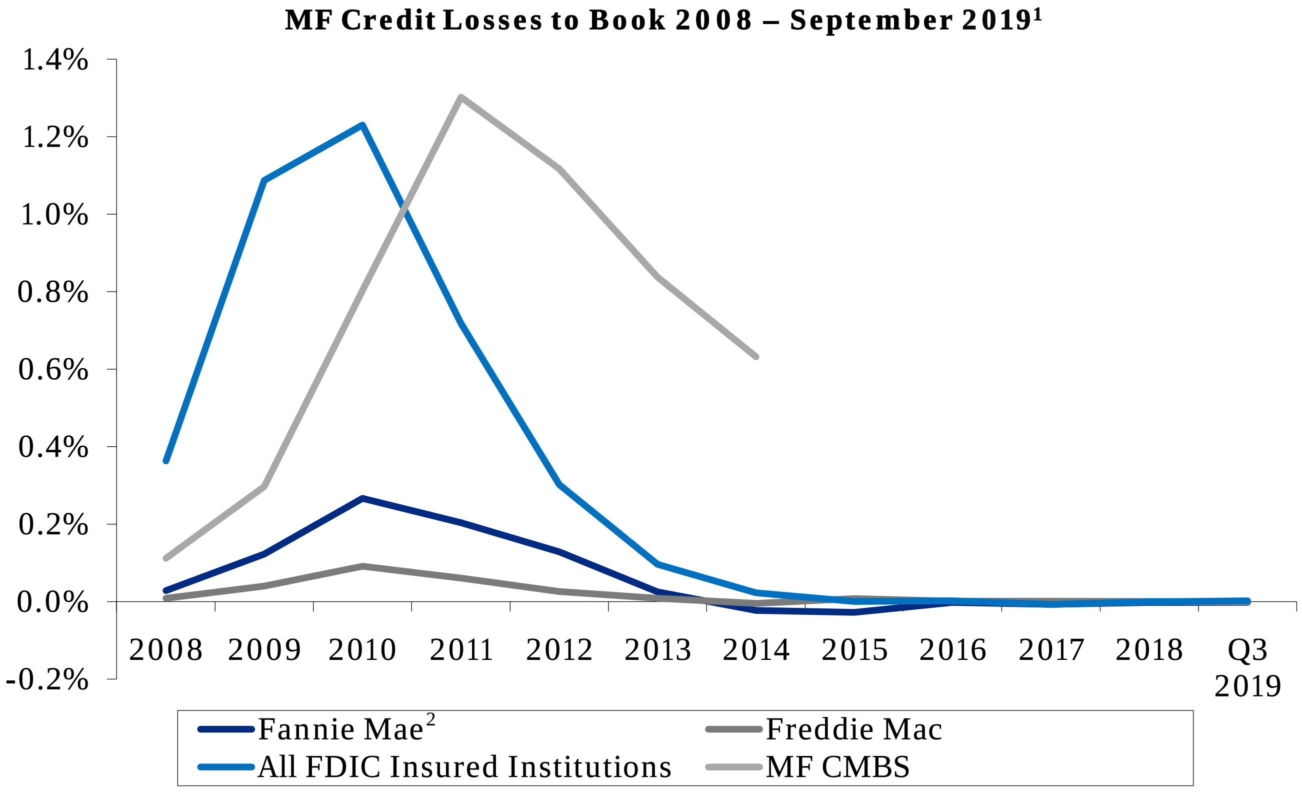




| Market Participant | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | Q3 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fannie Mae | 0.08% | 0.30% | 0.63% | 0.71% | 0.59% | 0.24% | 0.10% | 0.05% | 0.07% | 0.05% | 0.11% | 0.06% | 0.06% |
| Freddie Mac | 0.02% | 0.01% | 0.20% | 0.26% | 0.22% | 0.19% | 0.09% | 0.04% | 0.02% | 0.03% | 0.02% | 0.01% | 0.04% |
| All FDIC Insured Institutions | 0.76% | 1.77% | 4.43% | 3.74% | 2.53% | 1.56% | 0.83% | 0.44% | 0.28% | 0.18% | 0.15% | 0.15% | 0.13% |
| Life Insurers | 0.01% | 0.07% | 0.19% | 0.19% | 0.13% | 0.06% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.13% | 0.09% |
| MF CMBS with Foreclosures & REO | 1.06% | 2.82% | 9.27% | 15.80% | 15.57% | 13.98% | 10.86% | 8.85% | 8.28% | 2.72% | 2.36% | 1.98% | 2.11% |

## MF Credit Losses to Book 2008 – September 2019[1]




| Market Participant | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | Q3 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fannie Mae | 0.01% | 0.03% | 0.12% | 0.27% | 0.20% | 0.13% | 0.03% | -0.02% | -0.03% | 0.00% | -0.01% | 0.00% | 0.00% |
| Freddie Mac | 0.01% | 0.01% | 0.04% | 0.09% | 0.06% | 0.03% | 0.01% | 0.00% | 0.01% | 0.00% | 0.00% | 0.00% | 0.00% |
| All FDIC Insured Institutions | 0.12% | 0.36% | 1.09% | 1.23% | 0.72% | 0.30% | 0.10% | 0.02% | 0.00% | 0.00% | -0.01% | 0.00% | 0.00% |
| MF CMBS | 0.07% | 0.11% | 0.30% | 0.80% | 1.30% | 1.12% | 0.84% | 0.63% | N/A | N/A | N/A | N/A | N/A |

**Fannie Mae has served the multifamily market broadly, maintaining sound credit performance**

Notes:

[1] FDIC bank data reflects net charge-offs to book. CMBS data only available through Q4 2014.

[2] Fannie Mae credit losses are shown net of loss sharing

Sources: Fannie Mae, FRE Volumes Summary, FDIC, American Council of Life Insurers (ACLI) , Tepp