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Brian Faith

Phone: (202) 752-6720

Cellular:

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News Release

November 20, 2008

Fannie Mae To Suspend Foreclosures Until January 2009 While Streamlined Modification Program is Implemented

WASHINGTON, DC -- In order to support the streamlined modification program announced on November 11, 2008, Fannie Mae (NYSE:FNM) today issued a notice to its loan servicing organizations and retained foreclosure attorneys directing them to suspend foreclosure sales on occupied single-family properties as well as the completion of evictions from occupied single-family properties scheduled to occur from November 26, 2008 until January 9, 2009.

The temporary suspension of foreclosures is designed to allow affected borrowers facing foreclosure to retain their homes while Fannie Mae works with mortgage servicers to implement the streamlined modification program scheduled to launch December 15. Foreclosure attorneys and loan servicers will be instructed to use the additional time to reach out to borrowers who have defaulted on their loans and continue to pursue workout options. The initiative applies to loans owned or securitized by Fannie Mae.

The streamlined modification program is aimed at the highest risk borrower who has missed three payments or more, owns and occupies the primary residence, and has not filed for bankruptcy. The program creates a fast-track method for getting troubled borrowers into an affordable monthly payment through a mix of reducing the mortgage interest rate, extending the life of the loan or even deferring payments on part of the principal. Servicers have flexibility in the approach, but the objective is to create a more affordable payment for borrowers at risk of foreclosure.

"The streamlined modification program by Fannie Mae, Freddie Mac, Hope Now and 27 mortgage servicers is an important step forward in addressing the systemic issues driving the increase in foreclosures," said Fannie Mae President and Chief Executive Officer Herb Allison. "Until the streamlined modification program is fully implemented, we felt it was in the best interest of both borrowers and Fannie Mae to take this extra step to ensure that homeowners with the desire and ability to prevent a foreclosure have an opportunity to stay in their homes. We encourage other servicers of non-GSE mortgages to participate in the streamlined modification program to bolster our collective efforts to stem the foreclosure crisis."

Fannie Mae will be working with foreclosure attorneys and servicers to reach out to the more than 10,000 borrowers the company estimates would be affected during this period. Borrowers who have Fannie Mae loans that are scheduled for foreclosure between November 26, 2008 and January 9, 2009, will be contacted directly by the attorney handling the foreclosure. If the home is occupied, Fannie Mae has instructed servicers and attorneys to suspend the foreclosure.

Allison also said Fannie Mae's loan servicers are prepared to work with borrowers during this period, even if previous workout efforts have been unsuccessful. As part of the company's "Second Look" initiative, Fannie Mae personnel have been reviewing seriously delinquent loans to determine if the borrower has been contacted and all workout options have been exhausted.

The streamlined modification program and temporary suspension of foreclosures are two of a series of steps Fannie Mae has taken to expand its foreclosure prevention efforts, which are designed to give loan servicers and foreclosure attorneys tools to find the best solution for a borrower in financial trouble. Fannie Mae and its many partners in the housing industry urge borrowers in financial difficulty to reach out to their loan servicers, regardless of whether they are facing imminent foreclosure. Solutions may be available that could make an existing mortgage more affordable.

"Fannie Mae is committed to working with FHFA to implement the streamlined modification program as quickly as possible to help

prevent unnecessary foreclosures," Allison said. "We must and will do more."

Fannie Mae exists to expand affordable housing and bring global capital to local communities in order to serve the U.S. housing market. Fannie Mae has a federal charter and operates in America's secondary mortgage market to enhance the liquidity of the mortgage market by providing funds to mortgage bankers and other lenders so that they may lend to home buyers. In 2008, we mark our 70th year of service to America's housing market. Our job is to help those who house America.

Fannie Mae Resource Center

Telephone 1-800-7FANNIE
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