FANNIE MAE

CORPORATE GOVERNANCE GUIDELINES

The Roles and Responsibilities of the Board and Management

On September 6, 2008, the Director of the Federal Housing Finance Authority, or FHFA, our safety and soundness regulator, appointed FHFA as conservator of Fannie Mae (formally, the Federal National Mortgage Association) in accordance with the Federal Housing Finance Regulatory Reform Act of 2008 and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. Upon its appointment, the conservator immediately succeeded to all rights, titles, powers and privileges of Fannie Mae, and of any stockholder, officer or director of Fannie Mae with respect to Fannie Mae and its assets, and succeeded to the title to all books, records and assets of Fannie Mae held by any other legal custodian or third party.

On November 24, 2008, FHFA, as conservator, reconstituted the Fannie Mae Board of Directors (Board) and directed the functions and authorities of the Board. The Board serves on behalf of the conservator and shall exercise its authority as directed by the conservator. In performing its functions, the conservator has directed the Board to review and approve matters related to the following areas and to oversee that management consult with and obtain the consent of the conservator before taking action in the following areas:

- matters requiring approval of or consultation with the U.S. Department of the Treasury under the Senior Preferred Stock Purchase Agreement between the U.S. Department of the Treasury and Fannie Mae, including:
    i. paying dividends or other distributions on or repurchasing Fannie Mae equity securities;
    ii. issuing additional equity securities (except in limited instances);

iii. any reorganization or recapitalization involving Fannie Mae's common stock;

iv. incurring indebtedness in excess of limits in the Senior Preferred Stock Purchase Agreement;

v. issuing subordinated debt;

vi. entering into a merger with or acquiring all or substantially all of the assets of another entity;

vii. engaging in a non-ordinary course transaction with an affiliate, unless transaction terms are at least as favorable as those that could be obtained in an arm's length transaction with an unrelated third party;

viii. selling, transferring, leasing or otherwise disposing of any assets, other than dispositions for fair market value, except in limited circumstances including (a) if the transaction is in the ordinary course of business and consistent with past practice or (b) if the assets have a fair market value individually or in the aggregate of less than $250 million, among others; and

ix. compensation arrangements or increasing amounts or benefits payable to executive officers (as defined by Securities Exchange Commission rules).

- actions to redeem or repurchase subordinated debt issued by Fannie Mae, except as may be necessary to comply with the Senior Preferred Stock Purchase Agreement;
- actions involving increases in Board risk limits, material changes in accounting policy, and reasonably foreseeable material increases in operational risk;
- matters that relate to conservatorship;
- actions involving retention and termination of external auditors and law firms serving as consultants to the Board;
- agreements related to litigation, claims, regulatory proceedings or tax-related matters where the value of the claim is in excess of $50 million (except in limited instances);

- material alterations or changes to the terms of the master agreement, or termination of a contract, between Fannie Mae and one of the top five sellers or servicers for its Single-Family business;
- any action that in the reasonable business judgment of management at the time that the action is taken is likely to cause significant reputational risk or result in substantial negative publicity;
- the creation of any subsidiary or affiliate or any substantial non-ordinary course transactions with any subsidiary or affiliate;
- actions setting or increasing the compensation or benefits payable to the members of the Board;
- actions establishing new compensation arrangements or increasing amounts or benefits payable under existing compensation arrangements for officers at the senior vice president level and above and other executives that FHFA may deem necessary to successfully execute its role as conservator;
- actions establishing or modifying performance management processes for executive officers subject to Section 16 of the Securities Exchange Act of 1934;
- assessments of Fannie Mae against the conservator's scorecard; and
- actions establishing the annual operating budget.

Subject to the consultation and consent requirements above, the Board performs, directly or through its committees, the following specific functions, among others:

- Oversees the procedures for the selection, retention, evaluation and compensation of senior management with appropriate qualifications and expertise to operate the corporation's business
- Oversees the key compensation, benefits and skill development programs governing employees of the corporation
- Oversees corporate performance and reviews and approves the corporation's annual

operating budget

- Oversees the corporation's risk policies (including market, credit and operational risks)
- Advises management on significant issues facing the corporation
- Reviews and approves significant corporate actions
- Oversees the integrity of the corporation's accounting and financial reporting systems and processes, including independent audits, systems of internal controls, and the relationship with the external auditor
- Oversees an independent review, no less frequently than every five years, of the corporation's organizational, structural, staffing, and control matters
- Oversees the process and adequacy of reporting, disclosures and communications to investors
- Oversees the corporation's legal and regulatory compliance program, including prohibitions on personal loans or extensions of credit to executive officers and members of the Board
- Nominates directors and oversees effective corporate governance
- At least once annually, reviews, with appropriate professional assistance, the requirements of laws, rules, regulations, and guidelines that are applicable to the Board's activities and duties
- Oversees the responsiveness of management to Federal regulators

Members of the Board are expected to perform their responsibilities diligently, prepare for and attend meetings, and participate fully in the Board's activities.

The CEO is the leader of management and, pursuant to the Bylaws and a Delegation of Authority to the CEO, as may be amended from time to time, the Board has vested the CEO with the authority to manage and conduct the business of the corporation except where the Board has reserved authority or the right of approval as specified in the Bylaws and its Delegation of Authority to the CEO. From time to time, the Board will adopt policies and procedures to assist it in its oversight responsibilities and to promote the safety and soundness of Fannie Mae. Officers and employees are expected to implement any policies or procedures adopted by the Board. Officers and employees (consistent with the provisions of their delegations of authority from the CEO) may retain outside consultants and advisors, as necessary, to assist them in the performance of their functions.

The Corporate Governance Guidelines

These Corporate Governance Guidelines have been developed by Fannie Mae's Nominating and Corporate Governance Committee and formally adopted by the Board. The Nominating and Corporate Governance Committee reviews the guidelines at least annually and recommends changes to the Board as appropriate. These guidelines (along with the charters of the Board committees as well as the corporation's Bylaws, its Employee Code of Conduct and Directors' Code of Conduct and Conflicts of Interest Policy) are published on Fannie Mae's corporate website, www.fanniemae.com.

Board Composition, Size and Membership Criteria

The Fannie Mae Charter Act provides that the Fannie Mae Board will consist of thirteen persons, or such other number that the Director of FHFA determines appropriate. FHFA, in its capacity as conservator, has determined that the appropriate number of directors shall be a minimum of nine and not more than thirteen directors. It is the policy of the Board that a substantial majority of the seated Fannie Mae directors will be independent, in accordance with the standards adopted by the Board. In addition, the Board, as a group, must be knowledgeable in business, finance, capital markets, accounting, risk management, public policy, mortgage lending, real estate, low-income housing, homebuilding, regulation of financial institutions, technology, and any other areas as may be relevant to the safe and sound operation of Fannie Mae.

It is the responsibility of the Nominating and Corporate Governance Committee to identify and evaluate prospective candidates for the Board that have expertise in the areas described above. The Committee will also seek out Board members who possess the highest personal values, judgment, and integrity; who represent diversity in ideas, perspectives, gender, race, and disability; and who have an understanding of the regulatory and policy environment in which the corporation does its business. The Committee is committed to considering minorities, women and individuals with disabilities in the identification and evaluation process of prospective candidates. The Committee also considers whether a prospective candidate for the Board has the ability to attend meetings and fully participate in the activities of the Board, including whether the candidate's service on outside boards and other activities will permit the candidate sufficient time to devote to responsibilities associated with being a Fannie Mae director. Stockholders may submit written recommendations for candidates directly to the Chair of the Nominating and Corporate Governance Committee in care of the Office of the Secretary of the corporation, and these recommendations should include the information set forth in Section 4.20 of the corporation’s Bylaws. During Conservatorship, these recommendations are subject to FHFA’s discretion as Conservator of Fannie Mae. The Chair of the Nominating and Corporate Governance Committee formally invites new director candidates to stand for election to the Board.

Directors are required to inform the Nominating and Corporate Governance Committee of any changes in employment responsibilities in order for the Committee to determine whether it is appropriate to re-nominate the Board member for continuing Board service. A director will not be re-nominated after having served for ten years or after reaching the age of 72, whichever comes first, except with the approval of FHFA. A director may serve his or her full term if he or she has served less than 10 years or is 72 years of age on the date of his or her election or appointment to the Board.

Unless otherwise requested by the Board, the CEO will cease to be a member of the Board at the termination of his or her employment as CEO. The CEO must obtain approval from the Nominating and Corporate Governance Committee before accepting a seat on the board of another for-profit organization. Non-management directors must notify the Nominating and Corporate Governance Committee before accepting a seat on the board of another for-profit organization, and the Committee will determine, in its judgment, whether such service will interfere with the director's service on the Fannie Mae Board. Unless the Nominating and Corporate Governance Committee determines otherwise, directors may not serve on the boards of directors of more than four public companies. Unless the Board determines otherwise, Audit Committee members may not serve on the audit committees of more than three public companies.

Director Independence

The Board, with the assistance of the Nominating and Corporate Governance Committee, on an annual basis, reviews the independence of all directors. The Board affirmatively makes a determination as to the independence of each director, and Fannie Mae discloses those determinations. The definition of "independence" adopted by the Board meets, and in some respects exceeds, the requirements of independence as set forth in FHFA corporate governance regulation 12 C.F.R.§ 1710.10, which requires the standard of independence adopted by the New York Stock Exchange. An "independent director" must be determined to have no material relationship with Fannie Mae, either directly or through an organization that has a material relationship with Fannie Mae. A relationship is "material" if, in the judgment of the Board, it would interfere with the director's independent judgment. In addition, FHFA corporate governance regulation 12 C.F.R.§ 1710.12 requires the Audit Committee to be in compliance with the New York Stock Exchange's listing requirements for audit committees, under which Audit Committee members must meet additional, heightened independence criteria. Fannie Mae's own independence guidelines require all independent directors to meet these criteria.

To assist it in determining whether a director is independent, the Board has adopted the guidelines set forth below:

- A director will not be considered independent if, within the preceding five years:
  - i. the director was employed by Fannie Mae; or
  - ii. an immediate family member of the director was employed by Fannie Mae as an executive officer.
- A director will not be considered independent if:
  - i. the director is a current partner or employee of Fannie Mae's external auditor, or within the preceding five years, was (but is no longer) a partner or employee of Fannie Mae's external auditor and personally worked on Fannie Mae's audit within that time; or
  - ii. an immediate family member of the director is a current partner of Fannie Mae's external auditor, or is a current employee of Fannie Mae's external auditor and personally works on Fannie Mae’s audit, or within the preceding five years, was (but is no longer) a partner or employee of Fannie Mae's external auditor and personally worked on Fannie Mae's audit within that time.
- A director will not be considered independent if, within the preceding five years:
  - i. the director was employed by a company at a time when a current Fannie Mae executive officer sat on that company's compensation committee; or
  - ii. an immediate family member of the director was employed as an officer by a company at a time when a current Fannie Mae executive

officer sat on that company's compensation committee.

- A director will not be considered independent if, within the preceding five years:

  i. the director received any compensation from Fannie Mae, directly or indirectly, other than fees for service as a director; or

  ii. an immediate family member of the director received any compensation from Fannie Mae, directly or indirectly, other than compensation received for service as an employee (other than an executive officer) of Fannie Mae.

- A director will not be considered independent if:

  i. the director is a current executive officer, employee, controlling stockholder, or partner of a company or other entity that does or did business with Fannie Mae and to which Fannie Mae made, or from which Fannie Mae received, payments within the preceding five years that, in any single fiscal year, were in excess of $1 million or 2 percent of the entity's consolidated gross annual revenues, whichever is greater; or

  ii. an immediate family member of the director is a current executive officer of a company or other entity that does or did business with Fannie Mae and to which Fannie Mae made, or from which Fannie Mae received, payments within the preceding five years that, in any single fiscal year, were in excess of $1 million or 2 percent of the entity's consolidated gross annual revenues, whichever is greater.

- A director will not be considered independent if the director or the director's spouse is an executive officer, employee, director, or trustee of a nonprofit organization to which Fannie Mae makes or has made contributions within the preceding three years that, in a single year, were in excess of 5 percent of the organization's consolidated gross annual revenues, or $120,000, whichever is less (amounts matched under the Matching Gifts Program are not included in the contributions calculated for purposes of this standard). The Nominating and Corporate Governance Committee also will receive periodic reports regarding charitable contributions to organizations otherwise associated with a director or any spouse of a director.

Where the guidelines above do not address a particular relationship, the determination of whether the relationship is material, and whether a director is independent, will be made by the Board, based upon the recommendation of the Nominating and Corporate Governance Committee.

The Board may determine in its judgment, and consistent with the New York Stock Exchange definition of independence, that a director that does not meet these guidelines nonetheless, under the relevant facts and circumstances, does not have a relationship with Fannie Mae that would interfere with the director's independent judgment. The Board will disclose the basis for any such determination in the corporation's next annual report or proxy statement.

Board Leadership

The positions of Chairman of the Board and CEO are separate and the Chairman is an independent director.

Board Meetings

The Fannie Mae Board holds regularly scheduled meetings and calls at least eight times per year, and once per quarter. At least one of these meetings includes a session at which the Board reviews strategic matters. In addition to regularly scheduled meetings, unscheduled Board meetings may be called with adequate notice, if needed. Directors are expected to attend in person all regularly scheduled Board and committee meetings.

In years in which Fannie Mae holds an Annual Meeting of Stockholders, Directors are expected to attend such Annual Meeting. The presence of a majority of the seated directors at the time of any meeting constitutes a quorum for the transaction of business, and the act of a majority of such directors present at a meeting at which a quorum is present constitutes the act of the Board. Directors may not vote or participate by proxy. The Board may act by unanimous written consent of all incumbent directors. The Chairman, in consultation with the Chairs of the Board's committees, determines the agenda for Board meetings. Directors will be asked regularly by the Chairman to evaluate the information being provided to the Board and to submit suggestions for Board agenda items.

Fannie Mae's non-management directors meet in executive session on a regularly scheduled basis. Time for an executive session is placed on the agenda for every regular Board meeting. The Chairman of the Board presides over these sessions. Board dinners are scheduled at least quarterly each year to give Board members an opportunity to informally discuss Fannie Mae issues.

Minutes

At each meeting of the Board and its standing committees, minutes will be taken. The minutes will reflect the deliberative process and actions taken in those meetings. The minutes will also reflect whether an executive session occurred and identify the issues addressed during executive session, as reported to the Corporate Secretary.

Board Materials

Fannie Mae management provides directors with information and materials necessary for the Board to fulfill its oversight functions. Directors are expected to review and devote appropriate time to studying Board and committee materials. Materials for meetings are generally distributed one week in advance of each Board and committee meeting to allow directors to prepare for discussion of the items at the meeting and to request additional information as appropriate. In certain cases, due to the sensitive nature of a matter or rapidly evolving developments, presentations and/or other materials are provided only at the Board or committee meeting.

Committees

The current standing Board committees are the Executive, Audit, Compensation, Nominating and Corporate Governance, Risk Policy and Capital, and Strategic Initiatives Committees. The Bylaws give the Board authority to create additional committees. Each committee, except for the Executive Committee, has a written charter setting forth the responsibilities, duties and authorities of the committee. The responsibilities, duties and authorities of the Executive Committee are set forth in the Bylaws. The full Board reviews and approves committee charters.

The Audit, Compensation, and Nominating and Corporate Governance Committees consist solely of independent directors. Committee assignments, including the designation of committee Chairs, are made annually by Board resolution, based on recommendations from the Nominating and Corporate Governance Committee. Assignments are made based on a combination of factors including each individual Board member's expertise and the needs of the corporation.

Each committee meets as frequently as needed and for an appropriate length of time based on the specific meeting agenda. Committee agendas are developed by the committee Chair in consultation with the appropriate members of management and with the input of other directors. Each committee Chair makes a report on committee matters to the Board, generally at the next scheduled Board meeting.

Director Access to Management and Outside Advisors

The corporation's senior management team attends Board meetings as needed to make special presentations and as a discussion resource, and is available directly to Board members outside of meetings.

The Board and its committees (consistent with the provisions of their respective charters) generally have the authority to retain such outside counsel, experts, and other advisors as they determine necessary to assist them in the performance of their functions. The retention and termination of external auditors and law firms serving as consultants to the Board requires prior consultation and consent of the conservator.

Communications with the Board

To facilitate the ability of interested parties to communicate their concerns or questions, Fannie Mae publishes on its website and in its proxy statement a mailing address and an e-mail address for communications directly with the Board. Communications may be addressed to a specific director or directors, or to independent directors as a group. The office of the Corporate Secretary is responsible for processing all the communications to the relevant director or directors. Communications that are commercial solicitations, ordinary course customer inquiries or complaints, incoherent or obscene, will not be forwarded to the Board. In addition, Fannie Mae publishes on its website and in its proxy statement a procedure for communicating with the Audit Committee regarding accounting, internal accounting controls or auditing matters.

Director Compensation

Compensation for members of the Board will be reasonable, appropriate, and commensurate with the duties and responsibilities of their Board service. The Nominating and Corporate Governance Committee is responsible for recommending compensation for non-management directors on the Board and reviews non-management director compensation as appropriate. A change to director compensation requires prior consultation and consent of the conservator. Management directors do not receive additional cash or equity compensation for Board service.

Director Orientation and Continuing Education

New directors participate in an orientation program to assist in familiarizing them with Fannie Mae's business and their responsibilities as directors. The orientation program addresses at a minimum Fannie Mae's corporate powers and limitations; an overview of Fannie Mae's business; the housing finance industry; strategic goals; risks; the Fannie Mae workforce; and Fannie Mae's corporate governance practices. Orientation sessions are also provided to new members of Board committees. Fannie Mae supports directors' periodic participation in continuing education programs to assist them in performing their Board responsibilities. In addition, on at least an annual basis, the corporation provides, directly or through third parties, in-house director education programs on significant developments applicable to the Board and Fannie Mae's operations.

Board Performance Evaluation

The Board conducts an annual self-evaluation to assess its effectiveness and the adequacy of the information flow to the Board, on the basis of criteria developed by the Nominating and Corporate Governance Committee and reviewed by the Board. Each of the Board's committees conducts an annual self-evaluation.

The Nominating and Corporate Governance Committee evaluates the performance of directors on an annual basis. The Nominating and Corporate Governance Committee takes into consideration factors related toa director's contribution to the effective functioning of the Board, including: (i) any change in the director's principal area of responsibility with his or her company or in his or her employment; (ii) the director's retirement from his or her principal area of responsibility with his or her company; (iii) whether the director continues to bring relevant experience to the Board; (iv) whether the director has the ability to attend meetings and fully participate in the activities of the Board; (v) whether the director has developed any relationships with Fannie Mae or another organization, or other circumstances have arisen, that might make it inappropriate for the director to continue serving on the Board; and (vi) the director's age and length of service on the Board.

Management Evaluation and Succession

The Compensation Committee conducts an annual review of the performance of the corporation, the CEO and senior management. Neither the CEO nor senior management is present when the Committee meets to evaluate their individual performance. The Chairman of the Board presents the CEO’s annual performance review for the Committee’s approval. The CEO's annual performance review is based, in large part, upon an annual performance report prepared by the Chairman of the Board and upon ratings and commentary provided by individual Board members. The senior management performance reviews include the Compensation Committee's own assessment and reflect discussions with other Board members. The Board’s independent directors approve the compensation of the CEO, and the full Board approves the compensation of the corporation’s executive officers (as defined by Securities Exchange Commission rules), both approvals subject to the consent of the conservator.

On an annual basis, the Compensation Committee reviews management succession planning with the CEO in preparation for discussion by the entire Board. The Board discussion on management succession occurs during executive session, and focuses on succession planning for the CEO and other key members of senior management.

Compliance; Codes of Conduct

Fannie Mae's Board oversees the corporation's legal and regulatory compliance program. The Board has adopted a Code of Conduct applicable to all Fannie Mae employees, which is posted on the corporation's website. Each employee must annually commit to follow the Code. The Audit Committee has primary responsibility for overseeing implementation of and compliance with the Code.

The Board has adopted a Code of Conduct and Conflict of Interests Policy for Members of the Board (Directors' Code), which is posted on the corporation's website. Each director must annually certify compliance with the Directors' Code. The Nominating and Corporate Governance Committee oversees implementation and compliance with the Directors' Code.

The Board reviews at least once every three years the adequacy of the employee Code of Conduct and the Directors' Code for consistency with best practices and practices appropriate to Fannie Mae, and makes revisions as appropriate.

Implementation of the Guidelines

The Board has provided these guidelines to clarify further the policies and procedures that govern its operations. These Guidelines are effective immediately. If the Board ascertains at any time that any of the guidelines set forth herein are not in full force and effect, the Board shall take such action as it deems necessary to restore compliance.

Effective Date: July 18, 2014