UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 24, 2009

Federal National Mortgage Association

(Exact name of registrant as specified in its charter)

Federally chartered corporation	**000-50231**	**52-0883107**
(State or other jurisdiction of incorporation)	*(Commission File Number)*	*(IRS Employer Identification Number)*

3900 Wisconsin Avenue, NW Washington, DC	**20016**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code: 202-752-7000

(Former Name or Former Address, if Changed Since Last Report): __________

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement

The information required by this Item is incorporated into this Item 1.01 by reference to the section captioned "Amendment to Senior Preferred Stock Purchase Agreement" under Item 8.01 below.

Item 8.01 Other Events.

Amendment to Senior Preferred Stock Purchase Agreement

As previously disclosed, Fannie Mae (formally known as the Federal National Mortgage Association), through the Federal Housing Finance Agency ("FHFA"), in its capacity as conservator, and the United States Department of the Treasury ("Treasury") entered into a senior preferred stock purchase agreement. We describe the terms of the amended and restated senior preferred stock purchase agreement and the covenants it contains in "Part I—Item 2—MD&A—Executive Summary—Amendment to Senior Preferred Stock Purchase Agreement" in our Form 10-Q for the quarter ended March 31, 2009 and "Part I—Item 1—Business—Conservatorship, Treasury Agreements, Our Charter and Regulation of Our Activities—Treasury Agreements—Covenants Under Treasury Agreements" in our Form 10-K for the year ended December 31, 2008.

Treasury and FHFA, acting on our behalf in its capacity as our conservator, entered into a second amendment to the amended and restated senior preferred stock purchase agreement between us and Treasury, dated as of December 24, 2009. The amendment revised the terms of the senior preferred stock purchase agreement, as amended and restated, in the following ways:

- Treasury's maximum funding commitment to us under the agreement was increased from $200 billion to the greater of (a) $200 billion or (b) $200 billion plus the cumulative amount of our net worth deficit (the amount by which our total liabilities exceed our total assets) as of the end of any and each calendar quarter in 2010, 2011 and 2012, less any positive net worth as of December 31, 2012.
- The definition of mortgage assets was revised to clarify that the measurement is based on the unpaid principal balance of such assets.
- The agreement continues to provide that the maximum allowable amount of mortgage assets we may own on December 31, 2009 is $900 billion; however the covenant requiring us to reduce our mortgage assets was revised to be based on the maximum amount that we may own rather than the actual amount of our mortgage assets. As revised, beginning on December 31, 2010 and each year thereafter, we are required to reduce our mortgage assets to 90% of the maximum allowable amount that we were permitted to own as of December 31 of the immediately preceding calendar year, until the amount of our mortgage assets reaches $250 billion. Accordingly, the maximum allowable amount of mortgage assets we may own on December 31, 2010 is $810 billion.

- The definition of indebtedness was revised to clarify that the measurement is based on par value for purposes of our debt cap.
- The agreement continues to provide that it does not give effect to any change that may be made in respect of SFAS No. 140, *Accounting for Transfer and Servicing of Financial Assets and Extinguishments of Liabilities (a replacement of FASB Statement No. 125)*, and was revised to clarify that it does not give effect to any change that may be made subsequent to this amendment in respect of SFAS No. 166, *Accounting for Transfers of Financial Assets*, or SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)*, or any similar accounting standard, for purposes of evaluating our compliance with the limitation on the amount of mortgage assets we may own or our debt cap.
- The date on which we are required to begin paying a periodic commitment fee to Treasury on a quarterly basis was changed from March 31, 2010 to March 31, 2011. The periodic commitment fee, which will accrue from January 1, 2011, will be determined by or before December 31, 2010 and will be reset every five years. The agreement continues to provide that the periodic commitment fee will be mutually agreed upon by Fannie Mae and Treasury, and that Treasury may waive the fee for up to one year at a time, in its sole discretion, based on adverse conditions in the U.S. mortgage market.

A copy of the Second Amendment to the Amended and Restated Senior Preferred Stock Purchase Agreement is filed as Exhibit 4.1 to this report and incorporated herein by reference. The description of the amendment herein is qualified in its entirety by reference to the full text of the amendment filed as Exhibit 4.1 to this report.

Treasury Update

On December 24, 2009, Treasury issued an update on initiatives established under the Housing and Economic Recovery Act of 2008 (“HERA”). As part of this update, Treasury announced that its GSE mortgage-backed securities purchase program will end on December 31, 2009, the expiration date of its authority to purchase these securities under HERA. Treasury also stated that the Treasury credit facility, which we entered into in September 2008, will terminate on December 31, 2009, in accordance with its terms. In addition, Treasury announced that it expects to provide a preliminary report, relating to longer term reform of the federal government’s role in the housing market, around the time President Obama releases his fiscal 2011 budget in February 2010.

A copy of Treasury’s update is attached as Exhibit 99.1 to this report.

Item 9.01 Financial Statements and Exhibits

(d) The exhibit index filed herewith is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

By /s/ Michael J. Williams
Michael J. Williams
President and Chief Executive Officer

Date: December 30, 2009

EXHIBIT INDEX

The following exhibit is submitted herewith:

Exhibit Number	Description of Exhibit
4.1	Second Amendment to Amended and Restated Senior Preferred Stock Purchase Agreement, dated as of December 24, 2009, between the United States Department of the Treasury and Federal National Mortgage Association, acting through the Federal Housing Finance Agency as its duly appointed conservator
99.1	December 24, 2009 Treasury update

SECOND AMENDMENT TO AMENDED AND RESTATED SENIOR PREFERRED STOCK PURCHASE AGREEMENT

SECOND AMENDMENT dated as of December 24, 2009, to the AMENDED AND RESTATED SENIOR PREFERRED STOCK PURCHASE AGREEMENT dated as of September 26, 2008, between the UNITED STATES DEPARTMENT OF THE TREASURY ("Purchaser"), and FEDERAL NATIONAL MORTGAGE ASSOCIATION ("Seller"), acting through the Federal Housing Finance Agency (the "Agency") as its duly appointed conservator (the Agency in such capacity, "Conservator").

Background

A. Purchaser and Seller have heretofore entered into the Amended and Restated Senior Preferred Stock Purchase Agreement dated as of September 26, 2008 (the "Amended and Restated Agreement").

B. In the Amended and Restated Agreement, Purchaser committed itself to provide to Seller, on the terms and conditions provided in the Amended and Restated Agreement, immediately available funds in an amount as determined from time to time as provided in the Amended and Restated Agreement, but in no event in an aggregate amount exceeding $100,000,000,000.

C. Purchaser and Seller have heretofore entered into the Amendment dated as of May 6, 2009, to the Amended and Restated Agreement (the "First Amendment").

D. In the First Amendment, Purchaser increased to $200,000,000,000 the maximum aggregate amount permitted to be provided to Seller under the Amended and Restated Agreement, and amended the terms of the Amended and Restated Agreement in certain other respects.

E. Purchaser and Seller are each authorized to enter into this Second Amendment to the Amended and Restated Agreement ("this Second Amendment") (i) modifying the Treasury's funding commitment to Seller to provide it with additional funding in amounts not to exceed the new formulaic maximum amount specified herein, and (ii) amending the terms of the Amended and Restated Agreement, as previously amended, in certain other respects.

THEREFORE, for and in consideration of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Purchaser and Seller agree as follows:

Terms and Conditions

1. **Definitions**.

Capitalized terms used and not defined in this Amendment shall have the respective meanings given such terms in the Amended and Restated Agreement, as amended by the First Amendment (the Amended and Restated Agreement, as amended by the First Amendment, being the "Existing Agreement").

2. **Amendment to Section 1 (Relating to Definition of "Indebtedness")**.

The definition of "Indebtedness" in Section 1 of the Existing Agreement is hereby amended to read as follows:

"*Indebtedness*" of any Person means, for purposes of Section 5.5 only, without duplication, (a) all obligations of such Person for money borrowed by such Person, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (d) all obligations of such Person issued or assumed as the deferred purchase price of property or services, other than trade accounts payable, (e) all Capital Lease Obligations of such Person, (f) obligations, whether contingent or liquidated, in respect of letters of credit (including standby and commercial), bankers' and similar instruments, and (g) any obligation of such Person, contingent or otherwise, guaranteeing or having the economic effect of guaranteeing and Indebtedness of the types set forth in clauses (a) through (f) payable by another Person other than Mortgage Guarantee Obligations (and, for the avoidance of doubt, without giving effect to any change that may be made hereafter in respect of Statement of Financial Accounting Standards No. 140,166, or 167, or any similar accounting standard). Indebtedness balances or amounts shall be measured at par value for purposes of Section 5.5 only.

3. **Amendment to Section 1 (Relating to Definition of "Maximum Amount")**.

The definition of "Maximum Amount" in Section 1 of the Existing Agreement is hereby amended to read as follows:

"*Maximum Amount*" means, as of any date of determination, the greater of (a) $200,000,000,000 (two hundred billion dollars), or (b) $200,000,000,000 plus the cumulative total of Deficiency Amounts determined for calendar quarters in calendar years 2010, 2011, and 2012, less any Surplus Amount determined as of December 31, 2012, and in the case of either (a) or (b), less the aggregate amount of funding under the Commitment prior to such date.

4. **Amendment to Section 1 (Relating to Definition of "Mortgage Assets")**.

The definition of "Mortgage Assets" in Section 1 of the Existing Agreement is hereby amended to read as follows:

"*Mortgage Assets*" of any Person means assets of such Person consisting of mortgages, mortgage loans, mortgage-related securities, participation certificates, mortgage-backed commercial paper, obligations of real estate mortgage investment conduits and similar assets, in each case to the extent such assets would appear on the balance sheet of such Person in accordance with GAAP as in effect as of the date hereof (and, for the avoidance of doubt, without giving effect to any change that may be made hereafter in respect of Statement of Financial Accounting Standards No. 140, 166, or 167, or any similar accounting standard). Mortgage Asset balances or amounts shall be measured at unpaid principal balance for purposes of Section 5.7 only.

5. Amendment to Section 1 (Adding Definition for New Defined Term "Surplus Amount").

Section 1 of the Existing Agreement is hereby amended by inserting after the definition of the term "Senior Preferred Stock" the following:

"Surplus Amount" means, as of the date of determination, the amount if any by which (a) the total assets of Seller (such assets excluding the Commitment and any unfunded amounts thereof) exceed (b) the total liabilities of Seller, in each case as reflected on the balance sheet of Seller as of the applicable date set forth in the Agreement, prepared in accordance with GAAP.

6. Amendment to Section 2.1 (Relating to the Commitment).

Section 2.1 of the Existing Agreement is hereby amended to read as follows:

2.1 *Commitment.* Purchaser hereby commits to provide to Seller, on the terms and conditions set forth herein, immediately available funds in an amount up to but not in excess of the Available Amount, as determined from time to time (the "Commitment"); provided, that in no event shall the aggregate amount funded under the Commitment exceed the greater of (a) $200,000,000,000 (two hundred billion dollars), or (b) $200,000,000,000 plus the cumulative total of Deficiency Amounts determined for calendar quarters in calendar years 2010, 2011, and 2012, less any Surplus Amount determined as of December 31, 2012. The liquidation preference of Senior Preferred Stock shall increase in connection with draws on the Commitment, as set forth in Section 3.3 below.

7. Amendment to Section 2.5 (Relating to Termination of Purchaser's Obligations).

Section 2.5 of the Existing Agreement is hereby amended to read as follows:

2.5 *Termination of Purchaser's Obligations.* Subject to earlier termination pursuant to Section 6.7, all of Purchaser's obligations under and in respect of the Commitment shall terminate upon the earliest of: (a) if the Liquidation End Date shall have occurred, (i) the payment in full of Purchaser's obligations with respect to any valid request for funds pursuant to Section 2.4 or (ii) if there is no Deficiency Amount on the Liquidation End Date or if no such request pursuant to Section 2.4 has been made, the close of business on the 15th Business Day following the determination of the Deficiency Amount, if any, as of the Liquidation End Date; (b) the payment in full of, defeasance of or other reasonable provision for all liabilities of Seller, whether or not contingent, including payment of any amounts that may become payable on, or expiry of or other provision for, all Mortgage Guarantee Obligations and provision for unmatured debts; and (c) the funding by Purchaser under the Commitment of an aggregate equal to the greater of (a) $200,000,000,000 (two hundred billion dollars), or (b) $200,000,000,000 plus the cumulative total of Deficiency Amounts determined for calendar quarters in calendar years 2010, 2011, and 2012, less any Surplus Amount determined as of December 31, 2012. For avoidance of doubt, the Commitment shall *not* be terminable by Purchaser solely by reason of (i) the conservatorship, receivership or other insolvency proceeding of Seller or (ii) the Seller's financial condition or any adverse change in Seller's financial condition.

8. Amendment to Section 3.2 (Relating to Periodic Commitment Fee).

Section 3.2 of the Existing Agreement is hereby amended to read as follows:

3.2. *Periodic Commitment Fee.* (a) Commencing March 31, 2011, Seller shall pay to Purchaser quarterly, on the last day of March, June, September and December of each calendar year (each a "Periodic Fee Date"), a periodic commitment fee (the "Periodic Commitment Fee"). The Periodic Commitment Fee shall accrue from January 1, 2011.

(b) The Periodic Commitment Fee is intended to fully compensate Purchaser for the support provided by the ongoing Commitment following December 31, 2010. The amount of the Periodic Commitment Fee shall be set not later than December 31, 2010 with respect to the ensuing five-year period, shall be reset every five years thereafter and shall be determined with reference to the market value of the Commitment as then in effect. The amount of the Periodic Commitment Fee shall be mutually agreed by Purchaser and Seller, subject to their reasonable discretion and in consultation with the Chairman of the Federal Reserve; provided, that Purchaser may waive the Periodic Commitment Fee for up to one year at a time, in its sole discretion, based on adverse conditions in the United States mortgage market.

(c) At the election of Seller, the Periodic Commitment Fee may be paid in cash or by adding the amount thereof ratably to the liquidation preference of each outstanding share of Senior Preferred Stock so that the aggregate liquidation preference of all such outstanding shares of Senior Preferred Stock is increased by an amount equal to the Periodic Commitment Fee. Seller shall deliver notice of such election not later than three (3) Business Days prior to each Periodic Fee Date. If the Periodic Commitment Fee is not paid in cash by 12:00 pm (New York time) on the applicable Periodic Fee Date (irrespective of Seller's election pursuant to this subsection), Seller shall be deemed to have elected to pay the Periodic Commitment Fee by adding the amount thereof to the liquidation preference of the Senior Preferred Stock, and the aggregate liquidation preference of the outstanding shares of Senior Preferred Stock shall thereupon be automatically increased, in the manner contemplated by the first sentence of this section, by an aggregate amount equal to the Periodic Commitment Fee then due.

9. Amendment to Section 5.7 (Relating to Owned Mortgage Assets).

Section 5.7 of the Existing Agreement is hereby amended to read as follows:

5.7. *Mortgage Assets.* Seller shall not own, as of any applicable date, Mortgage Assets in excess of (i) on December 31, 2009, $900 billion, or (ii) on December 31 of each year thereafter, 90.0% of the aggregate amount of Mortgage Assets that Seller was permitted to own as of December 31 of the immediately preceding calendar year; provided, that in no event shall Seller be required under this Section 5.7 to own less than $250 billion in Mortgage Assets.

10. Existing Agreement to Continue, as Amended.

Except as expressly modified by this Second Amendment, the Existing Agreement shall continue in full force and effect.

11. Effective Date.

This Second Amendment shall not become effective until it has been executed by both of Purchaser and Seller. When this Second Amendment has been so executed, it shall become effective as of the date first above written.

FEDERAL NATIONAL MORTGAGE ASSOCIATION, by

Federal Housing Finance Agency,
its Conservator

/s/ Edward J. DeMarco

Edward J. DeMarco
Acting Director

UNITED STATES DEPARTMENT OF THE TREASURY

/s/ Timothy F. Geithner

Timothy F. Geithner
Secretary of the Treasury

December 24, 2009
2009-12-24-15-34-59-24543

TREASURY ISSUES UPDATE ON STATUS OF SUPPORT FOR HOUSING PROGRAMS

U.S. Treasury Department
Office of Public Affairs

FOR IMMEDIATE RELEASE: December 24, 2009
CONTACT: Treasury Public Affairs (202) 622-2960

Treasury Issues Update on Status of Support for Housing Programs

The Freddie Mac 509 Amendment is available here [link].

The Fannie Mae 509 Amendment is available here [link].

WASHINGTON — Today, the U.S. Department of the Treasury provided an update on initiatives established under the Housing and Economic Recovery Act (HERA) of 2008, which supports housing market stabilization and provides relief to struggling homeowners. As part of a commitment to wind down programs that were established during the crisis and are no longer critical to financial stability, Treasury will terminate several HERA programs at the end of the year. Treasury will also amend the terms of its agreements with Fannie Mae and Freddie Mac to support their ongoing stability. The steps outlined today are necessary for preserving the continued strength and stability of the mortgage market.

Program Wind Downs

The program that Treasury established under HERA to support the mortgage market by purchasing Government-Sponsored Enterprise (GSE) -guaranteed mortgage-backed securities (MBS) will end on December 31, 2009. By the conclusion of its MBS purchase program, Treasury anticipates that it will have purchased approximately $220 billion of securities across a range of maturities.

The short-term credit facility that Treasury established under HERA for Fannie Mae, Freddie Mac, and the Federal Home Loan Banks will terminate on December 31, 2009. This credit facility was designed to provide a backstop source of liquidity and has not been used.

Amendments to Terms of Preferred Stock Purchase Agreements

At the time the Federal Housing Finance Agency (FHFA) placed Fannie Mae and Freddie Mac into conservatorship in September 2008, Treasury established Preferred Stock Purchase Agreements (PSPAs) to ensure that each firm maintained a positive net worth. Treasury is now amending the PSPAs to allow the cap on Treasury's funding commitment under these agreements to increase as necessary to accommodate any cumulative reduction in net worth over the next three years. At the conclusion of the three year period, the remaining commitment will then be fully available to be drawn per the terms of the agreements.

Neither firm is near the $200 billion per institution limit established under the PSPAs. Total funding provided under these agreements through the third quarter has been $51 billion to Freddie Mac and $60 billion to Fannie Mae. The amendments to these agreements announced today should leave no uncertainty about the Treasury's commitment to support these firms as they continue to play a vital role in the housing market during this current crisis.

The PSPAs also cap the size of the retained mortgage portfolios and require that the portfolios are reduced over time. Treasury is also amending the PSPAs to provide Fannie Mae and Freddie Mac with some additional flexibility to meet the requirement to reduce their portfolios. The portfolio reduction requirement for 2010 and after will be applied to the maximum allowable size of the portfolios — or $900 billion per institution — rather than the actual size of the portfolio at the end of 2009.

Treasury remains committed to the principle of reducing the retained portfolios. To meet this goal, Treasury does not expect Fannie Mae and Freddie Mac to be active buyers to increase the size of their retained mortgage portfolios, but neither is it expected that active selling will be necessary to meet the required targets. FHFA will continue to monitor and oversee the retained portfolio activities in a manner consistent with the FHFA's responsibility as conservator and the requirements of the PSPAs.

Treasury is making two additional changes to the PSPAs. Treasury will delay setting the Periodic Commitment Fee by one year to December 31, 2010. Treasury will also make technical changes to the definitions of mortgage assets and indebtedness to make compliance with the covenants of the PSPAs less burdensome and more transparent in light of impending accounting changes.

The Path to Longer Term Reform

The Administration is in the process of reviewing issues around longer term reform of the federal government's role in the housing market. We expect to provide a preliminary report around the time President Obama releases his fiscal 2011 budget in February 2010. Recent announcements on the tightening of underwriting standards by Fannie Mae, Freddie Mac, and the Federal Housing Administration, demonstrate a commitment to prudent housing finance policy that enables a transition to an environment where the private market is able to provide a larger source of mortgage finance.

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