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): November 17, 2021

Federal National Mortgage Association
(Exact name of registrant as specified in its charter)

Fannie Mae

Federally chartered corporation	0-50231	52-0883107	1100 15th Street, NW Washington, DC 20005	800 232-6643
(State or other jurisdiction of incorporation)	*(Commission File Number)*	*(IRS Employer Identification No.)*	*(Address of principal executive offices, including zip code)*	*(Registrant's telephone number, including area code)*

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):

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

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

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

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	N/A	N/A

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§203.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On November 17, 2021, the Federal Housing Finance Agency ("FHFA") released the 2022 Scorecard for Fannie Mae, Freddie Mac, and Common Securitization Solutions (the "2022 Scorecard"), which establishes corporate performance objectives for Fannie Mae, Freddie Mac, and Common Securitization Solutions for 2022.

A principal element of our 2022 executive compensation program (which is not applicable to our Chief Executive Officer) will be deferred salary, a portion of which will be subject to reduction, or "at-risk," based on performance. We expect that one half of 2022 at-risk deferred salary for participating executives will be subject to reduction based on an assessment of the company's performance against the 2022 Scorecard and additional objectives FHFA may establish. The 2022 Scorecard is set forth below.

2022 SCORECARD FOR FANNIE MAE, FREDDIE MAC, AND COMMON SECURITIZATION SOLUTIONS

For all Scorecard items, Fannie Mae and Freddie Mac (the Enterprises) and Common Securitization Solutions, LLC (CSS) will be assessed based on the following criteria:

Assessment Criteria

- Each Enterprise's products and programs foster sustainable and equitable housing finance markets that support safe, decent, and affordable homeownership and rental opportunities.
- Each Enterprise conducts business in a safe and sound manner.
- Each Enterprise meets expectations under all FHFA requirements, including those pertaining to capital, liquidity, and credit risk transfer.
- Each Enterprise continues to manage operations while in conservatorship in a manner that preserves and conserves assets through the prudent stewardship of Enterprise resources.
- Each Enterprise cooperates and collaborates with FHFA to meet the Conservator's priorities, directives, and guidance throughout the course of the year.
- Each Enterprise delivers work products that are high quality, thorough, creative, effective, and timely, and that consider effects on borrowers and renters, the Enterprises, the industry, and other stakeholders.
- Each Enterprise ensures that diversity, equity, and inclusion remain top priorities in strategic planning, operations, and business development.

Promote Sustainable and Equitable Access to Affordable Housing (50%)

Conduct business and undertake initiatives that support affordable, sustainable, and equitable access to homeownership and rental housing, and fulfill all statutory mandates.

Take significant actions to ensure that all borrowers and renters have equitable access to long-term affordable housing opportunities

- Develop strategies to support sustainable homeownership and affordable rental housing.
  - Improve availability of small-balance purchase and refinance mortgages.
- Develop high-quality Equitable Housing Finance Plans and take meaningful actions to achieve the goals and objectives of the plans.
- Meet Housing Goals and Duty-to-Serve requirements.
- Identify strategies and activities to facilitate greater affordable housing supply within the limits of charter authorities and submit recommendations to FHFA.
- Update the current pricing framework to increase support for core mission borrowers, while ensuring a level playing field for small and large sellers, fostering capital accumulation, and achieving viable returns on capital.
- Continue mortgage selling, servicing, and asset management efforts that promote sustainable home-retention solutions for borrowers affected by the COVID-19 pandemic.

Foster competition and efficiency in housing finance markets

- Modernize the single-family appraisal process to foster efficiency in mortgage markets, and address barriers to equitable valuation.
- Complete the final phase of validation and approval of credit score models and begin planning for implementation.
- Leverage technology and data to further promote efficiency and cost savings in mortgage processes.
- Research and assess opportunities to increase access for small and regional lenders to Enterprise multifamily products.

Manage new multifamily purchases to remain within the multifamily cap requirements described in Appendix A, including expanded affordability requirements.

Operate the Business in a Safe and Sound Manner (50%)

Operate with heightened focus on safety and soundness and with a prudent risk profile consistent with continued support for housing finance markets throughout the economic cycle, while minimizing the risk of requiring a draw against the Treasury commitment in stressed scenarios.

Ensure that the Enterprise is resilient to operational, market, credit, economic, and climate risks.

- Address examination and supervision findings promptly.
- Maintain liquidity at levels required by FHFA and sufficient to sustain Enterprise operations through severe stress events.
- Maintain effective risk management systems appropriate for entities that need to minimize risk to capital as they rebuild their capital buffers.
- Ensure a governance structure exists to prioritize the effects of climate change throughout Enterprise decision making.
- Continue to ensure a successful transition away from LIBOR to approved alternative reference rates by continuing systems development and announcing plans for the transition of legacy products.

Transfer a significant amount of credit risk to private investors, reducing risk to taxpayers.

Ensure CSS operates in a safe and sound manner in support of Enterprise securitization activities.

APPENDIX A: MULTIFAMILY DEFINITIONS

1. *Market share target and review of market size*

The 2022 Scorecard establishes a $78 billion cap on the multifamily purchase volume of each Enterprise, for a total of $156 billion and applicable for calendar year 2022. Within this cap, certain loans in affordable and underserved market segments are considered "mission-driven." The 2022 Scorecard requires that a minimum of 50 percent of Enterprise multifamily loan purchases be mission-driven in accordance with the definitions herein. Furthermore, the 2022 Scorecard requires that a minimum of 25 percent of Enterprise multifamily loan purchases be affordable to residents at 60 percent of area median income (AMI) or below. Loan purchases that meet the minimum 25 percent requirement may also count as loan purchases that meet the minimum 50 percent requirement. FHFA anticipates the $78 billion cap to be appropriate given current market forecasts; however, FHFA will continue to review its estimates of market size and mission-driven minimum requirements throughout the year. To prevent market disruption, if FHFA determines that the actual size of the 2022 market is smaller than was initially projected, FHFA will not reduce the caps.

The following sections explain how FHFA will treat mission-driven loans for purposes of the 2022 Scorecard.

2. *Loans on targeted affordable housing properties*

Targeted affordable housing loans are loans to properties encumbered by a regulatory agreement or a recorded use restriction under which all or a portion of the units are restricted for occupancy by tenants with limited incomes and which restrict the rents that can be charged for those units. FHFA will classify as mission-driven a proportionate amount of the loan for properties in the targeted affordable category, depending on the percentage of units that are restricted by a regulatory agreement or recorded use restriction. FHFA will classify as mission-driven 50 percent of the loan amount if the percentage of restricted units is less than 50 percent of the total units in a project, and 100 percent of the loan amount if the percentage of restricted units is equal to or more than 50 percent.

The following are examples of loans on targeted affordable housing properties that FHFA will classify as mission-driven:

- Loans on properties subsidized by the Low Income Housing Tax Credit (LIHTC) program, which limits tenant incomes at 60 percent of AMI or below;
- Loans on properties developed under state or local inclusionary zoning, real estate tax abatement, loan or similar programs, where the property owner has agreed to: a) restrict a portion of the units for occupancy by tenants with limited incomes in accordance with the requirements of the state or local program and restrict the rents that can be charged for those units at rents affordable to those tenants; and b) enforce these restrictions through a regulatory agreement or recorded use restriction;
- Loans on properties covered by a Section 8 Housing Assistance Payment contract where the contract limits tenant incomes to 80 percent of AMI or below. FHFA will not consider a unit that is occupied by a Section 8 certificate or voucher holder as a targeted affordable housing unit unless there is also a contract, a regulatory agreement, or a recorded use restriction; and
- Loans on properties where a Public Housing Authority (PHA), or a nonprofit development affiliate of a PHA, is the borrower, and where the regulatory agreement or recorded use restriction restricts all or a portion of the units for occupancy by tenants with limited incomes and/or restricts the rents that can be charged for those units.

On a case-by-case basis, FHFA will consider Enterprise requests to classify other loans as mission-driven that meet affordable housing and mission goals but do not meet the exact definition of targeted affordable housing. Requests may be submitted for consideration only after meeting with FHFA to discuss the request. FHFA will not consider Enterprise requests on loans where affordability is predicated on borrower-initiated (or voluntary) rent restrictions.

3. *Loans on other affordable units*

FHFA will classify as mission-driven units whose rents are affordable to tenants at various income thresholds but that are not subject to a regulatory agreement or recorded use restriction. FHFA will count as mission-driven, the *pro rata* portion of the loan amount based on the percentage of units with affordable, unsubsidized/market rents, as described below.

a. *Loans on affordable units in standard markets*

Standard markets are those that are not located in rural areas or in designated cost-burdened or very cost-burdened renter markets. For properties located in these markets, the income threshold for affordability is 80 percent of AMI or below.

b. *Loans on affordable units in cost-burdened or very cost-burdened renter markets*

In cost-burdened renter markets as designated by FHFA, the income threshold for affordability is 100 percent of AMI or below. In very cost-burdened renter markets as designated by FHFA, the income threshold for affordability is 120 percent of AMI or below.

4. Loans on properties located in rural areas

Rural areas are those areas designated as such in the Duty to Serve regulation. FHFA will classify as mission-driven, the *pro rata* portion of the loan amount based on the percentage of units affordable at 100 percent of AMI or below.

5. Loans on small multifamily properties

Small multifamily properties are properties that have 5 to 50 units. FHFA will classify as mission-driven, the *pro rata* portion of the loan amount based on the percentage of units affordable at 80 percent of AMI or below in standard renter markets, 100 percent of AMI or below in cost-burdened renter markets, and 120 percent of AMI or below in very cost-burdened renter markets.

6. Manufactured housing community blanket loans

Loans to manufactured housing communities are blanket loans secured by the land and the rental pads. FHFA will classify as mission-driven the share of the loan amount of a manufactured housing community blanket loan that reflects the share of units that receives credit under the Duty to Serve regulation.

FHFA strongly encourages the adoption of tenant pad lease protections that meet or exceed those listed in the Duty to Serve regulation in all manufactured housing communities.

7. Loans on seniors housing assisted living properties

For loans on seniors housing assisted living properties, FHFA will classify as mission-driven, the *pro rata* portion of the loan amount based on the percentage of units affordable at 80 percent of AMI or below.

8. Loans to finance energy or water efficiency improvements

Loans to finance energy or water efficiency improvements are loans funded by the Enterprises under their own specialized financing programs for this purpose. For loans under the Fannie Mae Green Rewards and Freddie Mac Green Up and Green Up Plus loan programs, 50 percent of the loan amount will be classified as mission-driven if at least 20 percent but less than 50 percent of the unit rents are affordable at or below 60 percent of AMI, and 100 percent of the loan amount if the percentage of affordable units is equal to or more than 50 percent.

The renovations under the program (including subsequent program enhancements, as approved by FHFA) must project a minimum 15 percent reduction in annual whole property energy consumption and a minimum 15 percent reduction in annual whole property water and/or energy consumption. (Thus, a property projecting 30 percent energy consumption reduction would qualify for mission-driven credit, as would a property projecting 15 percent energy and 15 percent water consumption reduction, or 20 percent energy and 10 percent water consumption reduction.)

In addition, prior to Enterprise purchase, all Fannie Mae Green Rewards and Freddie Mac Green Up and Green Up Plus transactions must have a third-party data collection firm engaged for ongoing data collection for the life of the loan, in order to receive mission-driven credit. This third-party firm can be funded by the borrower, the lender, or the Enterprise. FHFA will require specific data elements on all transactions where energy or water efficiency improvements are made for both Enterprises to determine the effectiveness of the programs in achieving policy outcomes, on an annual basis.

For loans funded under the Fannie Mae Green Building Certification program or the Freddie Mac Green Certified program, FHFA will classify as mission-driven 50 percent of the loan amount if at least 20 percent but less than 50 percent of the unit rents are affordable at or below 60 percent of AMI, and classify 100 percent of the loan amount if the percentage of affordable units is equal to or more than 50 percent.

9. *Other Scorecard requirements*

For purposes of reporting on loan and commitment activity under the 2022 caps, the Enterprises must: a) use the definitions for determining unit affordability of seniors housing assisted living units, coop units, and shared living arrangements, including student housing, that are included in the housing goals regulation at 12 CFR 1282.1; b) use affordability data as of the loan acquisition date; c) report monthly to FHFA on their acquisition and commitment volumes using a reporting format defined by FHFA; and d) report quarterly on their acquisition volumes under the caps including detail on mission-driven loan purchases using a reporting format to be determined by FHFA.

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/ Stephen H. McElhennon

Stephen H. McElhennon
Enterprise Deputy General Counsel—Senior Vice President

Date: November 18, 2021