



Federal Housing Finance Agency

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January 27, 2016

Non Public Communication
By Electronic Mail to bflinn@ycst.com

C. Barr Flinn
Young Conway Stargatt & Taylor, LLP
Rodney Square
1000 North King Street
Wilmington, DE 19801

Dear Mr. Flinn:

The Federal Housing Finance Agency, in its capacity as Conservator ("FHFA" or "Conservator") of the Federal National Mortgage Association ("Fannie Mae"), has reviewed your January 19, 2016 letters to Fannie Mae's Board of Directors concerning dividend payments and demanding to inspect certain Fannie Mae records.

Please be advised that pursuant to the Housing and Economic Recovery Act of 2008, the Conservator has succeeded by operation of law 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; 12 USC 4617(b)(2)(A)(i). Those "rights, titles, powers, and privileges" of the "stockholder[s]" to which the Conservator succeeded include all stockholder inspection rights. Therefore, among other reasons, so long as Fannie Mae remains in conservatorship, Investors Unite has no basis upon which to demand inspection of Fannie Mae records.

Moreover, your position on the applicable law governing the board of directors is incorrect. As noted in Fannie Mae's regularly filed disclosures, its boards of directors "serve on behalf of the conservator and exercise their authority as directed by and with the approval, where required, of the conservator;" and the "directors have no fiduciary duties to any person or entity except to the conservator." Fannie Mae 2013 10-K at 23. Because any fiduciary duties of this board of directors flow directly and exclusively to the Conservator, state law principles such as those you assert in your letter are simply not applicable here. Finally, I note that payments by Fannie Mae of dividends to the United States Treasury have been made pursuant to directives of the Conservator.

With all best wishes, I am

Sincerely,

Alfred M. Pollard
General Counsel