EXHIBIT A

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

MARIALICE BATHRUS WILLIAMS, Plaintiff, vs. FEDERAL NATIONAL MORTGAGE ASSOCIATION, *et al.* Defendants.	Civil Action No. 1:05CV01483 Judge John D. Bates **DECLARATION OF GRACE HUEBSCHER**

I, Grace Huebscher, hereby declare as follows:

1. I have been employed by the Federal National Mortgage Association ("Fannie Mae") since 1996. I currently hold the position of Vice President for Capital Markets.

2. Attached hereto at Tab 1 are true and correct copies of excerpts from the transcript of my deposition testimony in the lawsuit entitled *CAM Financial Services, Inc. v. General Star Nat'l Insurance Co., et al.*, Civil Action No. 01-314 (S.D. Miss.) ("*CAM Financial* lawsuit"). That testimony is true and accurate.

3. Although I met with Ms. Williams concerning the May 2001 Proposal, I did not promise Ms. Williams any business at that or any other time.

4. I did not have any business interactions with Ms. Williams after December 20, 2001, when CAM Financial Services, Inc. ("CAM Financial") amended the complaint in the *CAM Financial* lawsuit to add Fannie Mae as a party.

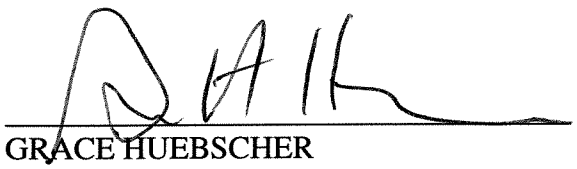
5. I did not have any business interactions with any officer, director or other representative from CAM Financial after December 20, 2001.

6. I never made false and defamatory comments regarding Ms. Williams to any

officer, director or other representative from CAM Financial.

7. I never discouraged CAM Financial from doing business with Ms. Williams.

I declare under penalty of perjury that the foregoing is true and correct. Executed on this 18th of June 2007 at Washington, DC.



GRACE HUEBSCHER

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IN THE UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF MISSISSIPPI

SOUTHERN DIVISION

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CAM FINANCIAL SERVICES, INC., :

Plaintiff, : Case No.1:01cv314BrR

v. :

GENERAL STAR NATIONAL INSURANCE :

COMPANY; GENERAL STAR INDEMNITY :

COMPANY; GENERAL STAR MANAGEMENT:

COMPANY, GENERAL RE CORPORATION;:

GENERAL REINSURANCE CORPORATION;:

CRUMP INSURANCE SERVICES OF :

MEMPHIS, INC.; CRAIG OTT, :

INDIVIDUALLY AND IN HIS :

REPRESENTATIVE CAPACITY AS VICE :

PRESIDENT OF GENERAL STAR :

MANAGEMENT COMPANY :

FEDERAL NATIONAL MORTGAGE :

ASSOCIATION :

(FANNIE MAE), :

Defendants. :

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Washington, D.C.

Tuesday, March 25, 2003

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Videotaped deposition of GRACE ANN HUEBSCHER, a witness herein, called for examination by counsel for Plaintiff in the above-entitled matter, pursuant to notice, the witness being duly sworn by MARY GRACE CASTLEBERRY, a Notary Public in and for the District of Columbia, taken at the Four Seasons Hotel, 2800 Pennsylvania Avenue, N.W., Washington, D.C., at 9:53 a.m., Tuesday, March 25, 2003, and the proceedings being taken down by Stenotype by MARY GRACE CASTLEBERRY, RPR, and transcribed under her direction.

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1 National Cooperative Bank. And from 1989 to 1994, I
2 believe, I was with National Cooperative Bank running
3 their mortgage company in Washington, D.C. And from
4 1994 to 1996, I was with Hamilton Securities and from
5 1996 until now, I was with Fannie Mae.
6 Q. And I want to come back to a couple of
7 those. The only professional degrees, then, you have
8 are your B.A. in economics and Spanish Literature?
9 A. Yes.
10 Q. When you went to work for Fannie Mae in
11 1996, what position did you originally come on board
12 as?
13 A. I was the director of aggregation.
14 Q. What does the director of aggregation do?
15 A. I was hired to start Fannie Mae's
16 multifamily conduit which was a means by which we
17 allowed our lenders, which normally risk share with
18 us, to deliver loans to us on a nonrecourse basis.
19 Q. And I'm sorry, did you say risk share?
20 A. Yes. And, you know, pause if you have --
21 I use a lot of lingo.
22 Q. I understand. And some of that I may ask
23 you to define as we go along. Let me see. You said
24 you were hired to start Fannie Mae's multifamily
25 conduit which is a means by which we allowed our

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lenders, which we normally share risk with us, to deliver loans on a nonrecourse basis.

Can you give me that in layman's terms?

A. Sure. Fannie Mae multifamily, as its business model, primarily chooses to purchase loans from lenders and would like those lenders to share in the risk of that sale. Our prominent program is the DUS program which stands for delegated underwriting and servicing.

That's -- the majority of the volume or purchases of mortgages through multifamily come through that channel. And we buy loans from the DUS lenders one by one, and the lenders, when they sell them to us, they agree to share in the losses if any losses occur on a loan-by-loan basis.

Q. And so when you say one by one, that's on a loan-by-loan basis --

A. Right.

Q. -- as opposed to a lender-by-lender basis.

A. Yes, with that specific lender. All the DUS lenders share risk according to a prescribed formula on a loan level basis and they take 5 percent of the first loss of any loan, if in fact it goes into default, then they share thereafter. That's the primary majority of our business and has always been.

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We also buy pools from lenders from mostly depositories and insurance companies and there too typically we require that they share risk in those portfolios.

What had happened in mid-1980s is that many of our DUS lenders were going to Wall Street and selling their loans without any risk sharing. And typically they do this because either they've had too much concentration to one borrower, maybe a geographic concentration, or they just choose not to take a risk in a particular market so that they were selling those loans to the Wall Street firms.

The Wall Street firms, without any risk sharing. The Wall Street firms would then turn around and create securities, typically REMICs, which are real estate mortgage investment conduits. And those pools and REMICs were basically rated by rating agencies and chopped up into AAA, AA, all the way down to unrated securities and sold to third parties.

What was happening was many of the Wall Street firms were coming to Fannie Mae and saying to Fannie Mae, would you please wrap the risk for AAA down to BBB, which is the risk profile we typically like to take. And what Fannie Mae discovered is why not provide this service directly to our lenders

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rather than having them go through a Wall Street firm who is going to take a slice and, you know, basically improve the economics.

Q. And let Fannie Mae keep that slice that was going to the Wall Street firm?

A. Or sharing it with the lenders, just improving the economics, or even passing that on to a savings to the borrowers ultimately who are multifamily owners of properties who are taking out these mortgages. So that was our job and we started out doing exactly what the Wall Street firms were doing, which is taking a position in the loans, buying the loans, waiting until we had enough to aggregate into a REMIC, going to a rating agency, having them all rated, Fannie Mae would wrap through BBB and either buy those securities ourselves or sell them to a third party and we would also sell the B pieces.

We really only did it to provide an extra service to our DUS lenders really as more of a -- as trying to be good, you know, just to provide basically another outlet for them in case they needed it. It's not something that they would primarily choose to do, nor would we primarily choose to do, but it was an added service on top of our flagship

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product of DUS.

Q. When you say that it is just an added service and is not something that you would choose to do -- and I want to make sure that I'm understanding this. And I'm not trying to put words in your mouth.

Do not hesitate to correct me if I characterize your testimony in any way that is not correct. When you say it's not something that Fannie Mae would choose to do, was this a source of significant revenue for Fannie Mae to perform these securitizations?

MR. WIMBERLY: Objection, form.

THE WITNESS: No, it wasn't.

BY MR. WISER:

Q. What sort of volume are you talking about in terms of performing these securitizations on an annual basis once the program gets started?

MR. WIMBERLY: Objection, form.

THE WITNESS: You mean how many mortgages?

BY MR. WISER:

Q. How many mortgages and the unpaid principal balance.

A. It varied, but in terms of a percentage of our volume, it was, you know, minuscule.

Q. And I can appreciate that because of

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understanding what Fannie Mae's principal line is but, at the same time, can you give me something that is not expressed in terms of its relationship to the principal business but rather a dollar figure? What was the typical unpaid principal balance of loans that were securitized in 1998, approximately?

MR. WIMBERLY: Objection to form.

THE WITNESS: It could be -- I don't remember the exact amounts but 70 million to maybe 150 million compared to total volume in that given year of maybe 8 to 10 billion.

BY MR. WISER:

Q. That would have gone through the DUS program?

A. No. The 70 to 150 million would have been what would have gone through aggregation on this nonrecourse basis versus 8 to 10 billion in annual volume.

Q. And I asked you just because it was the first year that came into my head for 1998. Has that increased since 1998?

MR. WIMBERLY: Objection to form.

THE WITNESS: No.

BY MR. WISER:

Q. Has it stayed approximately the same?

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A. And less at times.

Q. We'll get back to that. You started, I believe you said, as the director of aggregation?

A. Uh-huh.

Q. And what happened -- I mean, what was your -- give me how you have progressed through various positions at Fannie Mae since that time.

A. I've worked for Richard Lawch the whole time I've been at Fannie Mae. Richard has also expanded his responsibilities over time and as he's expanded, I've taken on some of his responsibilities. I was running aggregation -- I still actually do run aggregation although it's part of a team which I manage.

I expanded into managing pool purchases from depositories and insurance companies, I helped create another channel, our MFLEX lenders, which is basically just instead of buying pools at one particular point in time from a depository, we would buy loan by loan from depositories using risk sharing. And I've more recently gotten involved with product development and customer management responsibilities in the DUS world as well.

Q. When you say product development, what does that include?

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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF MISSISSIPPI

SOUTHERN DIVISION

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CAM FINANCIAL SERVICES, INC., :

Plaintiff, : Case No.

vs. : 1:01cv314BrR

GENERAL STAR NATIONAL INSURANCE :
COMPANY; GENERAL STAR INDEMNITY :
COMPANY, GENERAL STAR MANAGEMENT:
COMPANY, GENERAL RE CORPORATION;:
GENERAL REINSURANCE CORPORATION;:
CRUMP INSURANCE SERVICES OF :
MEMPHIS, INC.; CRAIG OTT; :
INDIVIDUALLY AND IN HIS :
REPRESENTATIVE CAPACITY AS VICE :
PRESIDENT OF GENERAL STAR :
MANAGEMENT COMPANY :
FEDERAL NATIONAL MORTGAGE :
ASSOCIATION (FANNIE MAE), :

Defendants. :

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Washington, D.C.

Wednesday, March 26, 2003

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Continued Videotaped Deposition of:

GRACE HUEBSCHER

the witness, called for examination by counsel for the Plaintiff, pursuant to notice and agreement, commencing at 9:20 a.m., at the Four Seasons Hotel, 2800 Pennsylvania Avenue NW, before Virlana Kardash, RPR, CSR, a Notary Public in and for the District of Columbia, when were present on behalf of the respective parties:

APPEARANCES:

On behalf of the Plaintiff:
N. WISER, Esquire
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228-432-8123

On behalf of the Defendant Fannie Mae:
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McGLINCHEY STAFFORD
643 Magazine Street
New Orleans, Louisiana 70130
504-586-1200

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Or had there been meetings prior to this time?

A I believe there were other meetings.

Q When did those meetings start?

A They could have been over probably a couple of months before this because Renee is the boss of, you know, the big boss of the division that would have written this business and was coming in to do last-minute due diligence.

Q That is Renee Henderson that's referenced in the first paragraph?

A Yes.

Q Who is Gavin?

A Gavin Wellington works for Walter Bauman and provides the equivalent pricing and analytics that Rick and Walter, who have been referred to in the past, are providing now in aggregation.

Q They're the number crunchers?

A Yes.

Q Got you. And I believe the question I was in the process of asking before I sidetracked myself is is it your testimony that the reason that it took approximately eight to ten months after Craig Ott's original proposal was finding

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someone that was willing to write this kind of insurance?

MR. WIMBERLY: Objection. Form.

THE WITNESS: I think that's one reason. In addition, there really hasn't been a compelling need either on our part, that really aggregation has not produced the kind of volume -- hasn't really produced significant volume ever. It's just not a mainstream product for us.

BY MR. WISER:

Q Why is that?

A As I mentioned in prior testimony, Fannie Mae's flagship product DUS, Delegated Underwriting and Servicing, and its business model in general is more reliant on seller recourse than it is on third-party recourse partly -- mostly because we like our selling entities, our seller servicers, to have what we call "skin of the game."

So it's our preference to do it that way. If our programs are all delegated and the individuals that are selling and servicing for us are doing the underwriting and credit-risk analysis for us on our behalf, we would like them to have a stake in the game.

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a matter of best evidence, but you didn't ask me to bring it today.

MR. WISER: I understand that. And I'm not suggesting that I did.

MR. WIMBERLY: It's available to you, Mr. Wiser.

MR. WISER: I would like to get that back.

MR. WIMBERLY: I assure you we'll take care of it.

MR. WISER: And the reason I was mentioning it now is that I did go back and look, and in looking at the documents that CAM has produced, this is all we received. It was just this one page.

Therefore, I was going to check and make sure. I've been advised that this is all that was in the envelope. So while there may be more to this document than 9692, that's all that we've got. And everything that was produced to you was all that we received.

MR. WIMBERLY: So noted.

BY MR. WISER:

Q Ms. Huebscher, have you seen this e-mail before?

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A Yes.

Q Do you recall the substance of the communications that were contained in the e-mail?

A Yes.

Q What's this about?

A This is Marialice approached Rhoda and said that she's had some conversations with some of the DUS community about reinsuring their DUS risk, and that's basically, I think, the nature of it.

Q And what was the response to Fannie Mae upon receipt of this information from Ms. Williams?

MR. WIMBERLY: Objection. Form.

THE WITNESS: Did you say what was the response by Fannie Mae?

BY MR. WISER:

Q Yes.

A As you can see from my e-mail reply, I'm asking Richard for advice. At this point in time, I'm not really that involved with DUS. In fact, I was just beginning to be more involved -- well, no -- it's 2002 -- yes.

So I wasn't really that involved with DUS. So I'm asking him is this something that we want

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to pursue. And actually, I was surprised that Richard wanted to pursue it in light of what I had just said in my previous testimony, which is we like the DUS lenders to have risk, to have at risk, and wouldn't necessarily want them to rely on third party to reinsurance.

But as you see, what Richard has said back here, we also were in the process of receiving and finalizing what were going to be Fannie Mae's risk-based capital guidelines for OFHEO, O-F-H-E-O. And that's Fannie Mae's regulator.

And so I think he was trying to keep all of his options open, and I think -- and then you see my reply there.

Q I see that, in forwarding this message on to Richard Lawch, you comment that, "My gut is no."

A Yes. My gut is no based on what I just said; I was really surprised that we would consider that from a business perspective. That wasn't really consistent with what I understood our business model to be.

Q So the fact that you said, "Do we want to pursue with her" was not really a reference to Marialice Williams but, rather, was directed as to

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the subject matter itself; is that correct?

A Pretty much.

Q What was Richard's response?

A I just explained that.

Q Would you give that to me again.

A Sure. "If OFHEO comes back with bad RBC rules, we may be interested. Are these different players than Craig is showing us?"

Q And RBC rules would be the risk-based capital?

A Yes.

Q What is it about bad RBC rules that might have interested?

A As I mentioned in my testimony just previous to this is that we were in the midst of receiving revised guidelines from our regulator OFHEO, and we weren't certain how they were going to view the DUS entities.

Many of our DUS entities are unrated entities; they don't have official long-term debt rating. So we were uncertain of what kind of treatment they would have. So what I think Richard must have been jumping to as a possibility is if, in fact, there's un-- like you know, say they penalize us for more capital, would we be

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better off, through some kind of reinsurance of their risk, getting a higher rated counterparty so we'd have to post less capital against that business.

Q Why do you respond that, "If we want to engage Craig on the project, it might be a better choice"?

MR. WIMBERLY: Objection. Mischaracterization. Misleading.

THE WITNESS: This is, again, a very -- there's thousands of things happening in our business. This is probably one of those things that's a real quick e-mail exchange between Richard and I and is so tangential to the business at hand.

But probably what I'm saying -- keep in mind this is May, 2001. You know, we had successful Gen Star transactions with Craig. Craig has now brought us, you know, Great American. We've had success with him.

So is he potentially more proven to help out in this area? We did not pursue it, by the way. And we did not pursue it with Marialice.

BY MR. WISER:

Q Why if the DUS lender had approached

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Marialice, would you consider going to someone else besides Marialice Williams?

A I think at the end of the day we actually had some DUS lenders approach us and said, "Are you okay with us talking to Marialice?" And we said, "Sure."

Q Who were those DUS lenders?

A I think Lend Lease was one of those.

Q Okay. Any others?

A I don't remember the other names. So we didn't prohibit it from happening.

Q There is a reference here, in the very top, in your last response there, "Maybe you and I can discuss or put on agenda for our team's weekly strategy meeting"?

A Uh-huh.

Q What is the team's weekly strategy meeting?

A It was Richard's direct reports at the time, those individuals that were reportedly directly to Richard Lawch.

Q Was that a formal meeting that, theoretically, took place each week?

A Theoretically took place each week.

Q Did it, in fact, take place each week?

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IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
SOUTHERN DIVISION

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CAM FINANCIAL SERVICES, INC., :
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Plaintiff, :
: Case No.
v. : 1:01cv314BrR
:
GENERAL STAR NATIONAL INSURANCE :
COMPANY; GENERAL STAR INDEMNITY :
COMPANY; GENERAL STAR MANAGEMENT :
COMPANY, GENERAL RE CORPORATION; :
CRUMP INSURANCE SERVICES OF :
MEMPHIS, INC.; CRAIG OTT, :
INDIVIDUALLY AND IN HIS :
REPRESENTATIVE CAPACITY AS VICE :
PRESIDENT OF GENERAL STAR :
MANAGEMENT COMPANY; FEDERAL :
NATIONAL MORTGAGE ASSOCIATION :
(FANNIE MAE), :
:
Defendants. :
:

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Washington, D.C.

Thursday, March 27, 2003

The continued deposition of GRACE HUEBSCHER, called for examination by counsel for Plaintiff in the above-entitled matter, pursuant to notice, at the Four Seasons Hotel, 2800 Pennsylvania Avenue, N.W., Washington, D.C., Room 478, convened at 9:26 a.m., before Sandy Medford Nelson, a notary public

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On behalf of the Plaintiff:

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ALSO PRESENT:

JONATHON PERRY, Videographer
BOB JONES

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CONTENTS

	EXAMINATION BY COUNSEL FOR	
WITNESS	PLAINTIFF	DEFENDANTS
GRACE HUEBSCHER	506, 577	571

EXHIBITS

HUEBSCHER DEPOSITION EXHIBITS	MARKED
No. 423 - Spreadsheet	519
No. 424 - Email	541
No. 425 - Document	550

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(Deposition Exhibit No. 423 marked for identification.)

MR. WISER: Did y'all get one?

BY MR. WISER:

Q Okay. And I'm just going to ask you about the first page.

A Okay. Are we done with this one?

Q I don't know yet. We may not be.

A Okay.

Q Can you tell me--I'm sorry. Have you had a chance to look at it?

A Well, I generally know what this is.

Q Okay. Can you tell me generally what this is?

A As I mentioned previously when--Fannie Mae has a lot of different tools by which it can manage first loss risk, and not only portfolios. It buys from lenders and flow, but aggregation as well. So, what this is is a comparison of the cost of various executions against us because one of the things that, you know, DUS, is--because of the fact that you have seller risk sharing and that skin in the game, as I discussed before--

Q Yes.

A --we believe that the performance under

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DUS warrants an all-in pricing to the market that's better and lower than aggregation. So, we try to manage the pricing on those two executions to ensure that that relationship takes place. So, that's why DUS is here.

Q Okay. It's kind of the benchmark, would you say?

A I don't know if that's fair to say. I mean, the whole competitive marketplace.

MR. LEACH: I'm going to just object to the document you've marked as an exhibit to the extent I think she's testifying as to the first page, but it attaches several seemingly separate pieces of correspondence. I just want the record to be clear that she's testifying as to the first page. I don't know whether you intend to continue--to include all of the other pages in the exhibit. That's your decision, but they are, apparently, separate documents.

MR. WISER: I understand. I'd like to have them included in the exhibit, but I don't intend to ask her any questions about anything other than the first page at this point.

MR. LEACH: Okay, Mr. Wiser.

MR. WISER: But your objection is noted.

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