

Investor Presentation

# Single-Family Credit Risk Transfer

September 2024



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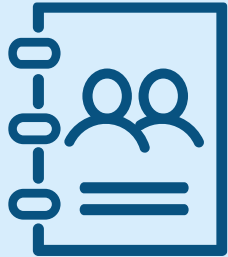


# Single-Family Business and Credit Risk Management



# Our Size and Scale

Fannie Mae is one of the largest Single-Family credit risk managers in the mortgage industry.



**\$3.6T**

Single-Family guaranty  
book of business<sup>1</sup>



**1 in 4**

Single-Family mortgage  
loans owned or guaranteed<sup>2</sup>



**\$86B**

Single-Family mortgage  
liquidity provided<sup>3</sup>



**28%**

Single-Family Mortgage-Related  
Securities issuance share<sup>3</sup>

<sup>1</sup> As of June 30, 2024

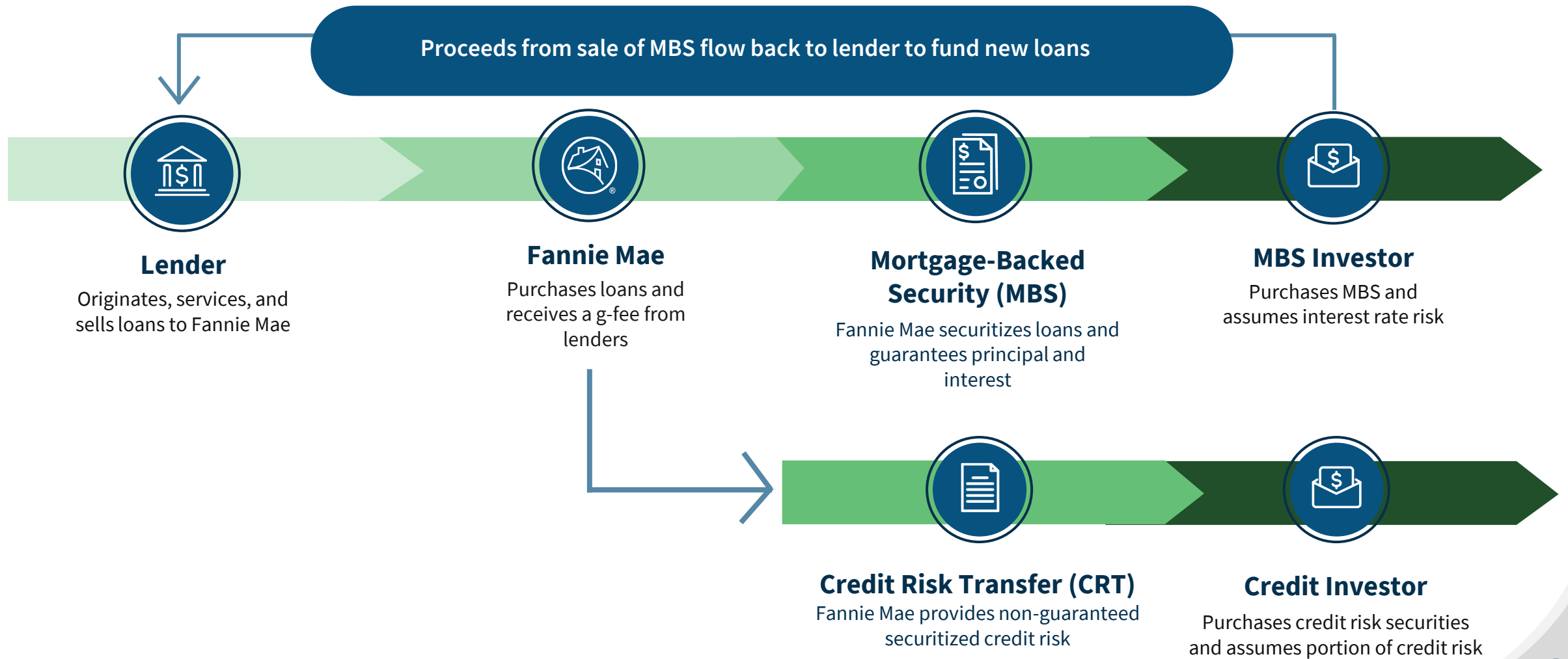
<sup>2</sup> As of March 31, 2024

<sup>3</sup> In Q2 2024



# The Securitization Process

We provide liquidity to the housing market and investment options to fixed-income investors.



# Credit Risk Transfer Overview

## Program benefits:

- Benchmark issuer
- Large, geographically diversified loan pools
- Innovative credit risk management tools
- Program transparency
- Unique online investor tools and resources

We have **transferred over \$100 billion** in single-family credit risk to private market participants since 2013, **transferring a portion of the credit risk on over**

**\$3.3 Trillion**  
of UPB at Issuance\*

## Connecticut Avenue Securities® (CAS)

The benchmark for U.S. mortgage credit

Over **\$68.0 billion** issued since program inception\*

Covering nearly **\$2.2 Trillion in UPB** at issuance\*

## Credit Insurance Risk Transfer™ (CIRT™)

Attracts diversified insurers/ reinsurers

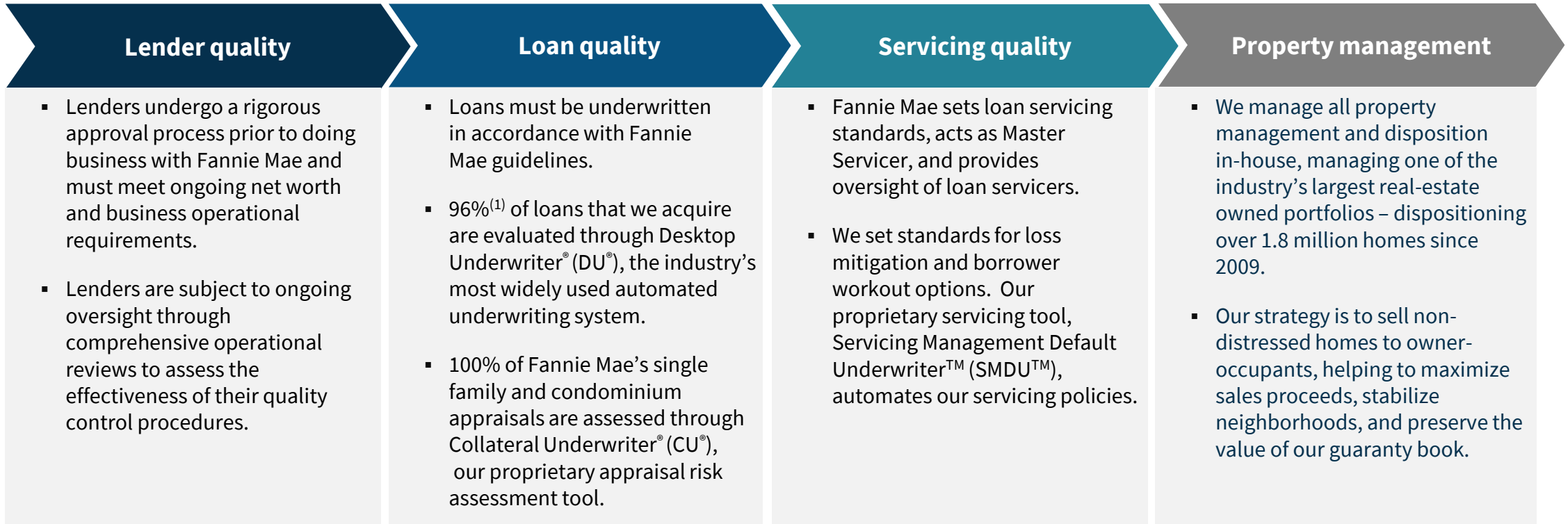
Over **\$26.5 billion** of coverage committed since program inception\*

Covering roughly **\$907 billion in UPB** at issuance\*

\* Issuance amount as of September 30, 2024.



# Our Credit Risk Management Approach



1. Approximate loan deliveries in 2022 through DU

[Click](#) to learn more about our approach to Credit Risk Management






# Credit Risk Management Highlights

Fannie Mae's industry-leading technology drives improved loan quality and better outcomes.

## Desktop Underwriter


  
**1,700<sup>(1)</sup>**  
Lenders/Agents


  
94%  
Loan deliveries in Q1  
2024 through DU<sup>(1)</sup>

- In Q1 2024, approximately 82% (\$51B) of the single-family loans (by UPB) acquired by Fannie Mae had one or more **Day 1 Certainty**<sup>®</sup> components

(1) Approximately 1,200 lenders actively deliver loans to Fannie Mae through DU on an annual basis. Approximately 650 additional lenders are approved for DU access.

## Collateral Underwriter<sup>1</sup>

  
**65.8 Million+**  
Appraisals collected  
from August 2011 to date

  
**10.9 Million+**  
Appraisals viewed by lenders  
since launch in January 2015

- **100%** of single-family and condominium appraisals go through CU as part of our QC process

## Servicing Management Default Underwriter<sup>™</sup>

**~94% of**  
Delinquencies  
covered through  
SMDU as of end of  
Q1 2024



- Over **1,300 servicers** currently benefit from SMDU through B2B integration or through the SMDU User Interface
- Provides **consistent decisioning** for loss mitigation solutions

## Real Estate Owned

**1.8 million+**  
Homes disposed of since 2009

- Best execution approach to sell real estate based on NPV comparison to move-in ready home sold to owner occupant
- Evolution within our REO repair strategy has increased repair rates and investment over time, resulting in increased access for owner occupants to purchase move-in-ready homes.

<sup>1</sup>Through March 31, 2024



# Connecticut Avenue Securities<sup>®</sup> (CAS ) Overview



# 2024 CAS Issuance Calendar

- We currently expect total CAS volume of around \$4 billion across 6 transactions.
- Calendar highlights periods in 2024 during which Fannie Mae may issue Connecticut Avenue Securities.
- Fannie Mae may choose not to issue in some or all periods.
- Issuance volumes and utilization of available issuance windows continue to be dependent on business factors and market conditions.

Month(s)	Potential CAS REMIC® Transactions
January/February	✓
March/April	✓    ✓
May/June	✓
July/August	✓
September/October	✓
November/December	

→ CAS 2024-R06 (Group 1) was the final CAS transaction of 2024. The deal was executed on September 16.



# Fannie Mae's Connecticut Avenue Securities (CAS program)

Since 2013, we've built an award-winning mortgage credit risk transfer program, with:

- The creation of the innovative CAS REMIC
- Industry-leading, data-driven credit risk management methodologies
- Transparent and unique investor resources
- Maturing and liquid market

Large, geographically diverse mortgage credit book, with innovative tools to improve the loan manufacturing process with over

**\$68 billion**  
issued under the CAS program  
since 2013

Transferred a portion of risk on over

**\$2.2 trillion**  
in unpaid principal balance of  
mortgage loans  
at time of CAS issuance

Transparent credit risk management process with historical research dataset of over

**55 million**  
loans

*Issuance amount as of September 30, 2024.*



# CAS Evolution: Transforming the CRT Sector

2013

- **CAS 1.0: Fixed severity loss framework**
  - CAS 2013-C01 through CAS 2015-C03
  - **Legal maturity:** 10-years
  - **Optional call:** 10% clean-up call
  - **Corporate debt**
- **Class M-1 and Class M-2 notes**
- **Group 1 loans (60-80% LTVs)**

2014

- **Introduced transactions with Group 2 loans (80-97% LTVs)**

2015

- **CAS 2.0: Actual loss framework**
- **CAS 2015-C04 and forward**
  - **Legal maturity:** 12.5 years
  - **Optional call:** 10-year call option or 10% clean-up

2016

- **Issued Class B Notes:** sold portion of the first loss position

2017

- **Issued Class B-1 Notes:** retained first 50 bps of loss
- Received ratings on **previously unrated M-2 classes**

2018

- **CAS 3.0: CAS REMIC**
  - CAS 2018-R07 and forward
  - All classes issued as REMICs

2019

- **CAS 2019-R04 and forward:**
  - **Legal maturity:** 20-years
  - **Optional Call:** 7-year starting with CAS 2019-R04 or 10% clean-up
- **Issued HARP transaction:** CAS 2019-HRP1

2020

- **Issued Seasoned B Tranche Transaction: CAS 2020-SBT1**
  - Re-reference of CAS 2015-C04 through CAS 2016-C07

2021

- **Issued Class B-2 Notes:** retained a first loss piece
- **Legal maturity:** 20-years
- **Optional Call:** 5-years or 10% clean-up
- Transitioned to SOFR-based transactions
- Received ratings for 16 unrated classes from 13 transactions between 2017-2019
- Conducted seasoned CAS Note tender offer

2022

- **Optimizing structure** to conform to the Enterprise Regulatory Capital Framework (ERCF)
- **Issued Class A-1 Notes in 2024**

2024



# CAS Bond Ratings

M-1 Rating Transition Matrix

At Issuance Rating

AA	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	M1	Current Rating*
1		1		4	1	4					AAA	
	1			1	3	4					AA+	
		1		1	2	6		1			AA	
				4	3	1					AA-	
	1			8	3	3					A+	
		3	1	2	3	5					A	
		4	3	6	1	6					A-	
			18	16	1	5					BBB+	
				7	7	4					BBB	
						7					BBB-	
											BB+	
											BB	
											BB-	
											B+	
											B	

M-2 Rating Transition Matrix

At Issuance Rating

A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	M2	Current Rating*
						2	4	6			AAA+	
						2	1	6	16	1	AAA	
								2	3		AAA-	
					1	3		3			AA+	
				2				2	2		AA	
				1		1		1	2		AA-	
						2		2			A+	
											A	
		7	3			1	1				A-	
			15	3							BBB+	
				14							BBB	
						1		1	1		BBB-	
						1					BB+	
											BB	
											BB-	
											B+	
									1		B	
											B-	

## At Issuance

All CAS M-1 and M-2 bonds have current ratings the same as or higher than their rating at issuance.

## Additional Ratings

In 2023, CAS M1, M2, and B1 bonds have received 118 upgrades.

In 2024\*, there have been 19 upgrades YTD on CAS M-1, M-2, and B-1 bonds.

- Upgrade
- No Change
- Downgrade

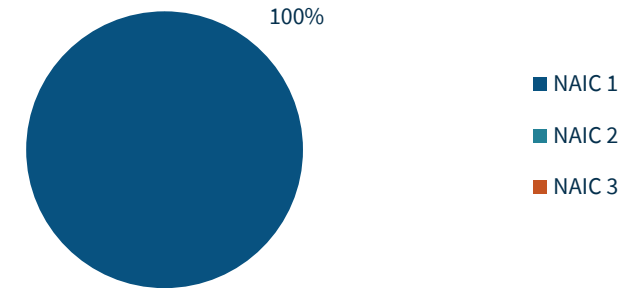
\* Current ratings as of 09/30/2024



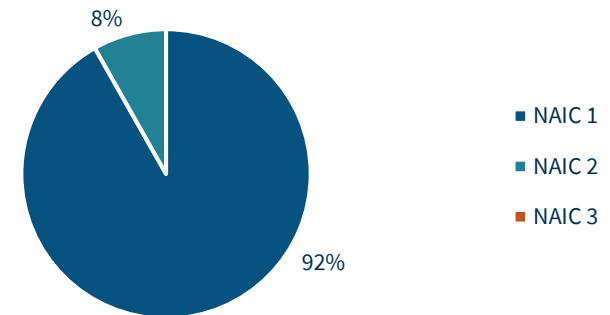
# CAS REMIC and Direct Debt NAIC Designations for 2023

- 20 M-1 bonds and 56 M-2 bonds received designations of NAIC 1 for the 2023 filing year.
- 11 M-2 bonds received an upgraded rating of NAIC 1 and 41 M-2 bonds maintained their NAIC 1 rating from last year.
- Our 2023 CAS REMIC transactions received NAIC designations for the first time for the 2023 filing year.
- We expect to receive designations on all 2024 issuances by the end of the year.

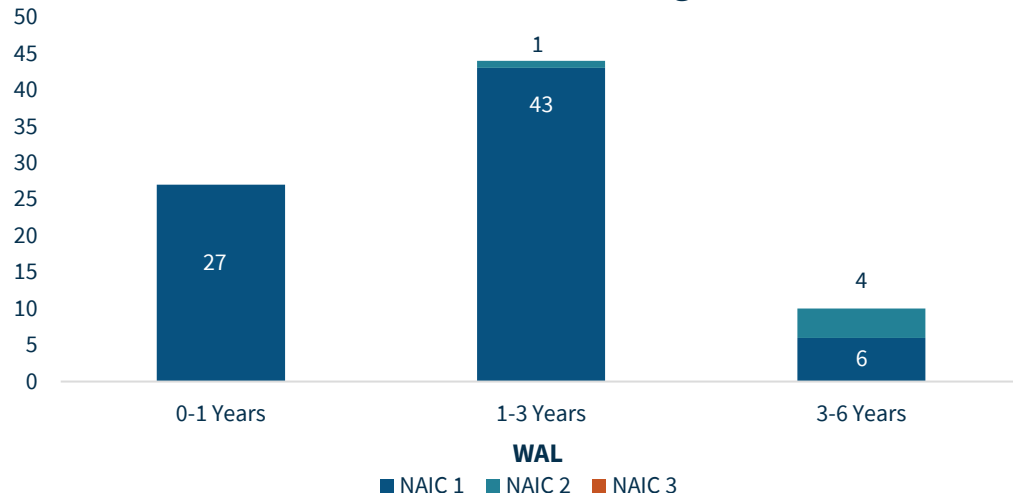
## REMIC and Direct Debt M-1 Classes by NAIC rating



## REMIC and Direct Debt M-2 Classes by NAIC rating



## Total M-1 and M-2 CAS NAIC Designations 2023



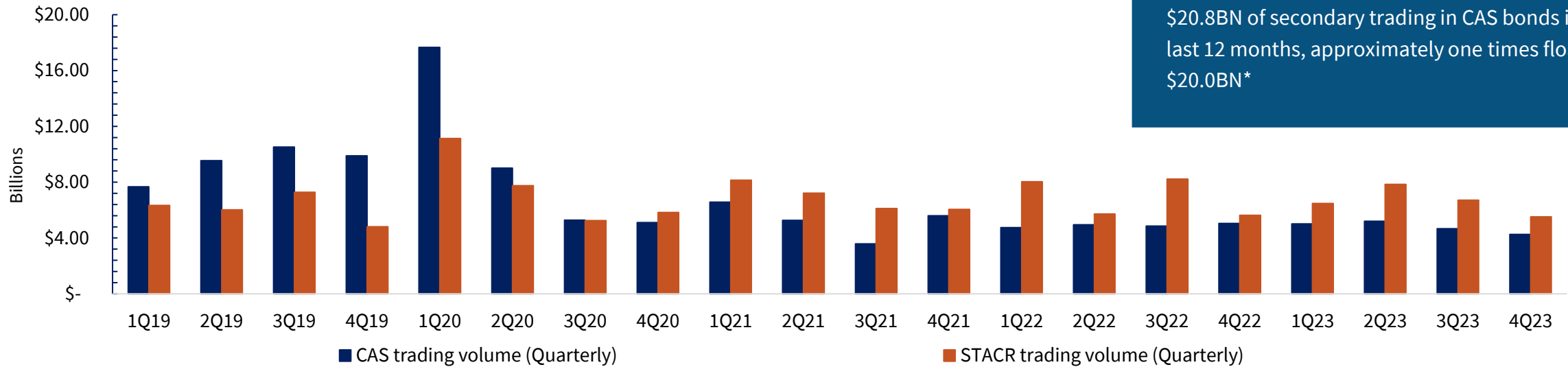
Note: The current WALs were run on February 15, 2024  
NAIC designations as of the 2023 filing year

CAS REMIC and direct debt transactions received **favorable NAIC designations** for the 2023 filing year. View the full list of NAIC designations [here](#)

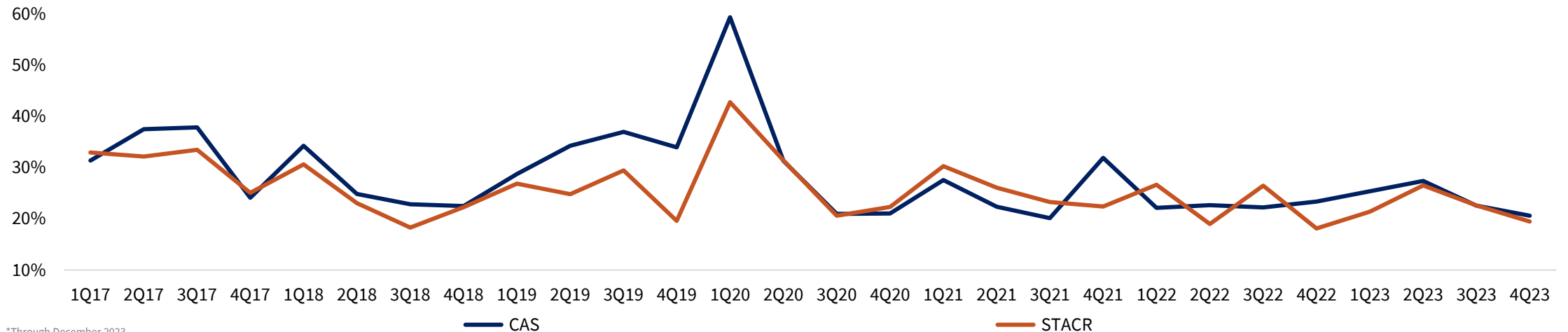


# CRT Quarterly Trading Volume and Turnover

## Quarterly CRT Trading Volume\*



## Quarterly CRT Turnover\*\*



\*Through December 2023

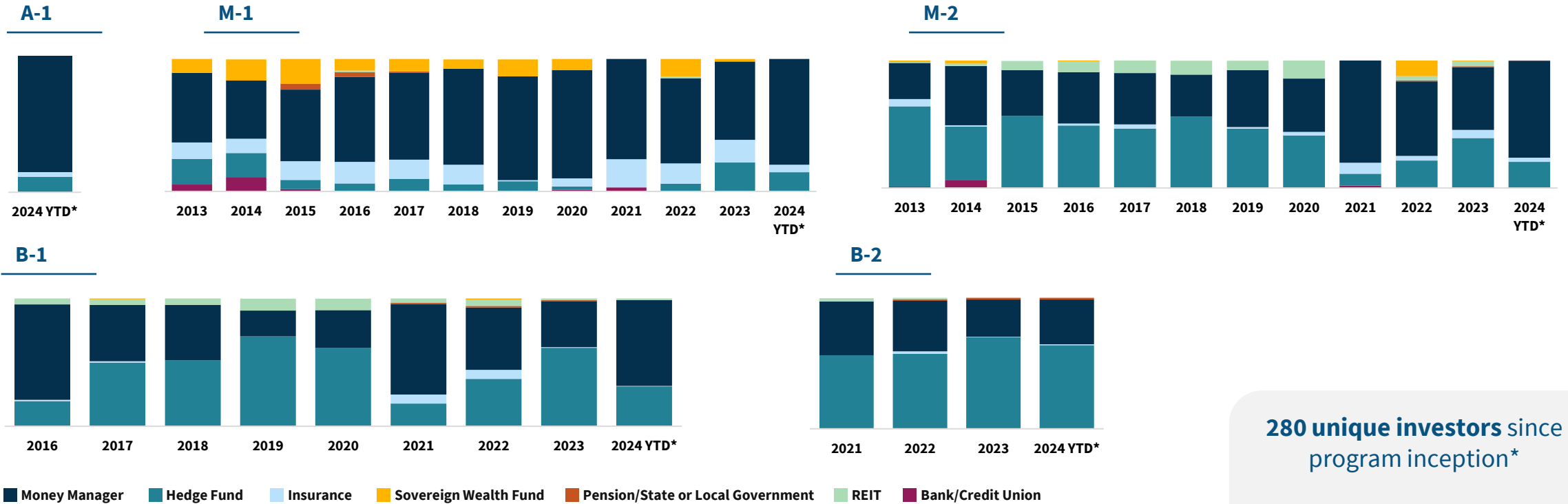
\*\*Note: total quarterly trading volume/average quarterly outstanding UPB

Source: Fannie Mae trading survey, Bloomberg





# CAS Benchmark Program Investor Distribution Through 2024\*



\*As of September 18, 2024  
Source: Fannie Mae and dealers, primary issuance only

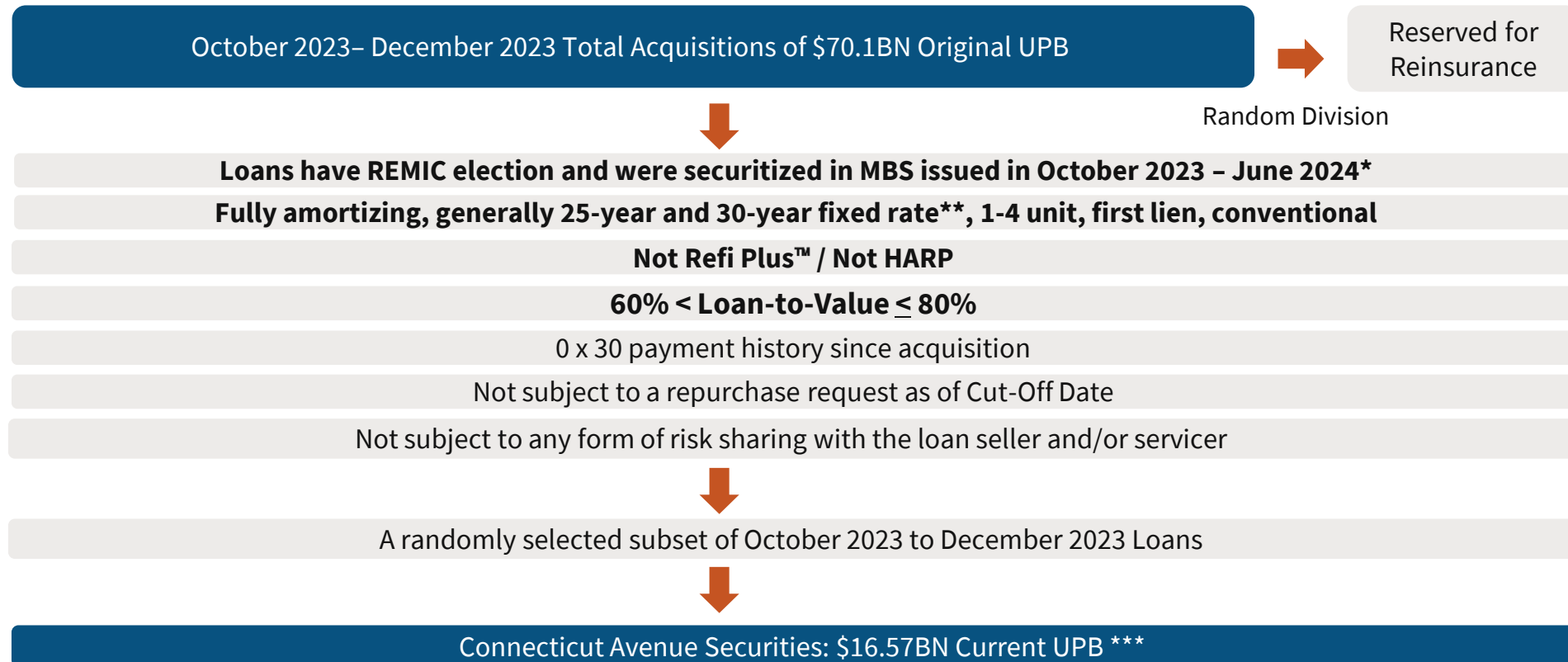
**280 unique investors** since program inception\*

**75 new investors** since returning to market in 2021\*

For additional details on CAS Benchmark Program Investor Distribution data, please visit:  
<https://capitalmarkets.fanniemae.com/media/document/xlsx/cas-program-investor-distribution.xlsx>



# CAS 2024-R06 G1 Reference Pool Selection Process



Note: No more than one loan made to a given borrower is included in the reference pool, except for investor loans, in which case no more than two loans to the same borrower are included.

\*October 2023 – December 2023 acquisitions were pooled into REMIC-eligible MBS in October 2023 – June 2024

\*\*All loans will have terms greater than 240 months and less than or equal to 360 months. Other minimal exclusion criteria apply

\*\*\* Current UPB Reflects CAS 2024-R06 July 2024 Book Profile. Numbers may not foot due to rounding



# CAS 2024-R06 Transaction Overview (G1)

Est. \$708.376 million in offered notes<sup>(1)</sup>

Class	Loan Group	Offered Notes (Est. MM)	Credit Support		Expected Ratings (S&P/KBRA)	10% CPR to Early Redemption Date	
			Attach (%)	Detach (%)		Expected WAL (yrs)	Expected Principal Window
1A-1	1	\$212.513	4.40%	5.75%	A+ (sf) / A+ (sf)	2.08	1 – 37
1M-1	1	\$212.513	3.05%	4.40%	BBB+ (sf) / A- (sf)	1.52	1 – 38
1M-2	1	\$165.288	2.00%	3.05%	BBB- (sf) / BBB (sf)	4.46	38 – 60
1B-1 <sup>(2)</sup>	1	\$118.062	1.25%	2.00%	BB- (sf) / BB+ (sf)	5.00	60 – 60
1B-2H <sup>(3)</sup>	1	Not Offered	0.50%	1.25%	N/A	N/A	N/A
1B-3H <sup>(3)</sup>	1	Not Offered	0.00%	0.50%	N/A	N/A	N/A

- (1) The Maturity Date for all classes will be September 2044. First Early Redemption Date will be September 2029.
- (2) The 1B-1 Notes may be increased, subject to a maximum principal balance of \$118,062,000, at or before the time of pricing.
- (3) 1B-2H and 1B-3H are reference tranches, not offered notes, and are included solely to illustrate the structure of the transaction.

## Transaction Timeline\*

September 2024

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

- Tape Release
- Pre-Marketing
- Execution
- Closing

## Deal timing:

Loan Data File: September 9, 2024

Pre-Marketing: September 12-13, 2024

CAS 2024-R06 Execution: September 16, 2024

Closing and Settlement: September 26, 2024

\*All dates are approximate



# CAS 2024-R06 Structural Overview (G1)

**Reference Pool**  
**October 2023 – December 2023**  
**(Loans with REMIC election)**

<b>Group 1 Loans</b> Original LTV 60.01 – 80.00%	
Class 1A-H 94.25% thick 5.75% credit support	
Class 1A-1 1.35% thick 4.40% credit support (Min. CE)	Class 1A-1H (5% vertical slice)
Class 1M-1 1.35% thick 3.05% credit support	Class 1M-1H (5% vertical slice)
Class 1M-2 1.05% thick 2.00% credit support	Class 1M-2H (5% vertical slice)
Class 1B-1 0.75% thick 1.25% credit support	Class 1B-1H (40% vertical slice)
Class 1B-2H 0.75% thick 0.50% credit support	
Class 1B-3H 0.50% thick 0.00% credit support	

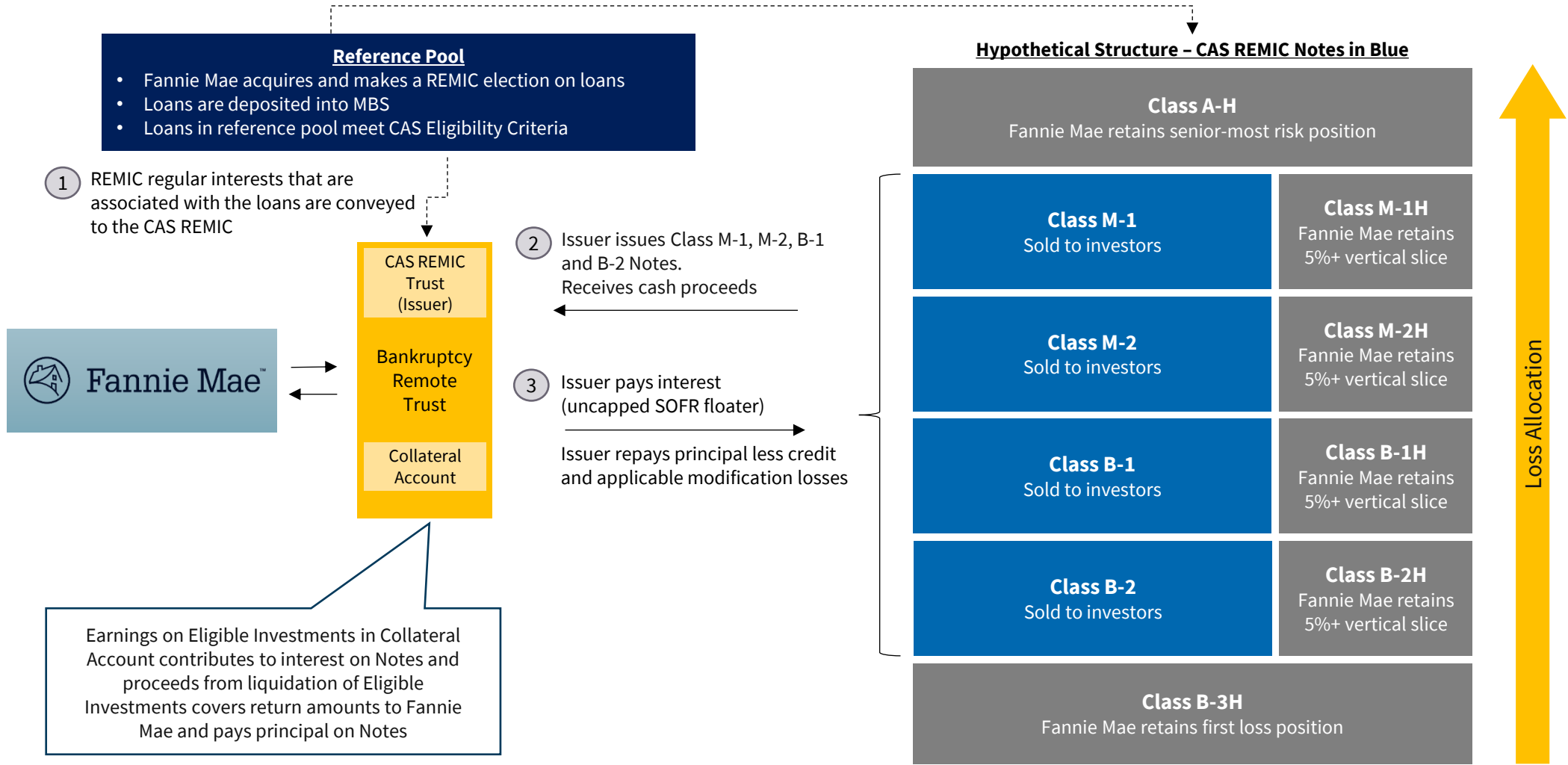
All H tranches are reference tranches only and will not be issued

- Loans acquired in October 2023 – December 2023 and securitized into MBS pools issued in October 2023 – June 2024.
- Reference Pool contains only 60.01-80.00% LTV loans.
- 20-year legal final maturity; Fannie Mae optional call starting in year 5.
- Fannie Mae optional 10% clean up call.
- Notes are par-priced uncapped SOFR-based floaters.
- Minimum credit enhancement to unlock unscheduled and scheduled principal for subordinate tranches is 4.40%.
- Delinquency test must be satisfied to unlock unscheduled and scheduled principal for subordinate tranches.
- The 1A-1 tranche will only be subject to a Cumulative Net Loss Test of 1.00%.
- Credit events are based on actual losses.
- The Class 1M-2 and Class 1B-1 will offer exchange features with rated exchangeable notes.
- The Class 1A-1, 1M-1, Class 1M-2, and 1B-1 Notes will be ERISA eligible.
- All classes are issued as REMICs and treated as debt-for-tax.
- Fannie Mae will retain 100% of the first loss tranches and the senior A-H tranche, and at least 5.00% of all offered tranches. Retention is in line with requirements of Regulation (EU) 2017/2402 Section 5.1(d) and Article 6.3(a) of the UK Securitization Regulation regarding retention of material net economic interest.

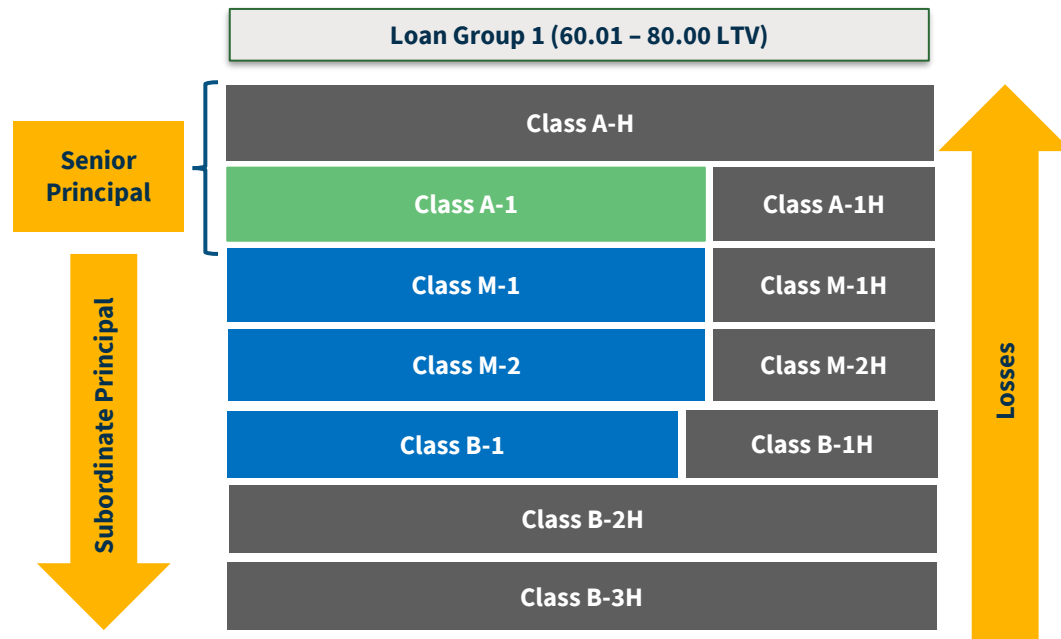


# CAS REMIC Structure

Credit and prepayment performance of the underlying mortgage loans determines performance of CAS securities



# Cash Flow Waterfall

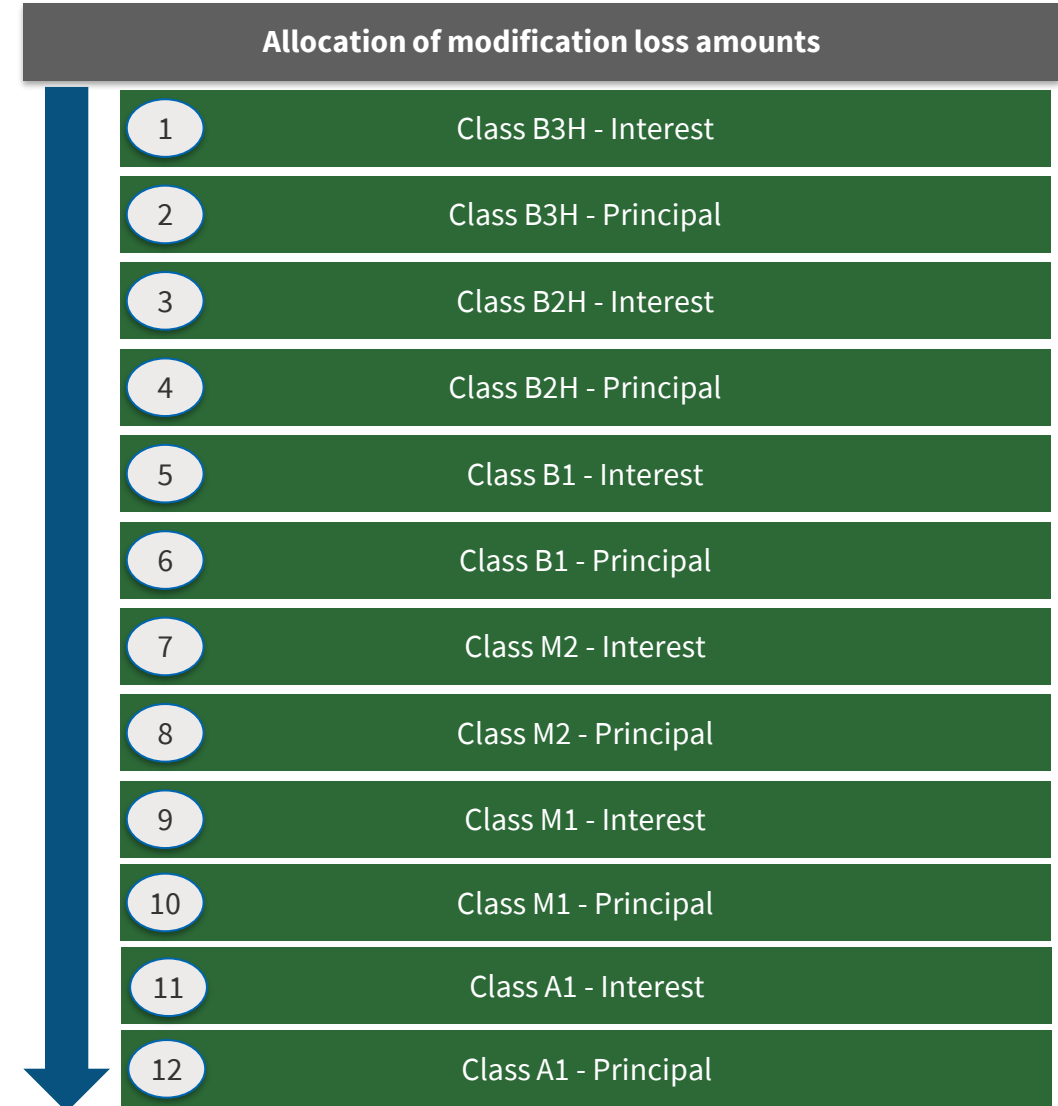
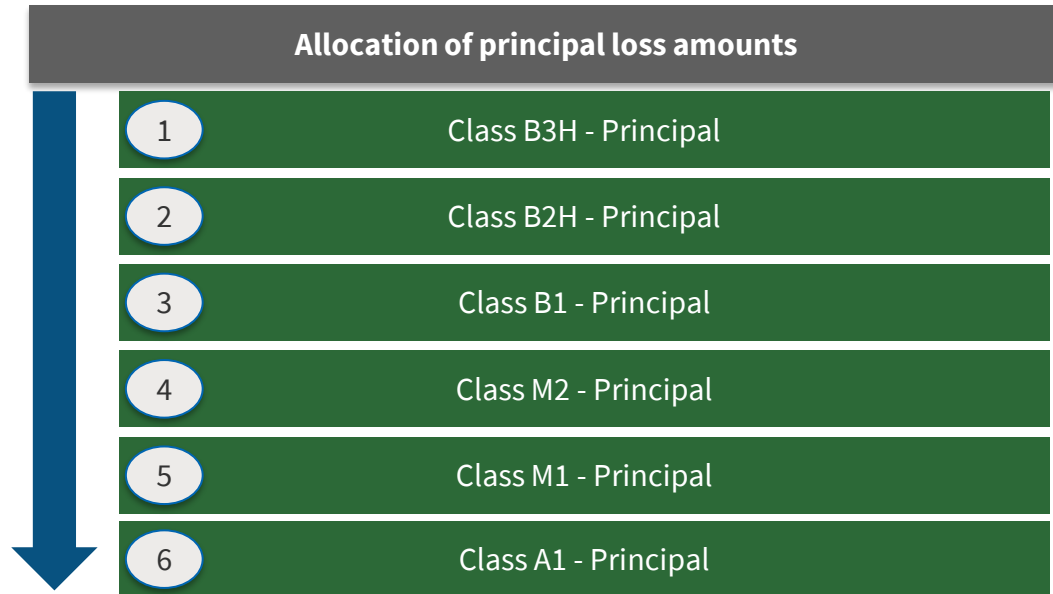


**Senior Notes:** A-H and A-1 tranches  
**Subordinate Notes:** M tranches and B tranches  
**Retained Vertical Slice:** A-1H, M-1H, M-2H, B-1H

- Principal payments and losses applied to the tranches mirror the activity on the loans in the underlying Reference Pool.
- **Principal Payments** are first allocated pro rata between senior tranches and subordinate tranches.
  - The A-1 tranche is paid from the senior principal and according to a defined payment schedule, which is set at deal issuance.
  - Between months 37 and 39, the A-1 tranche will receive all scheduled and unscheduled principal that is allocable to the senior classes until it is paid in full ('turbo period').
  - If the A-1 tranche is not paid off by month 39, it will receive any remaining principal via a 'balloon' payment in period 39.
  - Subordinate principal is applied sequentially starting with the M-1 tranche (no change).
- **Losses** are applied in reverse sequential order beginning with class B-3H.
  - The B-2H and B-3H tranches will have hypothetical class coupons for use in connection with the allocation of Modification Loss Amounts.
- Principal payments and losses are allocated pro rata between the sold tranches and the retained vertical slice.
- The specified Cumulative Net Loss Test (Cumulative Net Loss < 1.00%) must be satisfied for the A-1 tranche to receive the A-1 Reduction Amount.



# Credit Events and Allocation of Losses



- The B3H and B2H classes will have hypothetical class coupons attached to them for use in connection with the allocation of Modification Loss Amounts. Payment Deferrals are **not** treated as modification events within this structure.
- Modification Loss Amounts will not be used in the calculation of the Cumulative Net Loss Test unless they reduce principal of a class.



# Credit Insurance Risk Transfer™ (CIRT™) Overview





# 2024 CIRT Issuance Calendar

- Calendar highlights periods in 2024 during which Fannie Mae may execute Credit Insurance Risk Transfer.
- Fannie Mae anticipates acquiring approximately \$2-2.5 billion of CIRT coverage in 2024.
- Fannie Mae may choose not to execute in some or all periods.
- Coverage volumes and utilization of available execution windows continue to be dependent on business factors and market conditions.

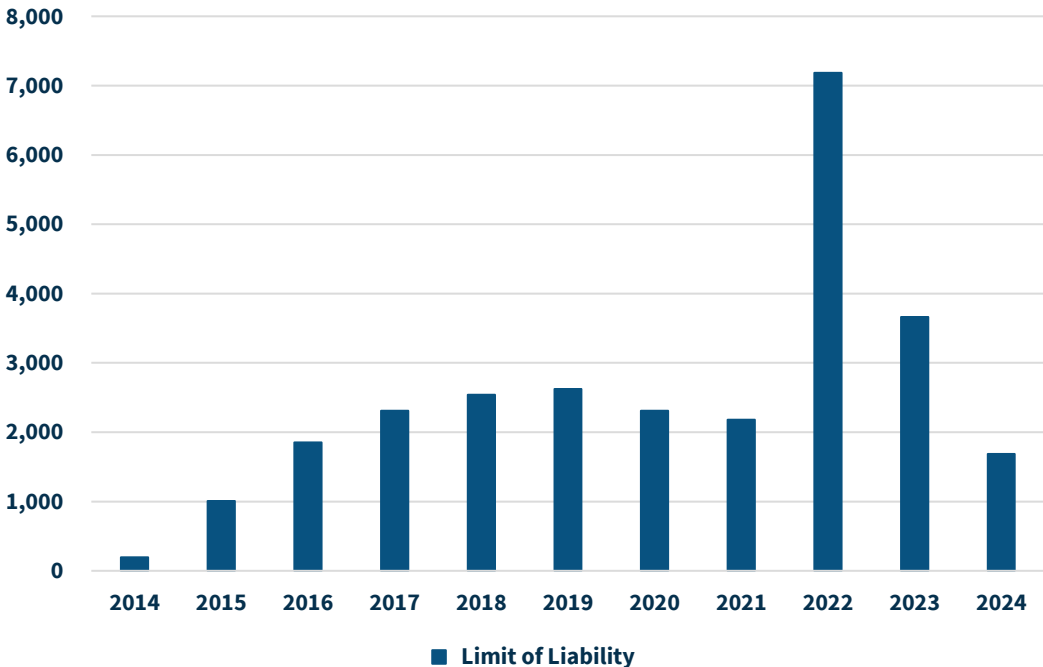
Quarter	Low LTV Deal(s)	High LTV Deal(s)
Q1 2024	☑	☑
Q2 2024	☑	☑
Q3 2024	☑	
Q4 2024		☑

Note: Subject to change.



# Mortgage Credit Risk Transferred under the CIRT Program

CIRT Risk Transferred (\$ in Millions)



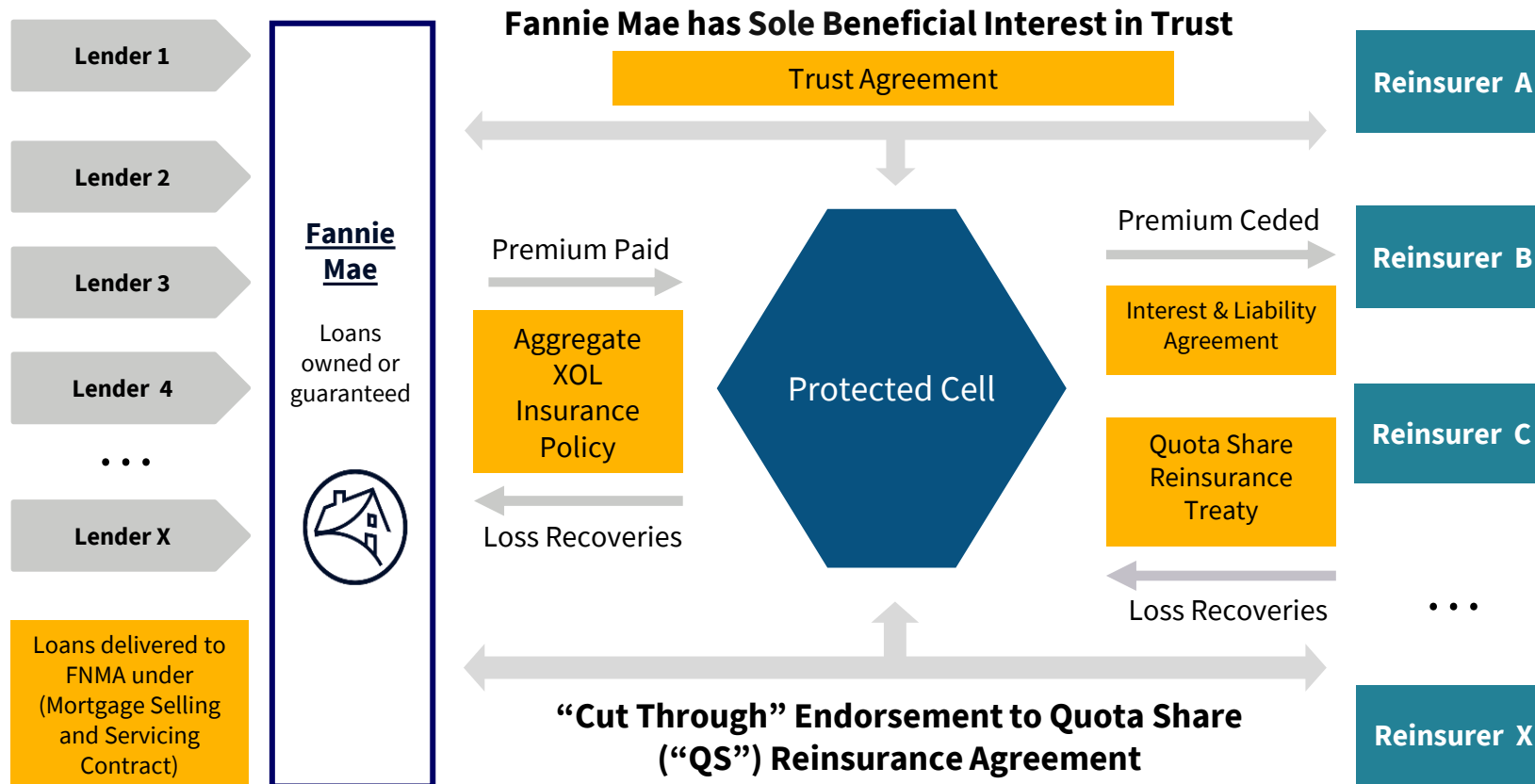
- ✓ Large, geographically diversified loan pools provide broad exposure to U.S. housing market
- ✓ Fannie Mae acts as an intermediary between the lender and investor to set standards, manage quality, mitigate losses, and maximize value
- ✓ Transparent pricing provided on our webpage for all transactions – along with key deal documents and transaction data
- ✓ Powerful investor resources – including proprietary analytical tool Data Dynamics®

The CIRT Program has provided over \$27.6B in coverage since program inception.

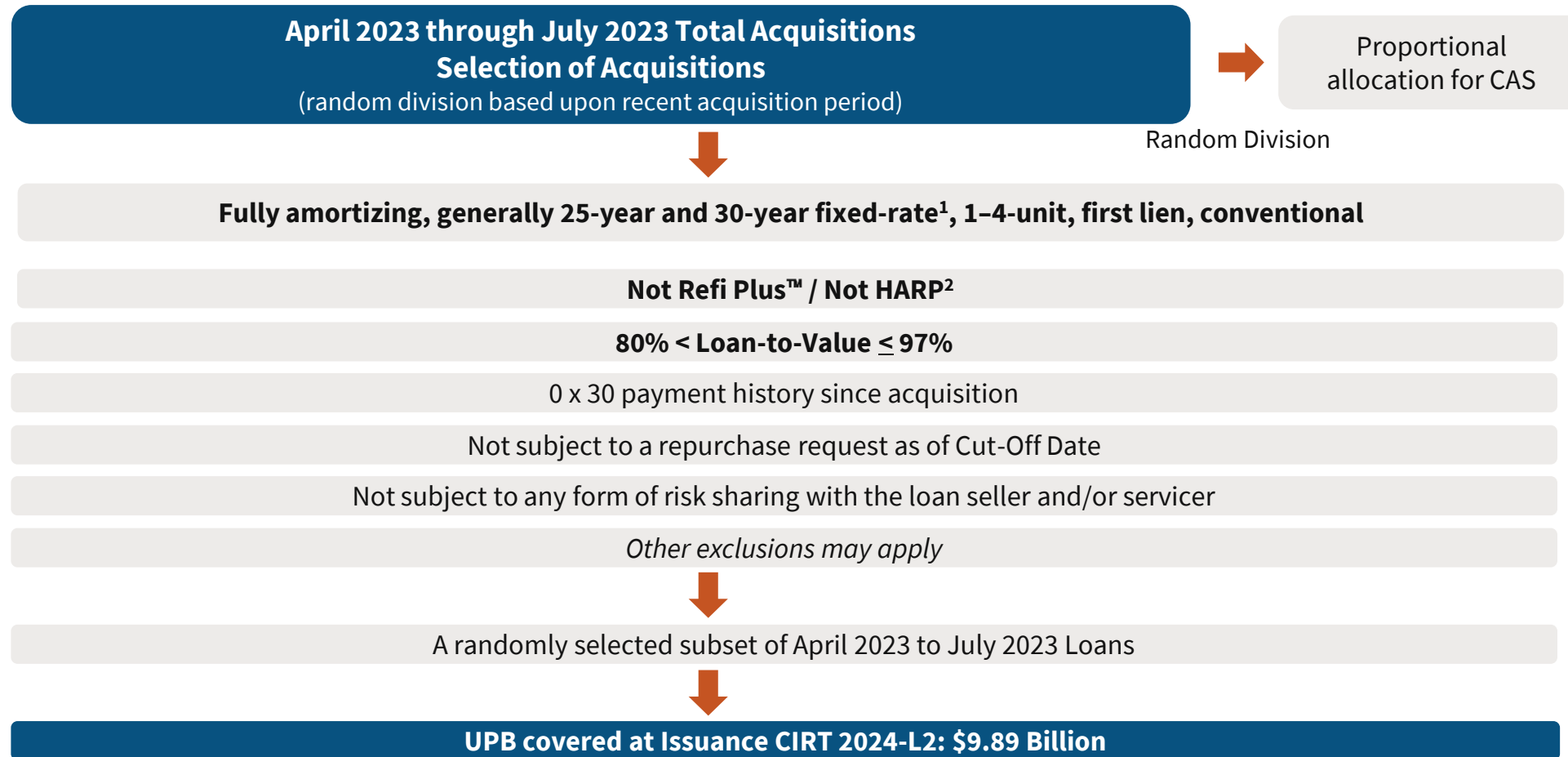
Note: As of August 31, 2024



# Reinsurance Deal Structure



# CIRT 2024-L2 Loan Pool Selection Process



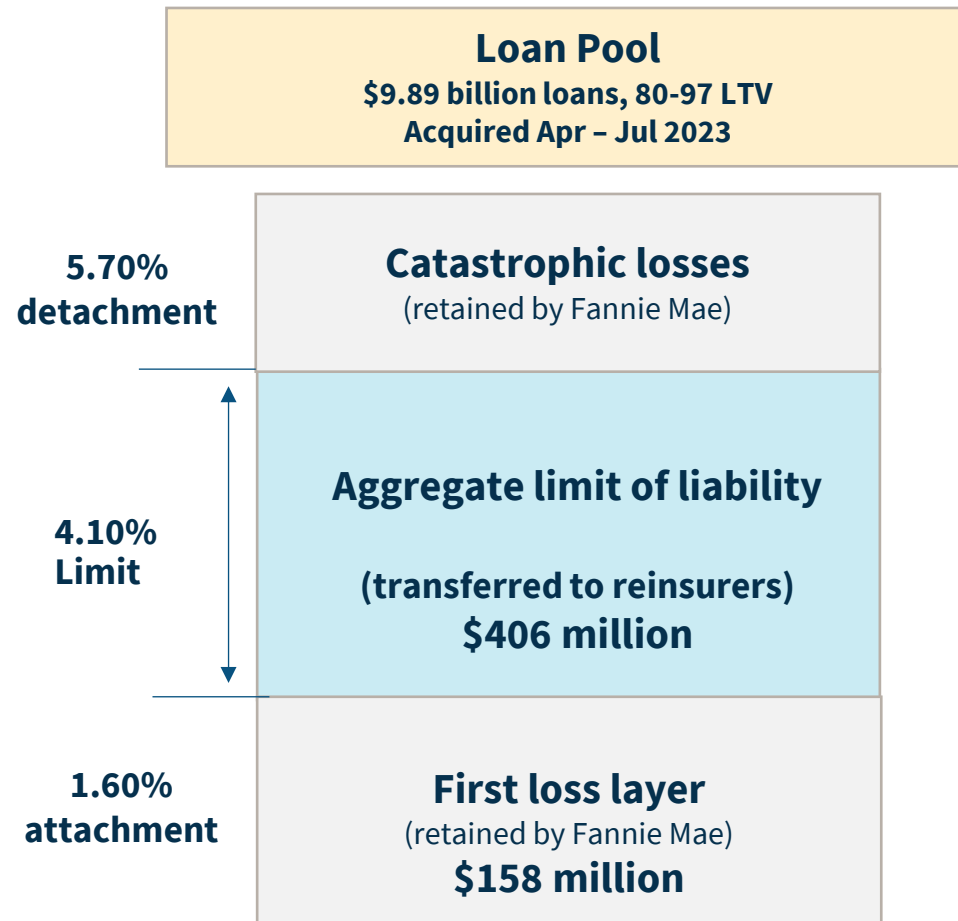
1. All loans will have terms greater than 240 months and less than or equal to 360 months. Other minimal exclusion criteria apply.

2. Fannie Mae acquires HARP loans under its Refi Plus™ initiative, which provides expanded refinance opportunities for eligible Fannie Mae borrowers.



# Insurance Policy Structural Overview

Illustration (CIRT 2024-L2)



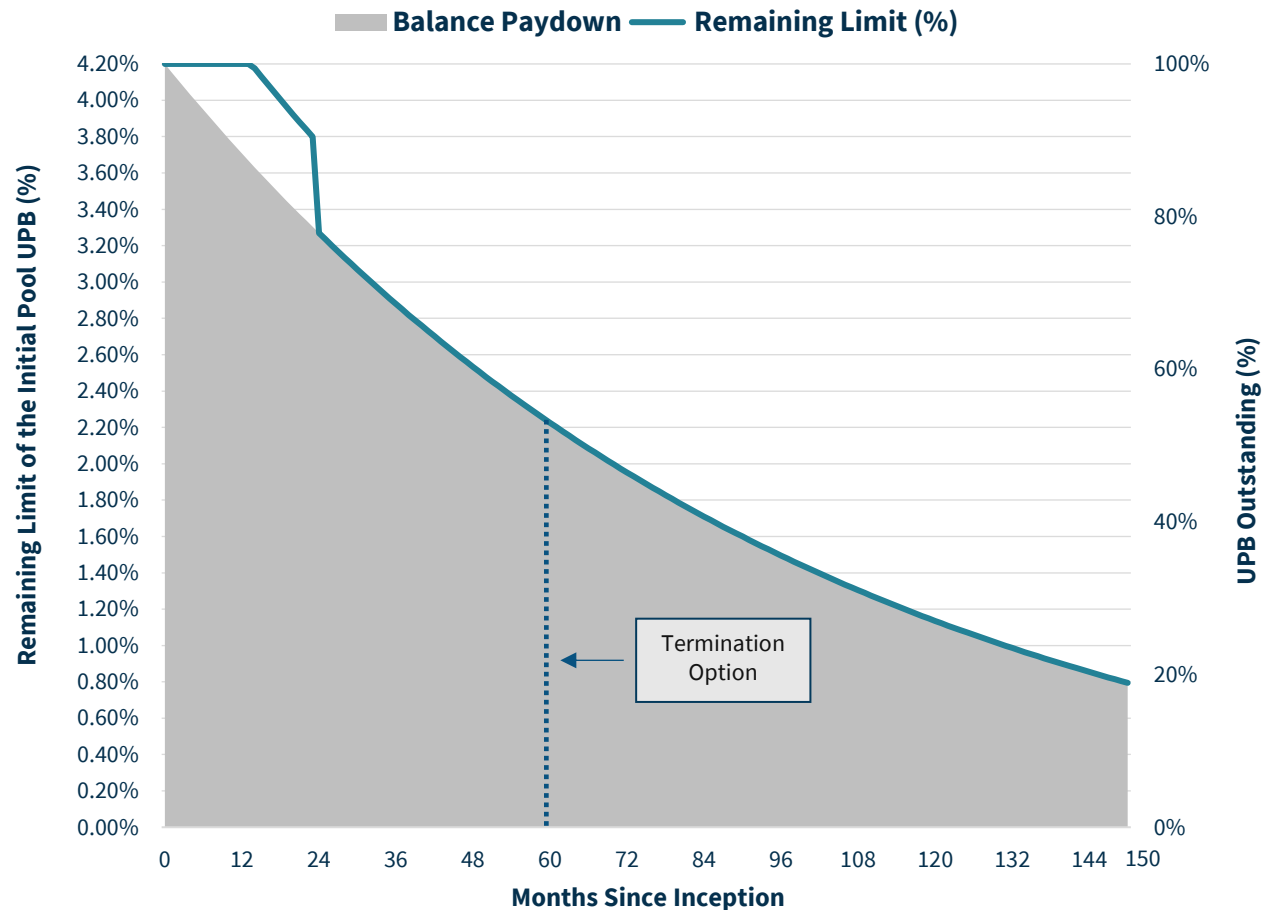
## Key Features:

- Simple loss structure
- Structured with retention layer and an aggregate limit of liability
- Fannie Mae retains first loss (retention) layer
- If retention layer is exhausted, reinsurers cover actual losses up to aggregate limit of liability
- Actual loss is determined after property disposition
- Limit may step down on first anniversary and monthly thereafter depending on level of delinquencies and pool paydowns
- Partial collateralization of risk exposure, based upon external ratings of reinsurer
- Termination option at any time on/after a specified anniversary date (typically 60 months) with a fee paid to reinsurers
- “Clean up” call once covered balance  $\leq$  10% initial covered balance without a termination fee



# Limit of Liability Step Down

Expected Scenario - Illustration



- Step down typically begins at Month 12 following the effective date and monthly thereafter
- Remaining Limit of Liability will be reduced based on the paydown of the covered pool and balance of delinquent loans
- Limit step down beneficial to reinsurers as collateral requirement declines
- Fannie Mae has early termination option, typically at Month 60, or thereafter



# Comparison of Typical CIRT Bulk Deals and Front-End Deals

	Bulk Deal	Front-End Deal
<b>Loan Acquisitions Period</b>	2-12 months prior to inclusion in pool	Future acquisition months (can also include loans acquired within the last 12 months)
<b>Fill-up Period</b>	N/A	12-15 months
<b>Covered Loans</b>	15-30 YR FRM	30 YR FRM
<b>Limit of Liability Determination</b>	At the time of policy execution	Limit % determined at the time of policy execution; limit \$ determined at the end of the fill-up period
<b>Limit of Liability Step Down</b>	May begin 12 months following effective date and monthly thereafter	May begin 18 months following effective date and monthly thereafter
<b>Monthly Premium</b>	Based on competitive bids; locked in at time of execution	Based on competitive bids for a sample pool of loans, with pricing true-up at end of fill-up period
<b>Loan Profile Restrictions</b>	Follows standard eligibility; covered loans are disclosed prior to pricing	Follows standard eligibility; pricing based upon an indicative reference pool; may include restrictions on final risk attributes of the pool
<b>Reinsurer Collateral</b>	Collateral amount due at time of execution	Collateral posted as covered loan pool is delivered



# Summary of Key Recent CIRT Deal Terms

CIRT Transaction Name	2024-H1	2024-L2	2024-L1	2023-9	2023-8	2023-7
Year	2024	2024	2024	2023	2023	2023
Product	241 - 360 month FRM	241 - 360 month FRM	241 - 360 month FRM	241 - 360 month FRM	241 - 360 month FRM	241 - 360 month FRM
Deal Type	Bulk	Bulk	Bulk	Bulk	Bulk	Bulk
OLTV	>80-97	>60-80	>60-80	>80-97	>60-80	>80-97
Term (years)	18	18	18	12.5	12.5	12.5
Effective Date	02/01/24	02/01/24	01/01/24	09/01/23	08/01/23	05/01/23
Covered Loan Acquisition Period	1/2023-5/2023	4/2023-7/2023	01/2023-4/2023	10/2022-12/2022	9/2022-12/2022	7/2022-9/2022
Initial Step Down (anniversary month)	12	12	12	12	12	12
Total Initial Principal Balance	\$ 12,134,222,381	\$ 9,894,263,926	\$ 9,003,632,921	\$ 11,519,596,467	\$ 8,397,593,117	\$ 16,935,416,887
Aggregate Retention	\$ 212,348,892	\$ 158,308,223	\$ 135,054,494	\$ 190,073,342	\$ 117,566,304	\$ 262,498,962
Limit of Liability	\$ 303,355,560	\$ 405,664,821	\$ 355,643,500	\$ 270,710,517	\$ 344,301,318	\$ 397,982,297
Retention %	1.75%	1.60%	1.50%	1.65%	1.40%	1.55%
Limit %	2.50%	4.10%	3.95%	2.35%	4.10%	2.35%
Annual Premium (bps)	5.40	6.30	7.62	8.16	10.44	11.40
Termination Date	01/31/42	01/31/42	12/31/41	02/29/36	01/31/36	10/31/35
Time-based Cancellation Option (beginning anniversary month)	60	60	60	60	60	60

Above is a summary of CIRT deal terms that, in some cases, may approximate the definitive terms of CIRT transactions posted on the Fannie Mae website:

<https://capitalmarkets.fanniemae.com/credit-risk-transfer/single-family-credit-risk-transfer/credit-insurance-risk-transfer/cirt-pricing>

Definitive deal terms are included in the published deal documents for each CIRT transaction.





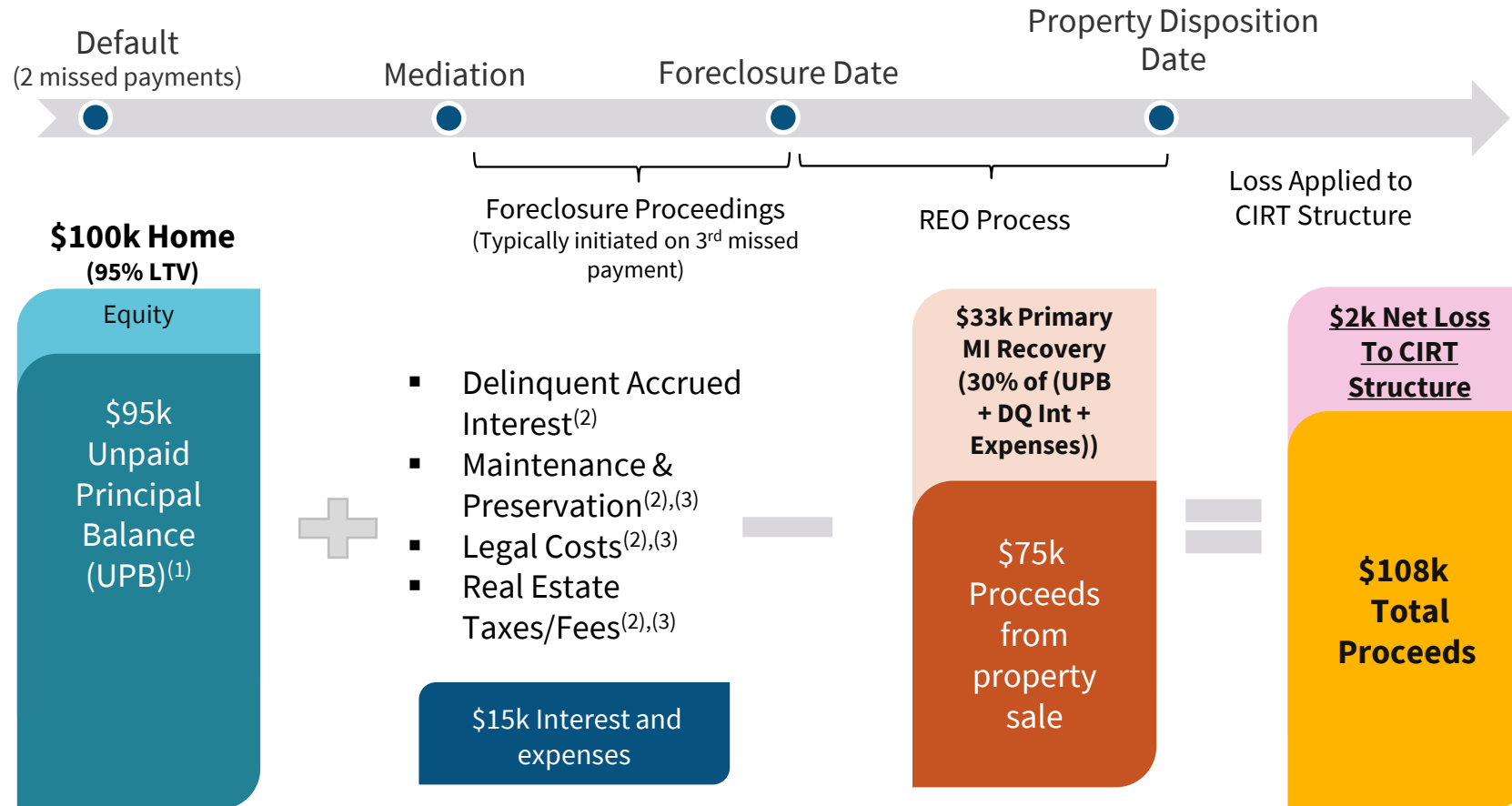
# Insurance Policy Key Terms – Sample

(CIRT 2024-L2)

<b>Insurance Structure:</b>	Aggregate excess of loss credit insurance
<b>Covered Loans:</b>	Portfolio of 21 to 30-year fixed-rate residential mortgage loans acquired between April 1, 2023, and July 31, 2023
<b>Initial Principal Balance:</b>	\$9.89 Billion
<b>Limit of Liability:</b>	4.10% of the total Initial Principal Balance (\$406M)
<b>Retention / First Loss Risk:</b>	1.60% of the total Initial Principal Balance (\$158M)
<b>Monthly Premium Rate:</b>	0.00525% of remaining UPB
<b>Step-Down of Limit Liability:</b>	<p>At 12 month following effective date, and each month thereafter, limit of liability shall be reduced to the lesser of:</p> <ul style="list-style-type: none"> <li>a) the Remaining Limit of Liability at such date, or</li> <li>b) the greater of: <ul style="list-style-type: none"> <li>i. The following target Limit percentages: <ul style="list-style-type: none"> <li>a) At 12-23 months after the effective date: total current UPB x 115% of limit of liability %;</li> <li>b) At 24 and greater months after the effective date: total current UPB x limit of liability%, or</li> </ul> </li> <li>ii. The following non-performing triggers: <ul style="list-style-type: none"> <li>a) At 12-23 months after the effective date: 650% of (SDQ+REO) UPB,</li> <li>b) At 24-35 months after the effective date: 425% of (SDQ+REO) UPB,</li> <li>c) At 36-59 months after the effective date: 300% of (SDQ+REO) UPB,</li> <li>d) At 60 and greater months after the effective date: 200% of (SDQ+REO) UPB</li> </ul> </li> </ul> </li> </ul>
<b>Cancellation:</b>	18-year term. Fannie Mae may terminate coverage on/after the 5-year anniversary, and early termination fee paid if early termination option exercised between 5-year and 10-year anniversary. Also subject to a 10% clean-up call, and if exercised no termination fee will be paid.



# Illustration of Property Disposition and Loss to CIRT Structure



<sup>(1)</sup> Loss covered by Mortgage Insurance

<sup>(2)</sup> The covered loss may be curtailed based upon eligibility under MI policy

<sup>(3)</sup> The covered loss may be estimated under MI factor



# Historical Comparative Analysis



# CRT-Eligible Profile Summary

## > 60-97 LTV Historical FRM30 Loan Acquisition Profile

Orig Year	Original UPB	WA Note Rate	WA FICO	WA DTI	WA OLTV	WA OCLTV	% Purchase	% CA	WA Risk Layers <sup>1</sup>	% Investor	% FICO < 680	% Cash-out	% DTI 46-50 <sup>2</sup>
1999-2004	\$1,289.3B	6.50%	712	34.8	79.0	79.6	42%	17%	0.81	4.2%	28.1%	25.8%	22.7%
2005-2008	\$694.7B	6.17%	723	39.2	78.4	80.2	48%	12%	0.94	5.9%	23.4%	32.3%	32.8%
2009-2013	\$1,321.2B	4.41%	760	33.3	78.1	79.0	45%	24%	0.33	6.0%	3.7%	16.2%	7.6%
2014-2017	\$1,191.1B	4.18%	746	34.9	81.8	82.3	65%	20%	0.36	6.4%	9.2%	15.0%	5.7%
2018-2021	\$2,324.6B	3.58%	750	35.7	81.1	81.3	54%	18%	0.43	4.4%	6.5%	16.5%	15.9%
2022-2023	\$625.6B	5.54%	750	38.2	83.2	83.3	83%	12%	0.48	5.9%	6.5%	11.9%	23.4%

Source: Fannie Mae Q4 2023 LLPUB data release

## CAS/CIRT Eligible Loan Issuance Profile

Issue Qtr	Original UPB	WA Note Rate	WA FICO	WA DTI	WA OLTV	WA OCLTV	% Purchase	% CA	WA Risk Layers	% Investor	% FICO < 680	% Cash-out	% DTI 46-50 <sup>2</sup>
1Q 2020	\$122.0B	3.92%	751	36.1	81.0	81.3	48%	20%	0.43	4.3%	5.1%	17.8%	15.8%
2Q 2020	\$211.0B	3.51%	755	34.6	80.4	80.7	38%	18%	0.36	4.0%	4.0%	15.6%	12.4%
3Q 2020	\$227.7B	3.22%	756	34.5	80.7	81.0	47%	18%	0.33	3.7%	4.2%	12.8%	11.9%
4Q 2020	\$244.7B	2.99%	756	34.4	79.9	80.2	45%	19%	0.36	4.6%	4.6%	14.3%	12.0%
1Q 2021	\$222.1B	2.90%	754	34.5	79.2	79.5	40%	20%	0.39	5.6%	5.2%	16.4%	12.2%
2Q 2021	\$219.8B	3.09%	752	35.1	80.6	80.8	51%	18%	0.40	3.1%	6.2%	17.1%	13.8%
3Q 2021	\$177.5B	3.14%	747	35.9	80.8	81.1	58%	18%	0.45	1.8%	8.1%	19.1%	16.4%
4Q 2021	\$167.4B	3.17%	746	36.2	80.2	80.3	56%	16%	0.55	5.0%	8.5%	24.2%	17.4%
1Q 2022	\$153.6B	3.44%	745	37.0	80.8	81.0	60%	17%	0.60	5.6%	8.7%	26.2%	19.3%
2Q 2022	\$125.4B	4.48%	746	37.6	82.8	82.9	76%	13%	0.54	6.6%	8.2%	18.1%	21.3%
3Q 2022	\$97.4B	5.45%	747	38.4	83.7	83.8	86%	12%	0.48	6.1%	7.5%	10.5%	24.4%
4Q 2022	\$64.3B	5.98%	749	38.7	83.9	84.1	89%	11%	0.46	6.4%	6.0%	8.1%	25.7%
1Q 2023	\$52.9B	6.37%	750	39.0	84.1	84.3	90%	13%	0.44	6.3%	5.2%	6.2%	26.6%
2Q 2023	\$71.1B	6.36%	755	38.1	84.0	84.2	92%	11%	0.38	5.3%	4.7%	4.8%	22.9%
3Q 2023	\$69.6B	6.67%	757	38.4	83.8	84.0	93%	11%	0.37	5.1%	4.2%	4.2%	23.9%
4Q 2023	\$58.3B	7.15%	758	38.9	83.6	83.7	94%	11%	0.39	4.8%	4.3%	3.7%	26.0%
1Q 2024	\$51.2B	6.87%	758	38.8	83.6	83.8	91%	13%	0.39	5.6%	3.9%	4.2%	25.6%
Apr 2024	\$18.6B	6.75%	759	38.9	83.8	84.0	91%	12%	0.40	5.1%	3.8%	4.4%	26.7%

Source: Fannie Mae Issuance Data through April 2024.

Only loans with LTV between 60-97 are included. Excludes loans with CLTV>97. Statistics weighted by origination UPB.

1. Risk Layers defined as: Investor Property, DTI 46-50 (rounded to the nearest integer), FICO<680, & Cash-out Refinance

2. Rounded to the nearest integer



# CRT-Eligible Profile Summary

## 60.01-80.00 LTV CAS/CIRT Eligible Loan Issuance Profile

	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
<b>Original UPB (\$M)</b>	\$ 7,665	\$ 8,888	\$ 9,261	\$ 12,761	\$ 13,895	\$ 12,921	\$ 11,457	\$ 11,707	\$ 11,939	\$ 10,182	\$ 8,488	\$ 9,420	\$ 8,599	\$ 8,762
<b>WA Interest Rate</b>	6.4%	6.3%	6.4%	6.4%	6.4%	6.5%	6.7%	6.8%	7.0%	7.2%	7.4%	7.2%	6.9%	6.6%
<b>WA FICO</b>	754	753	753	760	760	760	758	759	759	760	758	760	760	760
<b>WA DTI</b>	38.1%	38.0%	37.8%	37.2%	37.1%	37.5%	37.6%	37.5%	37.8%	38.1%	38.2%	38.0%	37.8%	37.9%
<b>WA LTV</b>	75.8%	75.8%	76.2%	75.5%	75.6%	75.7%	75.7%	75.6%	75.7%	75.6%	75.6%	75.6%	75.6%	75.5%
<b>WA CLTV</b>	76.1%	76.0%	76.3%	75.8%	76.0%	76.0%	76.0%	75.9%	75.9%	75.8%	75.8%	75.9%	75.9%	75.7%
<b>% Purchase</b>	84.1%	81.6%	84.2%	85.8%	86.4%	88.5%	88.2%	87.8%	89.1%	89.1%	89.3%	88.8%	85.2%	82.1%
<b>% CA</b>	12.8%	13.9%	11.8%	11.6%	11.8%	12.1%	12.1%	11.8%	11.5%	12.9%	10.5%	13.1%	13.6%	14.3%
<b>WA Risk Layers</b>	0.53	0.54	0.50	0.50	0.45	0.44	0.47	0.48	0.46	0.45	0.49	0.47	0.47	0.51
<b>% Investor</b>	11.2%	11.0%	10.3%	11.2%	9.1%	8.6%	9.6%	10.6%	8.9%	7.5%	10.2%	9.7%	9.9%	11.6%
<b>% FICO &lt; 680</b>	6.2%	5.5%	5.1%	6.6%	5.5%	5.1%	6.0%	5.4%	5.6%	5.0%	6.1%	5.5%	5.0%	4.9%
<b>% Cashout</b>	9.8%	13.0%	10.7%	9.5%	8.6%	7.4%	8.1%	8.6%	7.2%	7.0%	6.7%	6.4%	8.2%	9.8%
<b>% DTI 46-50</b>	25.9%	24.3%	23.7%	22.5%	21.5%	23.0%	23.4%	23.2%	24.1%	25.7%	25.8%	25.3%	23.4%	24.6%
<b>% Moderate Temp BD</b>	5.5%	6.1%	4.9%	4.0%	3.2%	2.7%	2.6%	2.7%	3.3%	4.2%	5.1%	5.9%	5.2%	4.5%
<b>% Significant Temp BD</b>	0.5%	0.5%	0.5%	0.3%	0.3%	0.3%	0.3%	0.2%	0.2%	0.4%	0.7%	0.6%	0.5%	0.4%

## 80.01-97.00 LTV CAS/CIRT Eligible Loan Issuance Profile

	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
<b>Original UPB (\$M)</b>	\$ 7,399	\$ 9,831	\$ 11,480	\$ 11,290	\$ 12,385	\$ 11,933	\$ 10,795	\$ 10,781	\$ 10,686	\$ 8,685	\$ 8,274	\$ 8,508	\$ 7,756	\$ 8,158
<b>WA Interest Rate</b>	6.4%	6.2%	6.3%	6.4%	6.3%	6.5%	6.7%	6.8%	7.0%	7.2%	7.3%	7.1%	6.8%	6.6%
<b>WA FICO</b>	747	750	751	752	755	756	754	756	756	757	755	756	756	757
<b>WA DTI</b>	39.8%	39.5%	39.1%	38.9%	38.8%	39.1%	39.3%	39.5%	39.5%	40.0%	40.0%	39.8%	39.6%	39.9%
<b>WA LTV</b>	92.5%	92.5%	92.4%	92.7%	92.5%	92.4%	92.7%	92.6%	92.4%	92.2%	92.7%	92.2%	92.4%	92.6%
<b>WA CLTV</b>	92.5%	92.6%	92.5%	92.7%	92.5%	92.4%	92.7%	92.7%	92.5%	92.2%	92.7%	92.3%	92.4%	92.6%
<b>% Purchase</b>	97.8%	98.1%	98.3%	98.5%	98.2%	98.6%	98.8%	98.9%	98.8%	98.5%	98.5%	98.3%	97.4%	97.2%
<b>% CA</b>	10.7%	13.0%	10.4%	9.4%	9.3%	10.0%	9.4%	9.2%	9.7%	10.5%	9.0%	11.2%	11.6%	11.1%
<b>WA Risk Layers</b>	0.33	0.29	0.27	0.29	0.26	0.27	0.28	0.29	0.29	0.31	0.31	0.30	0.29	0.31
<b>% Investor</b>	0.5%	0.5%	0.5%	0.4%	0.4%	0.3%	0.3%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%
<b>% FICO &lt; 680</b>	4.7%	3.1%	2.2%	5.3%	3.1%	2.7%	3.2%	2.8%	3.0%	2.8%	3.1%	3.0%	2.4%	2.4%
<b>% Cashout</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>% DTI 46-50</b>	28.0%	25.5%	24.1%	23.5%	22.7%	23.9%	24.7%	25.7%	26.0%	28.2%	27.3%	26.9%	26.1%	27.9%
<b>% Moderate Temp BD</b>	9.8%	9.9%	7.5%	6.9%	5.3%	4.5%	4.1%	4.5%	5.3%	6.8%	7.9%	9.1%	8.6%	6.8%
<b>% Significant Temp BD</b>	0.5%	0.4%	0.3%	0.3%	0.2%	0.1%	0.2%	0.2%	0.2%	0.3%	0.4%	0.6%	0.5%	0.3%

Note: CRT eligible loans using MBS issuance data.

Source: Fannie Mae MBS issuance data.

1. Risk Layers defined as: Investment Property, Cash-out Refinance, DTI 46-50 (rounded to the nearest integer), and FICO < 680.

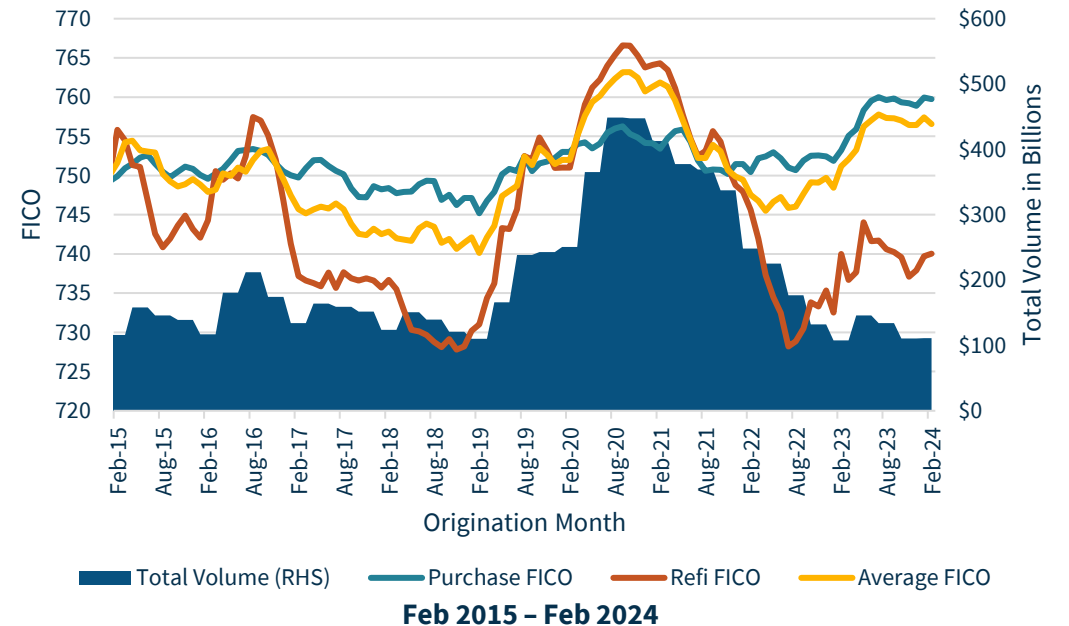
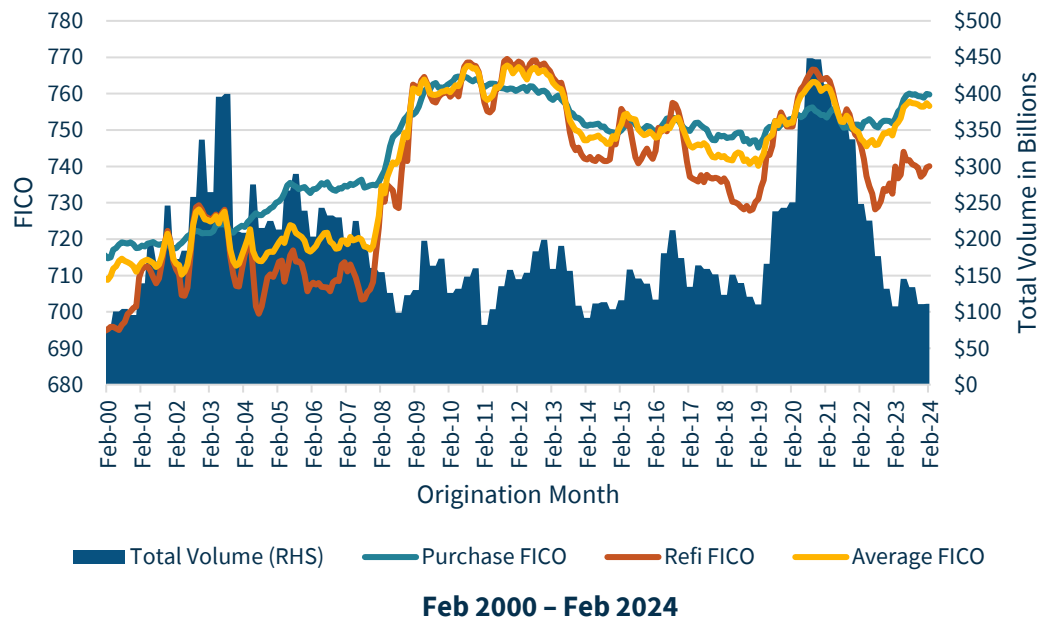
2. CRT-eligible criteria defined as: fixed-rate, 1-4 units, origination LTV (60,97], origination CLTV (60,97], origination DTI (0,50], original loan term (300,360], conventional, non-reperforming.



# Total Mortgage Origination Volume and FICO

Credit profile typically fluctuates with the origination cycle

- When origination capacity is tight, credit profile is strongest
- Lower origination volumes mean lenders have more capacity to underwrite to the full credit box
- Overall profile is heavily levered to profile of refinancings, as purchase profile is more stable



Source: Fannie Mae. Origination estimates for aggregate market



# DU Model Updates: 2021-2023

## Sep 2021: DU 11.0

- Updated the credit score used by DU in the eligibility assessment for loan casefiles with more than one borrower by using an average median credit score when determining if a loan casefile meets the minimum credit score requirement of 620.
- DU to consider a borrower's positive rent payment history in the credit risk assessment. Lender must obtain a 12-month Verification of Asset (VOA) report.
- *May result in additional loans receiving Approve/Eligible in DU*

## Mar 2022: DU 11.0

- Implemented a desktop appraisal option. Must be a purchase transactions secured by a one-unit principal residences, and LTV ratio is  $\leq 90\%$ .

**Apr 2022: DU 11.0** – Removed the minimum representative credit score requirement of 620 for RefiNow™ loans.

**Jul 2022: DU 11.0** – Updated risk and eligibility assessment in response to changing market conditions. *May yield a reduction in loan case files receiving Approval/Eligible, with most noticeable reduction on cash-out refinance transactions when multiple high-risk factors are present.*

Learn more: [singlefamily.fanniemae.com/applications-technology/desktop-underwriter-desktop-originator](https://singlefamily.fanniemae.com/applications-technology/desktop-underwriter-desktop-originator)

## Aug 2022: DU 11.0

- DU to issue employment documentation messages specific to RefiNow when the requirements are different than standard documentation requirements.
- Asset documentation flexibility extended to RefiNow loan casefiles.

## Dec 2022: DU 11.0

- Enhancements to support loans where no borrower has traditional credit. Principal residence, purchase or limited cash-out refinance, LTV/CLTV  $\leq 95\%$ , DTI up to 50%. Cashflow assessment required via 12-month asset verification report.
- *May result in additional loans receiving Approve/Eligible in DU*

## Jan 2023: DU 11.1

Fine tune DU's ability to assess risk. *May yield a reduction in loans case files receiving Approve/Eligible with most notable reduction of loans with high LTV and DTI ratios with multiple high-risk factors. Certain loans meeting specific housing goals or Duty to Serve initiatives are excluded.*

- Updates to improve DU's ability to identify rent payment history on a third-party asset verification report.

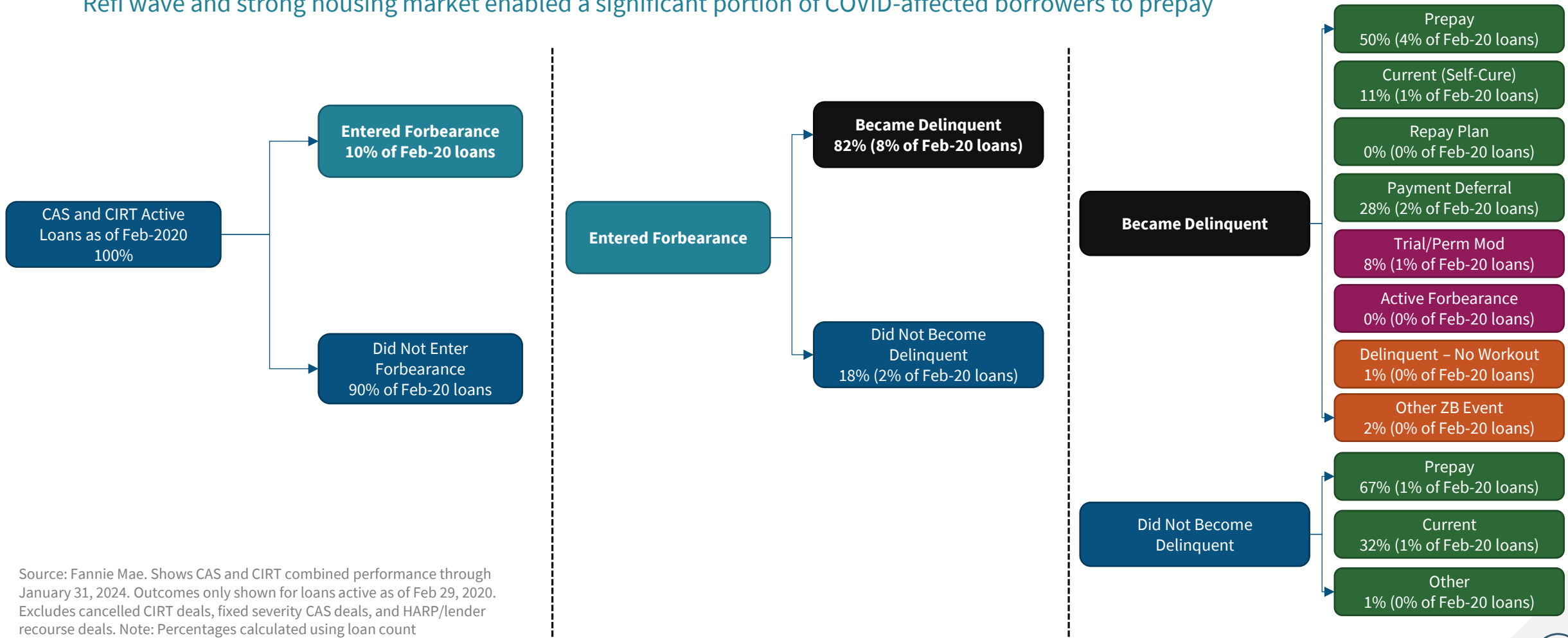
## Oct 2023: DU 11.1

DU no longer considers number of borrowers as a factor in the risk assessment. *May yield a slight increase in loan casefiles receiving an Approve/Eligible recommendation.*



# Pandemic-Related Hardships Resolving

Refi wave and strong housing market enabled a significant portion of COVID-affected borrowers to prepay



Source: Fannie Mae. Shows CAS and CIRT combined performance through January 31, 2024. Outcomes only shown for loans active as of Feb 29, 2020. Excludes cancelled CIRT deals, fixed severity CAS deals, and HARP/lender recourse deals. Note: Percentages calculated using loan count





# Investor Resources



# Data Dynamics®

Our free platform allows investors to gain insights into historical loan performance trends, issuance profiles, and monthly performance – exclusively for Fannie Mae’s CAS and CIRT programs.

The tool is continuously enhanced based on investor feedback and new disclosures.

## Enhancements include:

- **CRT Transition Matrix:** Access three matrices to analyze month-over-month transitions in Forbearance, Workout, and Delinquency status for loans that are referenced in our CAS transactions.
- **Payment Forbearance Dashboard:** View performance on the active population of loans in forbearance and analyze historical loan cohorts that were ever in forbearance for CAS.
- **CAS Structural and Delinquency Test Monitor:** View the monthly status of CAS deal-level credit enhancement and delinquency tests.

**CAS Transition Matrix**  
Click on any cell or header to filter all views to the selected cohort

View toggle: Deal, Orig. Date, FICO, LTV, CLTV, DTI, Risk Layers, Remittance Period

Product, Purpose, Occupancy, No. of Borrowers, First Time Buyer, HomeReady, State, Zip 3, Regions of Interest

Beginning month: October 2020, Ending month: November 2020 (Jan 2021 Remit)

	Never in Forbearance	Ever in Forbearance	Prepay	Credit Event	Removal	Grand Total
Never in Forbearance	95.32%	0.13%	4.54%	0.00%	0.00%	100.00%
Ever in Forbearance		96.60%	2.92%	0.47%	0.01%	100.00%
Grand Total	86.04%	9.53%	4.38%	0.05%	0.00%	100.00%

Beginning month: October 2020, Ending month: November 2020 (Jan 2021 Remit)

	Active Forbearance	Repayment Plan	Payment Deferral	Trial Mod	Ever in Forbearance - No Workout	Never in Forbearance - No Workout	Prepay	Credit Event	Removal	Grand Total
Active Forbearance	83.28%	0.21%	6.76%	0.45%	6.14%	1.05%	1.29%	0.82%	0.01%	100.00%
Repayment Plan	2.64%	75.51%	4.13%	0.21%	12.54%	2.70%	2.20%	0.06%		100.00%
Payment Deferral	1.33%	0.01%	95.32%	0.01%	0.05%	0.01%	3.24%	0.03%	0.00%	100.00%
Trial Mod	3.51%		0.54%	73.86%	12.95%	7.46%	0.80%	0.89%		100.00%
Ever in Forbearance - No Workout	2.49%	0.06%	1.35%	0.43%	90.49%		5.10%	0.06%	0.01%	100.00%
Never in Forbearance - No Workout	0.15%	0.00%	0.00%	0.01%		95.27%	4.57%	0.00%	0.00%	100.00%
Grand Total	4.53%	0.07%	2.18%	0.13%	3.28%	85.37%	4.38%	0.05%	0.00%	100.00%

Beginning month: October 2020, Ending month: November 2020 (Jan 2021 Remit)

	Current	30-59d DLQ	60-89d DLQ	90-119d DLQ	120-149d DLQ	150-179d DLQ	180+ DLQ	Prepay	Credit Event	Removal	Grand Total
Current	94.80%	0.62%	0.00%	0.00%	0.01%	0.00%	0.02%	4.55%	0.00%	0.00%	100.00%
30-59d DLQ	34.69%	34.51%	27.26%	0.00%	0.03%	0.01%	0.11%	3.28%	0.01%		100.00%

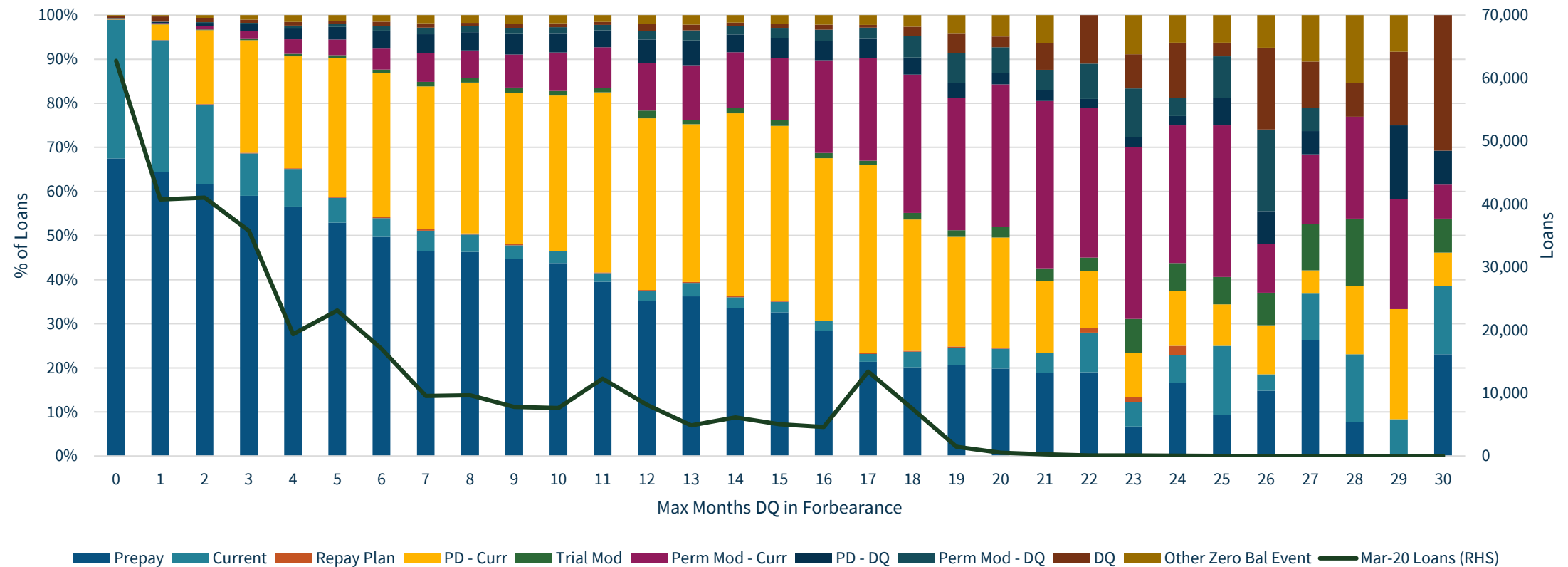
Access today at <https://datadynamics.fanniemae.com>



# Outcomes Vary by Length of Delinquency

For borrowers who have exited forbearance, outcomes are correlated to the number of missed payments

### Outcomes by Max Months DQ in Forbearance



Source: Fannie Mae. Shows CAS and CIRT combined performance through January 31, 2024. Shows outcomes for loans that were active on Feb 29, 2020, entered forbearance since Mar 1, 2020, and have exited forbearance by January 31, 2024. Excludes cancelled CIRT deals, fixed severity CAS deals, and HARP/lender recourse deals. Percentages calculated using loan count



# Historical Loan-level Performance Data

Gain insights into historical performance trends and relationships to credit performance via our dataset.

## Access our historical monthly loan performance data on a portion of our single-family mortgage loans

- Includes a subset of our 30-year and less, fully amortizing, full documentation, conventional fixed-rate mortgage acquisitions since January 2000
- Updated on a quarterly basis to include a new quarter of acquisitions and performance
- Inclusive of loans modified through HARP®, supporting market analysis of high loan-to-value refinance assistance programs

### Key features:

- Utilize Data Dynamics® to see aggregated loan-level data
- Download the entire dataset with one-click, capturing over 50 data elements per loan
- Self-serve with abundant investor resources including file layout & glossary, FAQs, web tutorials, and statistical summaries to support download of dataset
- Loan performance data is also available through Application Programming Interfaces (APIs). Instructions for accessing the APIs are available in Data Dynamics under the Resources section in the Historical Performance tile
- Multifamily Loan Performance Data added in August 2019

Learn more at [www.fanniemae.com/loanperformance](http://www.fanniemae.com/loanperformance)

Orig. Vintage	Origination (BPS)	Orig. Loan Count	% of Orig. (BPS)	Active BPS	Active Loan Count	Average Loan-to-Value (LTV)	WA FFO	WA LTV	WA C/FV	WA DTI	WA LDR	Incentive (%)	Losses (%)	C & P (%)	WA Sec Types	
2000	110,529	199,062	100.00%	110,529	199,062	71%	77.5%	67.0%	34.4%	7.4%	5.3%	15.8%	12.1%	6.14		
2001	1,613,737	1,527,357	100.00%	1,613,737	1,527,357	71%	77.7%	77.8%	32.4%	8.1%	5.2%	14.2%	14.3%	6.97		
2002	947,192	3,271,616	100.00%	947,192	46,890	148,203	72%	72.8%	75.2%	33.3%	3.9%	31.1%	15.1%	6.88		
2003	1,614,758	3,157,700	100.00%	1,614,758	87,167	146,054	73%	69.4%	68.9%	33.9%	5.1%	6.5%	33.7%	15.7%	6.98	
2004	3,177,572	5,797,349	100.00%	3,177,572	270,339	152,324	72%	67.1%	67.3%	32.8%	5.9%	4.3%	34.2%	23.5%	6.91	
2005	2,774,851	7,541,298	100.00%	2,774,851	459,841	157,662	73%	69.3%	70.9%	32.7%	6.8%	4.1%	34.0%	19.3%	7.07	
2006	3,242,239	1,442,211	100.00%	3,242,239	790,790	146,022	74%	69.7%	67.7%	32.8%	8.5%	3.0%	42.4%	14.2%	7.19	
2007	1,614,757	1,330,140	100.00%	1,614,757	150,373	105,041	75%	70.8%	73.0%	34.0%	6.3%	4.6%	42.6%	11.8%	7.32	
2008	32,43,723	1,262,930	100.00%	32,43,723	121,989	106,110	72%	72.2%	74.3%	35.5%	6.2%	6.1%	41.1%	11.7%	7.23	
2009	1,614,833	1,481,370	100.00%	1,614,833	133,700	311,162	74%	71.7%	73.3%	37.9%	5.6%	6.8%	33.6%	19.4%	7.18	
2010	3,242,237	2,395,799	100.00%	3,242,237	239,236	228,357	74%	69.2%	67.0%	33.8%	4.9%	2.3%	31.5%	23.5%	6.88	
2011	1,613,741	1,441,923	100.00%	1,613,741	429,318	379,044	74%	66.7%	66.7%	34.8%	4.6%	4.6%	36.7%	25.1%	6.97	
2012	3,242,239	1,051,170	100.00%	3,242,239	375,717	235,223	73%	69.2%	69.1%	32.1%	6.2%	6.2%	22.5%	23.5%	6.11	
2013	1,613,733	2,580,140	100.00%	1,613,733	1,630,907	306,067	73%	69.6%	70.3%	34.1%	3.6%	6.9%	16.1%	35.6%	6.62	
2014	1,613,710	2,297,406	100.00%	1,613,710	1,370,381	218,555	74%	72.4%	73.0%	32.8%	3.8%	15.2%	23.1%	6.73		
2015	1,613,724	1,444,943	100.00%	1,613,724	833,361	314,808	73%	70.4%	77.3%	4.3%	7.9%	16.0%	33.3%	6.77		
2016	1,613,731	1,890,238	100.00%	1,613,731	1,314,851	228,372	73%	73.8%	75.0%	33.7%	3.8%	7.2%	16.1%	22.2%	6.77	
2017	1,613,743	2,786,449	100.00%	1,613,743	1,441,348	375,373	74%	73.4%	74.0%	33.6%	3.7%	6.8%	20.9%	21.1%	6.77	
2018	1,613,732	1,717,082	100.00%	1,613,732	1,268,802	227,110	73%	73.8%	75.2%	35.2%	4.1%	6.8%	22.5%	12.2%	6.82	



# CRT Loan-level Data Disclosure

- Fannie Mae makes over 100 loan-level disclosure fields available to support CRT analysis
- Fields include key loan risk factors, loan term characteristics, collateral characteristics, servicing data, and disposition data, such as (not limited to):

<b>Loan and Borrower Characteristics</b>	Property Type	HomeReady Program Indicator, and First Time Home Buyer Indicator	High Loan-to-Value Refinance Indicator
	Number of Borrowers	Original Debt to Income Ratio	Borrower FICO and Co-Borrower FICO scores (at origination, deal issuance, and ongoing)
<b>Collateral Characteristics</b>	Number of Units	Original Loan to Value Ratio (LTV) and Combined LTV Ratio (CLTV)	Three-digit zip code
	Occupancy Type	Metropolitan Statistical Area	Property Inspection Waiver Flag <sup>(1)</sup>
<b>Servicing Data</b>	Servicer Name	Loan Payment History	Reason and Date as to why a loan balance went to zero
	Mortgage Insurance Cancellation Indicator	Modification Flag	Current Loan Delinquency Status
<b>Loan Term Characteristics</b>	Original and Current Interest Rate	Original Loan Term	Loan Age
	Original and Current UPB	Origination Date	Maturity Date
<b>Disposition Data</b>	Last Paid Installment Date	Foreclosure Date	Detailed Proceed Fields
	Original and Current List Price and Date	Disposition Date	Detailed Expense Fields

1. Available beginning with CAS 2017-C07 and CIRT 2017-7. All prior deals will reflect null values.



# CAS Resources for EU & UK investors

Fannie Mae's webpage is designed to help European Union and United Kingdom institutional investors and those managing funds subject to EU/UK regulations.

- Information and resources that Fannie Mae already makes publicly available for all investors is organized in an easy-to-navigate format according to applicable sections of EU Regulation 2017/2402
- In response to European Union (EU) additional guidance published in October 2022, beginning on May 25, 2023, Fannie Mae started providing monthly loan-level and deal-level data in ESMA Annex 2 and Annex 12 template formats directly in Data Dynamics®
  - The data will be provided on a go-forward basis for all benchmark CAS deals beginning with CAS 2019-R01\*



Visit [www.fanniemae.com/eu-resources](http://www.fanniemae.com/eu-resources) and [www.fanniemae.com/uk-resources](http://www.fanniemae.com/uk-resources) for more information

\*For CAS 2019-HRP1, one data element on Annex 2, Original Obligor Identifier, has not been provided due to borrower privacy concerns.



# Appendix

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# DU Model Updates: 2017-2020

## July 2017: DU 10.1

- Enabled loans with DTI ratios above 45% (up to 50%) to rely on DU's comprehensive risk assessment. Removed DU model overlays with set maximum LTV ratio and minimum reserves requirements for those loans.
- *May result in additional loans receiving Approve/Eligible in DU.*

## March 2018: DU 10.2

- Revised DU's risk assessment to limit risk layering.
- *May yield a reduction in Approve/Eligible recommendation on loans that have multiple higher-risk characteristics.*

## December 2018: DU 10.3

- Enhanced DU's management of multiple risk layers. Six months of reserves for cash-out refinances with DTI over 45% to address increase in high DTI acquisitions.
- *May yield a reduction in loan case files most notably for loans with multiple risk factors.*

## July 2019: DU 10.3

- *Certain new loan casefiles submitted to DU will receive an Ineligible recommendation when multiple high-risk factors are present.*
- Updated the DU eligibility assessment to better align the mix of business delivered to us with the composition of business in the overall market.

## April 2020: DU 10.3

- In response to changing market conditions and economic uncertainty surrounding COVID 19 Pandemic and support sustainable homeownership we revised DU's risk and eligibility assessments to result in *modest reduction of loan casefiles with high-risk factors receiving an Approve/Eligible recommendation.*

Learn more: [singlefamily.fanniemae.com/applications-technology/desktop-underwriter-desktop-originator](https://singlefamily.fanniemae.com/applications-technology/desktop-underwriter-desktop-originator)





# CAS REMIC: Commodity Futures Trading Commission (CFTC) Considerations

CAS REMIC structure allows transaction to be created in a manner that does not involve swaps

- Transaction documents are traditional commercial transactions
- None of the transaction documents will utilize an International Swaps and Derivatives Association (ISDA) or similar agreement
- The substance of all transaction documents will be commercial (securities and capital contribution) agreements
- Outside counsel to Fannie Mae and the Issuer will deliver an opinion letter that the transaction does not involve any swaps
- Since the transaction does not involve any swaps, the Issuer is not considered a commodity pool and, therefore, does not need to register with the CFTC



# CAS: Summary of Key Tax, Legal and Regulatory Considerations

Topic	CAS Direct Debt	CAS REMIC
<b>Issuer</b>	Fannie Mae	CAS REMIC Trust, a wholly-owned, non-consolidated subsidiary of Fannie Mae. Fannie Mae is sponsor and depositor.
<b>Registration</b>	Exempt under Fannie Mae Charter Act.	Exempt under Rule 144A.
<b>Offering Restrictions</b>	Within the U.S.: Notes offered only to “Qualified Institutional Buyers” as defined in Rule 144A under the Securities Act.	Within the U.S.: Notes offered only to “Qualified Institutional Buyers” as defined in Rule 144A under the Securities Act.
<b>Regulation S</b>	Outside the U.S.: Notes offered only to non-U.S. persons pursuant to Regulation S of the Securities Act.	Outside the U.S.: Notes offered only to non-U.S. persons pursuant to Regulation S of the Securities Act.
<b>Sales to REITs</b>	CAS are deemed to be government securities for purposes of the REIT tax tests, so are qualifying assets for REITs, but generally are less attractive because they do not produce qualifying real property income for REITs.	A REMIC security will be a qualified REIT asset and will produce qualified income for REITs.
<b>Tax Treatment</b>	M1 and M2 are debt for tax. B1 is a contingent notional principal contract for tax.	All tranches are treated as debt for tax.

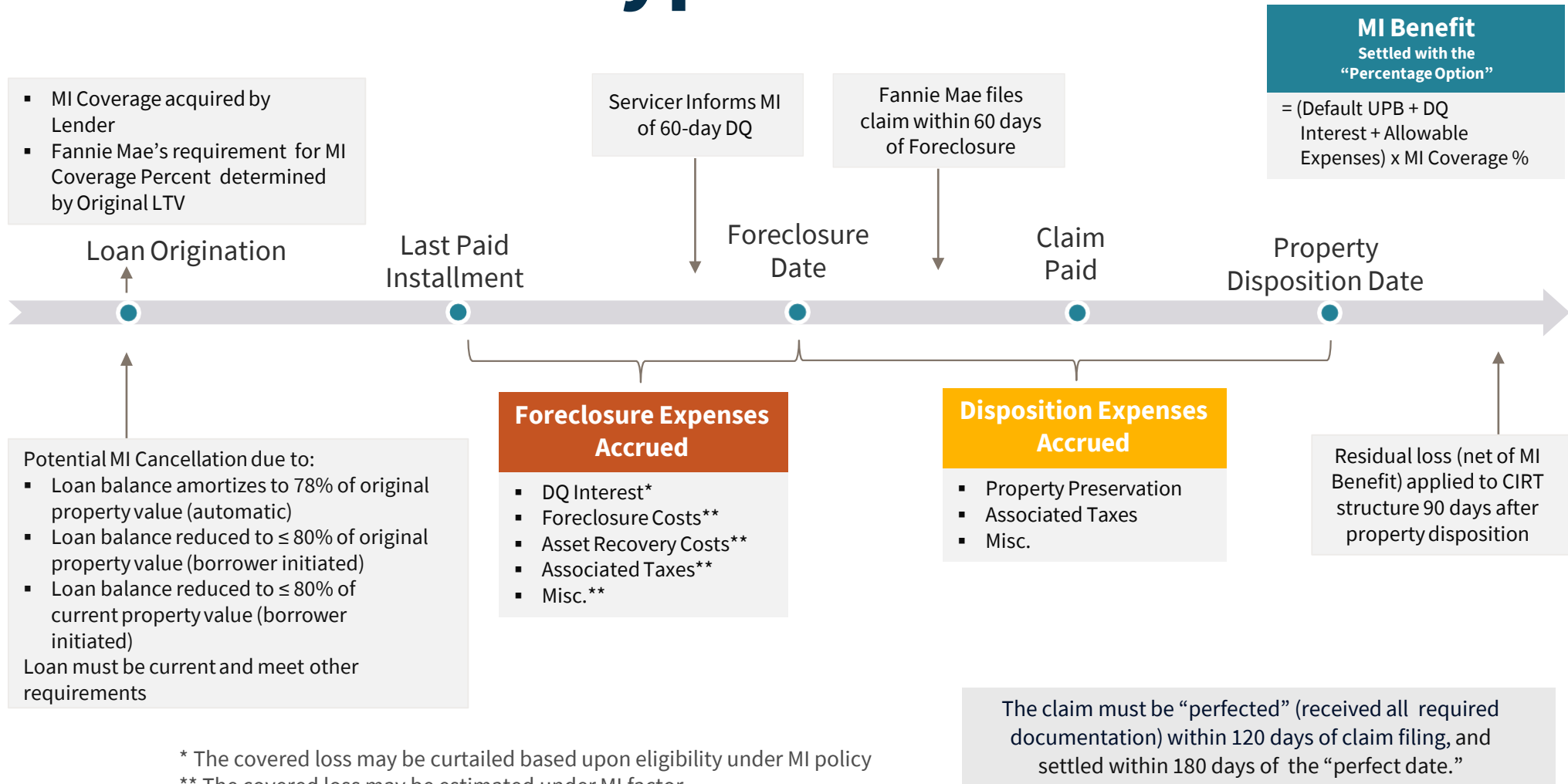


# CAS: Summary of Key Tax, Legal and Regulatory Considerations (cont.)

Topic	CAS Direct Debt	CAS REMIC
<b>Sale of B Piece</b>	B piece is generally subject to 30% withholding tax if sold to non-U.S. investors.	B piece is treated as debt-for-tax and therefore NOT subject to withholding tax if sold to overseas investors.
<b>CFTC/Commodity Pool Operator (CPO)</b>	Registration as a CPO is not required.	Registration as a CPO is not required.
<b>Investment Company Act of 1940</b>	Fannie Mae, as an instrumentality or ‘government entity’ of the United States, is exempt from registration pursuant to Section 2(b) of the Act.	As an entity wholly owned by Fannie Mae, the SPV is exempt from registration pursuant to Section 2(b) of the Act.
<b>Volcker Rule</b>	Exempt from the 1940 Act since Fannie Mae is the issuer. Securities are exempt from Volcker Rule since they are not issued in reliance upon an exemption under Section 3(c)(1) or 3(c)(7) of the 1940 Act.	The SPV will be exempt from the Act pursuant to Section 2(b). CAS REMIC notes therefore will not constitute interests in a “covered fund” for purposes of the Volcker Rule since the Volcker Rule applies only to securities issued in reliance on Sections 3(c)(1) or 3(c)(7) of the Act.
<b>ERISA Eligibility</b>	Non-rated and below investment grade rated notes are ERISA eligible because they represent either (i) debt for tax or (ii) equity in an operating company (Fannie Mae).	The M1 and M2 notes will be ERISA-eligible because they are both able to meet certain criteria to be characterized as debt-for-tax independent of the REMIC election. In 2023 issuances, the B1 bond is not expected to be ERISA-eligible.



# How MI Works: Typical Loan



# How MI Works

## Disaster event / Physical Damage

Under MI Master policies, an MI claim can be denied if there is material physical damage to the property that was the principal cause of default. The damage could be the result of natural disaster (e.g., flood, earthquake, hurricane, etc.) or otherwise (e.g., defects in construction, fire, environmental impairment).

Physical damage means any injury, physical damage or impairment to a property that the MI reasonably estimates to be in excess of the greater of \$5,000 or 2% of the original property value, whether caused by accident, natural disaster or otherwise.

If physical damage is the principal cause of default and manifested itself after the MI issued its commitment, the MI can deny the claim.

Physical damage is deemed to be the principal cause of default if:

- 1) the property has not been restored; and
- 2) there was no hazard insurance or insufficient hazard insurance to restore the property; or
- 3) there was sufficient hazard insurance, but a claim was not filed, or a claim was filed but the proceeds have not been received, or the proceeds have been received but not applied to restore the property.

If the MI provides notification of its intent to deny the claim and we promptly notify the MI of our intent to restore the property and actually restore it within 180 days (or up to 1 year if certain requirements are met), the MI cannot deny the claim.

If physical damage is not the principal cause of default, the MI may curtail (but not deny) the claim in accordance with policy parameters that depend on whether the MI can reasonably estimate the cost of restoration.

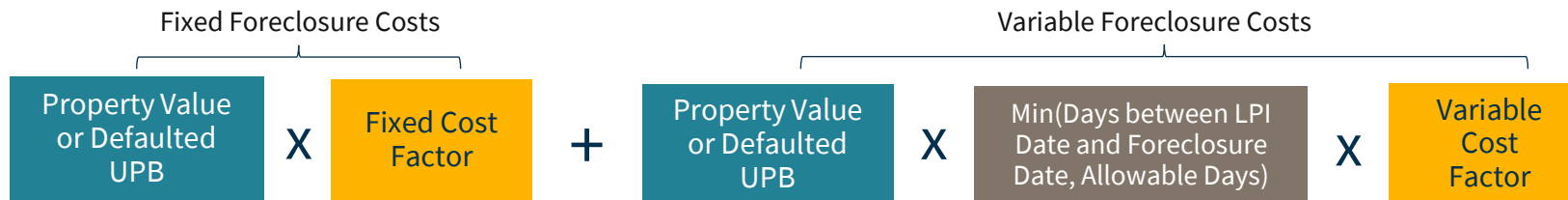


# MI Factor

Streamline calculation of MI claims, accelerate payment, and reduce uncertainty

- Investors in CAS and CIRT transactions can now expect timelier, more predictable settlement of MI claims with no expected material impact on aggregate proceeds received
- MI Factor is used to determine only the foreclosure/property preservation cost component of an MI claim, which typically represents **approximately 5%** of the claim but requires the most work for all parties involved
  - Current practice of using actual foreclosure/property preservation costs to determine a claim amount is replaced by a calculation that applies a numerical factor to the property value or default UPB (shown below)<sup>(1)</sup>
- Factor applied to a given loan determined by using a grid that allows consideration of relevant loan characteristics that impact foreclosure/property preservation costs
- Factor was developed by back-testing against 13 years of claim data covering a number of economic environments. We found costs can be predicted with great accuracy using four loan attributes: disposition types, geography clusters, statistically-derived home value buckets, and property type buckets
- To capture changing market dynamics, Fannie Mae will evaluate the selection of loan attributes and determination of factors annually

## MI Factor Calculation of Foreclosure/Property Preservation Costs



<sup>1</sup>Property value is used for Short Sales whereas default UPB is used for REO and Third-Party Sales claims.



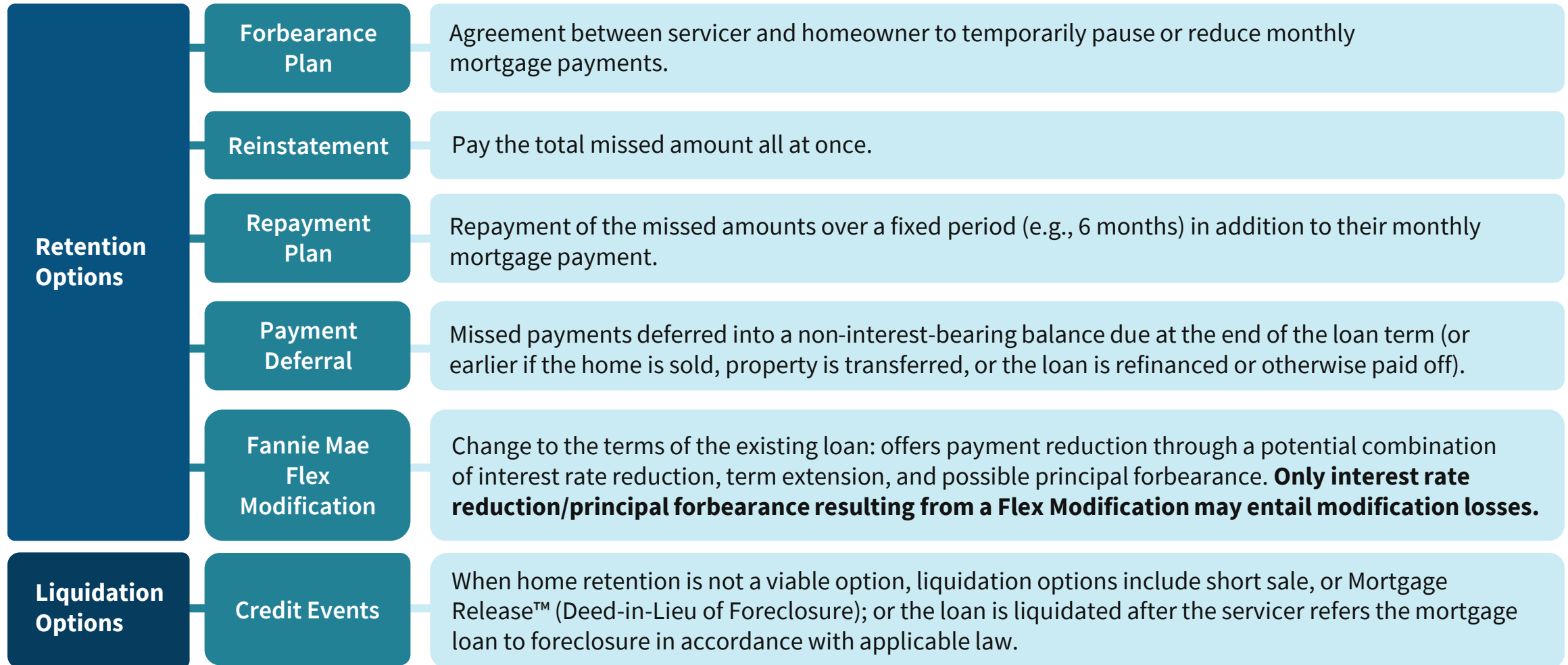
# Comparing MI Options

Key Feature	BPMI	LPMI
<b>Buyer of MI</b>	Lender	Lender
<b>MI Premium Paid By</b>	Borrower	Lender
<b>Can borrower lower mortgage payment through MI cancellation?</b>	Yes	No
<b>MI Cancellation Provision</b>	<ul style="list-style-type: none"> <li>▪ Must be automatically canceled, e.g., when LTV ratio scheduled to reach 78%</li> <li>▪ May be canceled by borrower based upon paydown of loan or property appreciation</li> </ul>	None – coverage exists for life of loan
<b>Length / Term of Coverage</b>	Terminates upon cancellation (see MI cancellation provisions above)	Life of Loan
<b>Policy</b>	Approved MI companies, selected by borrower/lender	Approved MI Companies, selected by lender
<b>Origination Guidelines</b>	Fannie Mae and MI guidelines	Fannie Mae and MI guidelines
<b>Loan Quality Reviews</b>	Fannie Mae and MI guidelines	Fannie Mae and MI guidelines
<b>Claim Filing</b>	Fannie Mae files claims	Fannie Mae files claims



# Workout Hierarchy

Fannie Mae offers a suite of workout options to manage delinquent loans and avoid foreclosure.



\*CAS: Payment deferrals are currently not treated as modification events in the structure.

\*CIRT: Beginning with CIRT 2023-1, Payment Deferral is a covered modification expense in the CIRT structure. Losses associated with payment deferrals are a covered modification loss in the CIRT structure.





# Modification Losses

Fannie Mae Flex Modification  
Payment Reduction Levers

Modification	Borrower Impact	Loss to Investor
<b>Interest Rate Reduction</b>	Reduces monthly interest rate borrower pays on loan obligation	Losses passed through based on the difference between the modified and original note rate paid on the outstanding loan balance
<b>Principal Forbearance</b>	Deferral of a portion of the unpaid principal balance as part of a loan modification ( <b>not as part of a Payment Deferral</b> ) until the loan's maturity date or early payoff of the mortgage loan	Loss reflects foregone interest on non-interest bearing portion of UPB. Recognized in Non-interest Bearing UPB field in monthly reporting <sup>^</sup>
<b>Term Extension</b>	Loan term is extended to reduce borrower monthly payments	No loss to investor

Modification losses are passed through to noteholders on a monthly basis once a permanent modification takes effect. No losses are incurred during a modification trial period (typically 3 months).

<sup>^</sup>Principal forbore as part of a Payment Deferral is recognized in Total Deferral Amount field in monthly reporting and does not constitute a modification loss



# Fannie Mae Flex Modification Comparison

Current Flex Modification	Updated Flex Modification
<p><b>Step 1</b> – Capitalize eligible arrearages.</p>	<p><b>Step 1</b> – Capitalize eligible arrearages.</p>
<p><b>Step 2</b> – Set the modification interest rate to a fixed rate based on the following for:</p> <ul style="list-style-type: none"> <li>Fixed rate, (including an ARM or step-rate that has reached its final interest rate) with a post-modification MTMLTV &lt;80%, set the modified interest rate to the borrower's contractual interest rate.</li> <li>Fixed rate, (including an ARM or step-rate that has reached its final interest rate) with a post-modification MTMLTV ≥80%, set the modified interest rate to the lesser of i) the <a href="#">Fannie Mae Modification Interest Rate</a>, or ii) the borrower's contractual interest rate.</li> <li>ARM or step-rate that has not reached its final interest rate, set the interest rate to the lesser of i) the Fannie Mae Modification Interest Rate, ii) the final interest rate for the step-rate modification, or iii) the lifetime interest rate cap for the ARM.</li> </ul>	<p><b>Step 2</b> – Set the interest rate (IR) to a fixed rate as follows:</p> <ul style="list-style-type: none"> <li>Fixed rate mortgage loan (including an ARM or step-rate that has reached its final step) – set the interest rate to the contractual interest rate in effect for the periodic payment due in the month of the evaluation date.</li> <li>ARM or step-rate that has not yet reached its final IR – set the interest rate to the greater of the current contractual IR, or the <a href="#">Fannie Mae Modification Interest Rate</a>, where the interest rate set must not exceed: <ul style="list-style-type: none"> <li>The final interest rate for the step-rate modification, or</li> <li>The lifetime interest rate cap for the ARM</li> </ul> </li> </ul>
<p><b>Step 3</b> – Extend the term to 480 months from the mortgage loan modification effective date.</p>	<p><b>Step 3</b> – If the post-mod MTMLTV ≥50% and the interest rate determined in Step 2 is greater than the Fannie Mae Modification interest rate, step the interest rate down in 0.125% increments until the earlier of i) achieving the 20% P&amp;I payment reduction target, or ii) reaching the Fannie Mae Modification interest rate.</p>
<p><b>Step 4</b> – Forbear principal if the post-modification MTMLTV ratio is &gt;100%, in an amount that is the lesser of i) an amount that would create a post-modification MTMLTV ratio of 100% using the interest-bearing UPB, or ii) 30% of the gross post-modification UPB of the mortgage loan.</p>	<p><b>Step 4</b> –Extend the amortization term in monthly increments until the earlier of, i) payment reduction target is reached or, ii) 480 months from the modification effective date.</p>
<p><b>Step 5</b> – Provide or increase principal forbearance until a 20% P&amp;I payment reduction is achieved; however, the servicer must not forbear more than</p> <ul style="list-style-type: none"> <li>an amount that would create a post-modification MTMLTV ratio less than 80% using the interest-bearing principal balance, or</li> <li>30% of the gross post-modification UPB of the mortgage loan.</li> </ul>	<p><b>Step 5</b> – Forbear principal if the post-modification MTMLTV ratio is &gt;50%, in an amount that is the lesser of:</p> <ul style="list-style-type: none"> <li>an amount that would achieve the 20% P&amp;I payment reduction target,</li> <li>an amount that would create a post-modification MTMLTV of 50% using the interest-bearing principal balance, or</li> <li>30% of the gross post-modification UPB of the mortgage loan</li> </ul>
<p><b>Step 6</b> – Continue to forbear principal if the mortgage loan is less than 90 days past due when the borrower submitted a complete BRP until a 40% Housing Expense-to-Income Ratio (HTI) is achieved; however, the servicer must not forbear more than:</p> <ul style="list-style-type: none"> <li>an amount that would create a post-modification MTMLTV ratio less than 80% using the interest-bearing principal balance, or</li> <li>30% of the gross post-modification UPB of the mortgage loan.</li> </ul>	

**Payment Reduction Target**

The Servicer must incrementally apply the Flex Modification waterfall steps until the 20% payment reduction target is achieved.

See Fannie Mae [Lender Letter \(LL-2024-02\)](#) for details.



# Payment Deferral: A Comparison of Key Terms

	Old Payment Deferral	New Payment Deferral	COVID Payment Deferral	Disaster Payment Deferral
<b>Mandatory Effective Date</b>	01/01/2021	As early as 07/01/2023 but no later than 10/01/2023	02/25/2021	10/01/2020
<b>Hardship</b>	<ul style="list-style-type: none"> <li>The financial hardship must be resolved</li> <li>The homeowner must be capable of continuing to make the full monthly contractual mortgage payment, and</li> <li>The homeowner must be unable to reinstate the mortgage or afford a repayment plan to cure the delinquency.</li> </ul>	<ul style="list-style-type: none"> <li>The financial hardship must be resolved,</li> <li>The homeowner must be capable of making the full monthly contractual payment, including the amount required to repay any escrow shortage amount over a term of 60 months, and</li> <li>The homeowner is unable to reinstate the mortgage loan or afford a repayment plan to cure the delinquency.</li> </ul>	<ul style="list-style-type: none"> <li>The financial hardship must be resolved,</li> <li>The homeowner must be able to continue making the full monthly contractual payment (including the amount required to repay any escrow shortage amount over a term of 60 months), and</li> <li>The homeowner must be unable to reinstate the mortgage loan or afford a repayment plan to cure the delinquency.</li> </ul> <p>However, the homeowner must:</p> <ul style="list-style-type: none"> <li>be on a COVID-19 related forbearance plan, or</li> <li>have experienced a financial hardship resulting from COVID-19 (for example, unemployment, reduction in regular work hours, or illness of a homeowner/co-homeowner or dependent family member) that has impacted their ability to make their full monthly contractual payment.</li> </ul>	<ul style="list-style-type: none"> <li>The financial hardship must be resolved,</li> <li>The homeowner must be able to continue making the full monthly contractual payment, and</li> <li>The homeowner must be unable to reinstate the mortgage loan or afford a repayment plan to cure the delinquency.</li> </ul> <p>However, the financial hardship must be related to a disaster event that results in either:</p> <ul style="list-style-type: none"> <li>the property securing the mortgage loan experienced an insured loss,</li> <li>the property securing the mortgage loan is located in a FEMA-Declared Disaster Area eligible for Individual Assistance, or</li> <li>the homeowner's place of employment is located in a FEMA-Declared Disaster Area eligible for Individual Assistance.</li> </ul>
<b>Delinquency</b>	<p>As of the date of evaluation:</p> <ul style="list-style-type: none"> <li>the mortgage must be 30- or 60-days delinquent; and</li> <li>such delinquency status must have remained unchanged for at least three consecutive months, including the month of the evaluation (three-month rolling delinquency).</li> </ul>	<ul style="list-style-type: none"> <li>Deferral of at least two and up to and including six months of past-due P&amp;I payments (including advanced escrow and allowable servicing advances paid to third parties).</li> <li>12 months cumulative cap of past-due P&amp;I payments deferred over the life of the mortgage loan.</li> <li>No rolling DLQ or Trial Period Plan (TPP) requirements.</li> </ul> <p><b>Note:</b> Deferred P&amp;I payments from a previous disaster payment deferral or a COVID-19 payment deferral do not count against the cumulative cap.</p>	<p>The mortgage loan must:</p> <ul style="list-style-type: none"> <li>have been current or less than two months delinquent as of Mar. 1, 2020, the date of the National Emergency declaration related to COVID-19; and</li> <li>be equal to or greater than one month delinquent but less than or equal to 18 months delinquent as of the date of evaluation.</li> </ul>	<p>The mortgage loan must:</p> <ul style="list-style-type: none"> <li>have been current or less than two months delinquent at the time the disaster occurred; and</li> <li>be equal to or greater than one month delinquent but less than or equal to 12 months delinquent as of the date of evaluation.</li> </ul>



# Payment Deferral: A Comparison of Key Terms

	Old Payment Deferral	New Payment Deferral	COVID Payment Deferral	Disaster Payment Deferral
<b>Origination Time Requirement</b>	The mortgage must have been originated at least 12 months prior to the evaluation date of the payment deferral.	The mortgage loan must have been originated at least 12 months prior to the evaluation date for a payment deferral.	Does not apply.	Does not apply.
<b>Time to Maturity</b>	Does not apply.	The mortgage loan must not be within 36 months of its maturity or projected payoff date.	Does not apply.	36-month limitation will also apply to disaster payment deferral.
<b>Previous Modifications</b>	<p>The number of prior modifications does not impact a homeowner's eligibility for the payment deferral.</p> <p>The mortgage must not have been modified with a non-disaster related modification within the previous 12 months of being evaluated for eligibility for a payment deferral.</p>	<p>The number of prior mortgage loan modifications does not impact a borrower's eligibility for the payment deferral.</p> <p>The mortgage must not have been modified with a non-disaster/non-COVID related modification within the previous 12 months of being evaluated for eligibility for a payment deferral.</p>	The number of prior modifications does not impact a homeowner's eligibility for a COVID-19 payment deferral.	The number of prior modifications does not impact a homeowner's eligibility for a disaster payment deferral; however, the mortgage loan must not have previously received a disaster payment deferral as a result of the same disaster event.
<b>Previous TPPs</b>	<p>The homeowner must not have failed a non-disaster related Trial Period Plan within 12 months of being evaluated for eligibility for the payment deferral.</p> <p><b>Note:</b> Converting from a Trial Period Plan to a forbearance plan is not considered to be a failed Trial Period Plan.</p>	The borrower must not have failed a non-disaster/non-COVID related mortgage loan modification Trial Period Plan within 12 months of being evaluated for eligibility for a payment deferral.	Does not apply.	Does not apply.
<b>Previous Payment Deferrals</b>	The mortgage must not have received a prior payment deferral.	The mortgage loan may have previously received a payment deferral; however, the mortgage loan must not have received a prior payment deferral (non-COVID, non-disaster) with an effective date within 12 months of the evaluation date.	<p>The mortgage loan may receive more than one COVID-19 payment deferral, however, no more than 18 months of cumulative past-due P&amp;I payments may be deferred.</p> <p><b>Note:</b> This does not include past-due P&amp;I payments deferred with a non-COVID-19 payment deferral.</p>	<p>The mortgage loan must not have previously received a disaster payment deferral as a result of the same disaster event.</p> <p><b>Note:</b> The mortgage loan may have previously received a non-disaster payment deferral.</p>



# Payment Deferral: A Comparison of Key Terms

	Old Payment Deferral	New Payment Deferral	COVID Payment Deferral	Disaster Payment Deferral
Borrower Response Package (BRP)	<p>The servicer is authorized to evaluate the homeowner for a payment deferral without receiving a complete BRP. When the servicer offers a payment deferral without receiving a complete BRP, the servicer is not required to send an Evaluation Notice, or equivalent.</p> <p>If the homeowner submitted a complete BRP, then the servicer must evaluate the homeowner in accordance with <u><a href="#">Servicing Guide, D2-2-05: Receiving a Borrower Response Package</a></u>. The servicer is authorized to use an Evaluation Notice but must make the appropriate changes as necessary, including to the applicable Frequently Asked Questions, to reflect the terms of the payment deferral.</p>	<p>The servicer is authorized to evaluate the homeowner for a payment deferral without receiving a complete BRP. When the servicer offers a payment deferral without receiving a complete BRP, the servicer is not required to send an Evaluation Notice, or equivalent.</p> <p>If the homeowner submitted a complete BRP, then the servicer must evaluate the homeowner in accordance with <u><a href="#">Servicing Guide, D2-2-05: Receiving a Borrower Response Package</a></u>. The servicer is authorized to use an Evaluation Notice but must make the appropriate changes as necessary, including to the applicable Frequently Asked Questions, to reflect the terms of the payment deferral.</p>	<p>The servicer must not require a complete Borrower Response Package (BRP) to evaluate the homeowner for a COVID-19 payment deferral if the eligibility criteria are satisfied.</p>	<p>The servicer must not require a complete BRP to evaluate the homeowner for a disaster payment deferral if the eligibility criteria are satisfied.</p> <p><b>Note:</b> A disaster-related forbearance plan is not required for purposes of determining homeowner eligibility for a disaster payment deferral.</p>
Escrow	<p>The servicer is not required to perform an escrow analysis or revoke any escrow deposit account waiver.</p>	<p>The servicer must</p> <ul style="list-style-type: none"> <li>confirm that the borrower is current on the payments of all escrow-related items for non-escrowed accounts, or</li> <li>analyze an existing escrow account to estimate the periodic escrow deposit required to ensure adequate funds are available to pay future charges, and</li> <li>spread repayment of the escrow shortage amount in equal monthly payments over a term of 60 months, unless the borrower decides to pay the shortage amount up-front or over a shorter period, not less than 12 months.</li> </ul>	<p>The servicer must</p> <ul style="list-style-type: none"> <li>confirm that the borrower is current on the payments of all escrow-related items for non-escrowed accounts, or</li> <li>analyze an existing escrow account to estimate the periodic escrow deposit required to ensure adequate funds are available to pay future charges, and</li> <li>spread repayment of the escrow shortage amount in equal monthly payments over a term of 60 months, unless the borrower decides to pay the shortage amount up-front or over a shorter period, not less than 12 months.</li> </ul>	<p>If the servicer chooses to perform an escrow analysis, any escrow account shortage that is identified at the time of the disaster payment deferral must not be included in the non-interest-bearing balance, and the servicer is not required to fund any existing escrow account shortage. In addition, the servicer is not required to revoke any escrow deposit account waiver.</p> <p>In the event the servicer identifies an escrow shortage as the result of an escrow analysis in connection with a disaster payment deferral or as part of the next annual analysis, then the servicer must spread repayment of the escrow shortage amount in equal monthly payments over a term of up to 60 months, unless the borrower decides to pay the shortage up-front.</p>



# Temporary Interest Rate Buydowns

Mortgage loans acquired by Fannie Mae may be subject to a temporary interest rate buydown, which is used to reduce a borrower's monthly payment through a temporary reduction in the interest rate. They can be classified as "Moderate" or "Significant".

- **Moderate (SFC 9) – A Moderate buydown is less than or equal to 2% and for less than or equal to 24 months**
- **Significant (SFC 14) - A Significant buydown is greater than 2% and/or for greater than 24 months**

Temporary Interest Rate Buydown Loans are underwritten without consideration of the bought-down rate, and the DTI reported in our disclosures reflects such rate.

CRT disclosures will include a one-time loan level file posted on Data Dynamics with a buydown indicator flag denoting SFC 9 / 14 or not applicable.

Example from CAS 2024-R02 G1 Offering Memorandum:

Category	Loan Count	Unpaid Principal Balance (\$) <sup>(3)</sup>	Unpaid Principal Balance (%) <sup>(3)</sup>	W.A. Mortgage Rate (%)	W.A. Original Credit Score	W.A. Original LTV Ratio (%)	W.A. Debt-to-Income Ratio (%)	W.A. First Time Homebuyer Ratio (%)	Debt-to-Income Ratio > 45% (%)
Moderate - Less than or equal to 1% <sup>(1)</sup>	518	195,018,263	1.05	6.44	760	76.5	37.2	34.3	23.5
Moderate - Less than or equal to 2% <sup>(2)</sup>	884	392,498,745	2.11	6.44	762	76.5	38.9	37.2	28.6
Significant	126	57,718,378	0.31	6.33	761	75.7	38.0	37.9	27.4
<b>Subtotal or Weighted Average</b>	<b>1,528</b>	<b>645,235,386</b>	<b>3.47</b>	<b>6.43</b>	<b>761</b>	<b>76.4</b>	<b>38.3</b>	<b>36.4</b>	<b>27.0</b>
No Rate Buydown	54,157	17,962,890,790	96.53	6.42	760	75.5	37.1	31.8	21.7
<b>Reference Pool Total or Weighted Average</b>	<b>55,685</b>	<b>18,608,126,176</b>	<b>100.00</b>	<b>6.42</b>	<b>760</b>	<b>75.6</b>	<b>37.1</b>	<b>31.9</b>	<b>21.9</b>

(1) An interest rate buydown in which the interest rate is bought down by 1% or less and for a period of 12 months or less.

(2) An interest rate buydown in which the interest rate is bought down by greater than 1% and less than or equal to 2% and for a period of greater than 12 months and less than or equal to 24 months.

(3) Amounts may not add up to the totals shown due to rounding.

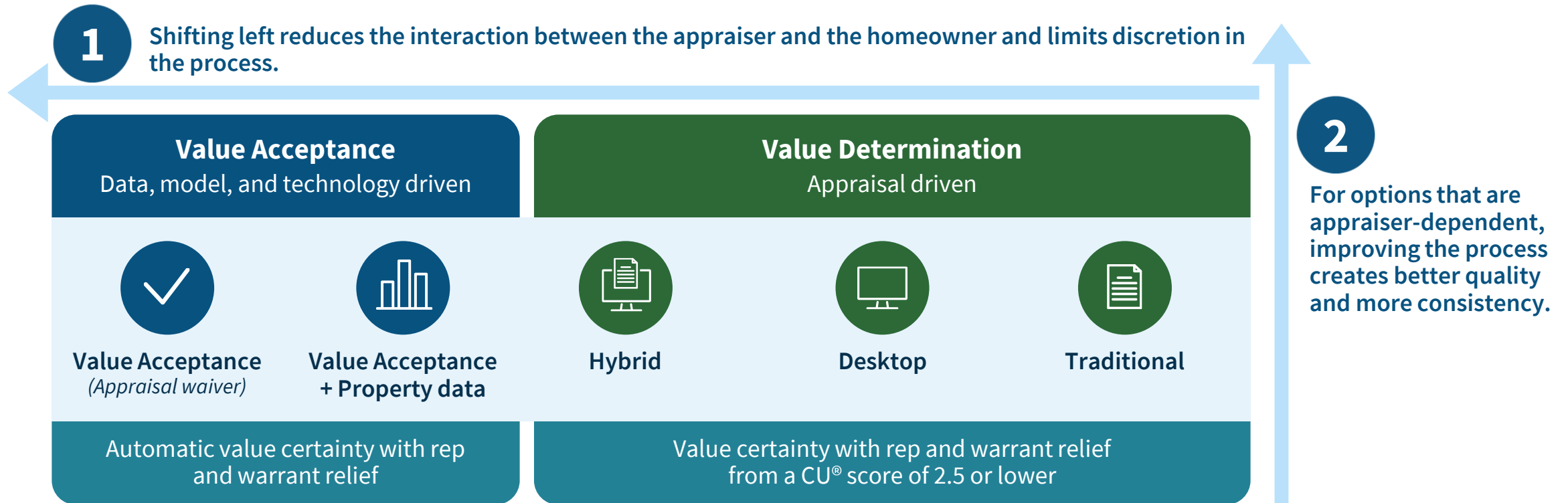
See Temporary Interest Rate Buydowns in the [Selling Guide](#) for additional details.



# The Modern Valuation Spectrum

Expanding the use of data, models, technology, and appraisal alternatives will help to reduce costs for borrowers, align the risk of the transaction to the appropriate valuation offering, and reduce the risk of appraisal bias.

## VALUATION MODERNIZATION HAS TWO KEY OBJECTIVES:



By shifting left in the spectrum and increasing the quality of appraiser-driven products, we will decrease costs for borrowers, alleviate appraiser capacity, reduce the risk of appraisal bias, and more effectively align products to transactional risk.



# Value Acceptance (Appraisal Waiver)

Fannie Mae uses data, modeling and a technology-driven approach, combining the capabilities of DU and CU, to offer value acceptance (appraisal waivers) for certain lower-risk loans. The majority of transactions continue to require an appraisal, especially in a purchase money market.

## STEP 01: DU eligibility exclusion checks

Once a loan is submitted by the lender to DU, **DU checks for initial eligibility** for value acceptance. For example, **generally the subject property must have a prior appraisal in CU** and it must meet an LTV threshold.

## STEP 02: CU eligibility exclusion checks

**Then, CU checks the eligibility of the prior appraisal; not all are acceptable.** For example, if the prior appraisal had overvaluation or property eligibility flags, it is ineligible for value acceptance.

If the prior appraisal is acceptable, CU **assesses the reasonableness of the lender-provided property value** using the prior appraised value and Fannie Mae's Home Price Index. In certain circumstances when there is no prior appraised value, we will use our proprietary AVM.

## STEP 03: Value acceptance and Value Acceptance plus Property Data

If the **lender-provided property value is reasonably supported, value acceptance is offered** to the lender through DU.

Sometimes when there is no qualified prior appraisal observation, we may still have high confidence in our value benchmark. In this instance, **we may offer value acceptance contingent upon the lender obtaining property data** ("value acceptance plus property data" or "VA + PD").





# Value Acceptance (Appraisal Waiver) Eligibility

## Transactions considered for a value acceptance offer:\*

- Loan casefiles that receive an Approve/Eligible recommendation
- One-unit properties, including condominiums
- **Limited cash-out refinance transactions:** principal residences and second homes up to 90% LTV/CLTV. Investment properties up to 75% LTV/CLTV
- **Cash-out refinance transactions:** principal residences up to 70% LTV/CLTV. Second homes and investment properties up to 60% LTV/CLTV
- **Purchase transactions:** principal residences and second homes up to 80% LTV/CLTV
- Properties in high-needs rural locations, as identified by FHFA

\*The majority of transactions will not receive a value acceptance offer; they will require use of one of the value determination methods involving a qualified residential appraiser as described earlier.

## The following are *not eligible* for a value acceptance offer:

- Texas 50(a)6 loans
- When the lender has any reason to believe an appraisal is warranted
- Construction and construction-to-permanent loans
- Two-to four-unit properties, cooperative units, and manufactured homes
- Loan casefiles in which the value of the subject property provided to DU is \$1,000,000 or greater
- HomeStyle® mortgage products (Renovation and Energy)
- Leasehold properties
- Community land trust homes or other properties with resale restrictions
- DU loan casefiles that receive an ineligible recommendation
- Loans for which the mortgage insurance provider requires an appraisal
- Loans for which rental income from the subject property is used to qualify

Visit [singlefamily.fanniemae.com/originating-underwriting/appraisal-waivers](https://singlefamily.fanniemae.com/originating-underwriting/appraisal-waivers) for more information





# Contact Us

Information is available for investors and potential investors about Fannie Mae's products, the company's financial performance, and disciplined management of credit risk and interest rate risk.



[www.fanniemae.com/AskCM](http://www.fanniemae.com/AskCM)



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Fannie Mae is headquartered in Washington DC and operates regional offices throughout the country.

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