



Fannie Mae®

Single-Family Credit Risk Management

September 2026



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Credit Risk Management Overview



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 business¹



~24%

Single-Family mortgage loans
owned or guaranteed²



\$111B

Single-Family mortgage
liquidity provided³



25%

Single-Family Mortgage-Related
Securities issuance share³

¹ As of June 30, 2026

² As of March 31, 2026

³ In Q2 2026



Strong Credit Fundamentals

The credit profile of our Single-Family book reflects commitment to disciplined underwriting and credit quality.

753

Weighted-average FICO credit score at origination¹

0.58%

Serious delinquency rate (by loan count)¹

51%

Weighted-average LTV¹

Selected Credit Characteristics of Single-Family Guaranty Book by Origination Year¹

	Origination Year							Overall Book / Total
	2026	2025	2024	2023	2022 - 2020	2019 - 2009	2008 & Earlier	
Total UPB (\$ in billions)	\$170.8	\$299.5	\$242.2	\$199.8	\$1,982.7	\$624.0	\$45.0	\$3,564.0
Share of SF Conventional Guaranty Book	5 %	8 %	7 %	6 %	55 %	18 %	1 %	100 %
Share of Loans with Credit Enhancement	38 %	47 %	75 %	78 %	46 %	33 %	8 %	46 %
Serious Delinquency Rate (by loan count)	0.02 %	0.33 %	0.70 %	0.94 %	0.50 %	0.61 %	1.68 %	0.58 %
Share of Seriously Delinquent Loan Population	0 %	3 %	6 %	7 %	42 %	31 %	11 %	100 %
Weighted-Average Mark-to-Market LTV Ratio	75 %	74 %	72 %	69 %	48 %	30 %	26 %	51 %

Footnotes for table available in the [Financial Supplement](#).

¹Single-Family guaranty book as of June 30, 2026



How We Manage Credit Risk

Our credit risk management is grounded in strong policies, data-driven decisioning, and ongoing oversight across the loan lifecycle.

Underwriting standards

Set and continuously refine underwriting requirements, credit policies and credit risk assessments to support a strong portfolio.

Collateral risk management

Conduct data-driven collateral assessments to increase certainty around property values and reduce the risk of mis-valuation.

Counterparty standards & oversight

Establish strong seller and servicer requirements and oversight frameworks to monitor their financial strength, operational capabilities and adherence to our policies.

Loan quality

Use quality control and loan sampling to reduce defects, improve loan quality, and manage portfolio, seller and tail risks.

Loss mitigation & property disposition

Provide a suite of workout solutions that help servicers manage delinquent loans and reduce foreclosure risk, while mitigating credit losses. When retention is not an option, we optimize property disposition to protect collateral value and minimize loss severity.

Advanced technology, data & analytics



Technology-Enabled Credit Risk Management

Our proprietary technology is integrated in sellers' and servicers' workflows, identifying risks early in the cycle and supporting consistent, reliable credit, collateral, and servicing outcomes.

Desktop Underwriter® (DU®)

WHAT IT DOES

Automated underwriting system that helps lenders assess credit risk and establish a loan's eligibility for sale and delivery to Fannie Mae.

WHY IT MATTERS

Consistent application of our credit policies and underwriting standards across lenders, supports a strong guaranty book of business.

Collateral Underwriter® (CU®)

WHAT IT DOES

Collateral risk assessment platform that identifies property valuation and appraisal quality risks.

WHY IT MATTERS

Supports reliable property values and resulting LTVs, providing greater confidence in loan pricing and mortgage insurance, helping mitigate loss severity in the event of a future default.

Servicing Management Default Underwriter™ (SMDU™)

WHAT IT DOES

Loss mitigation platform that evaluates delinquent borrowers for available workout options.

WHY IT MATTERS

Enables consistent, timely workout evaluations across servicers and helps mitigate credit losses.

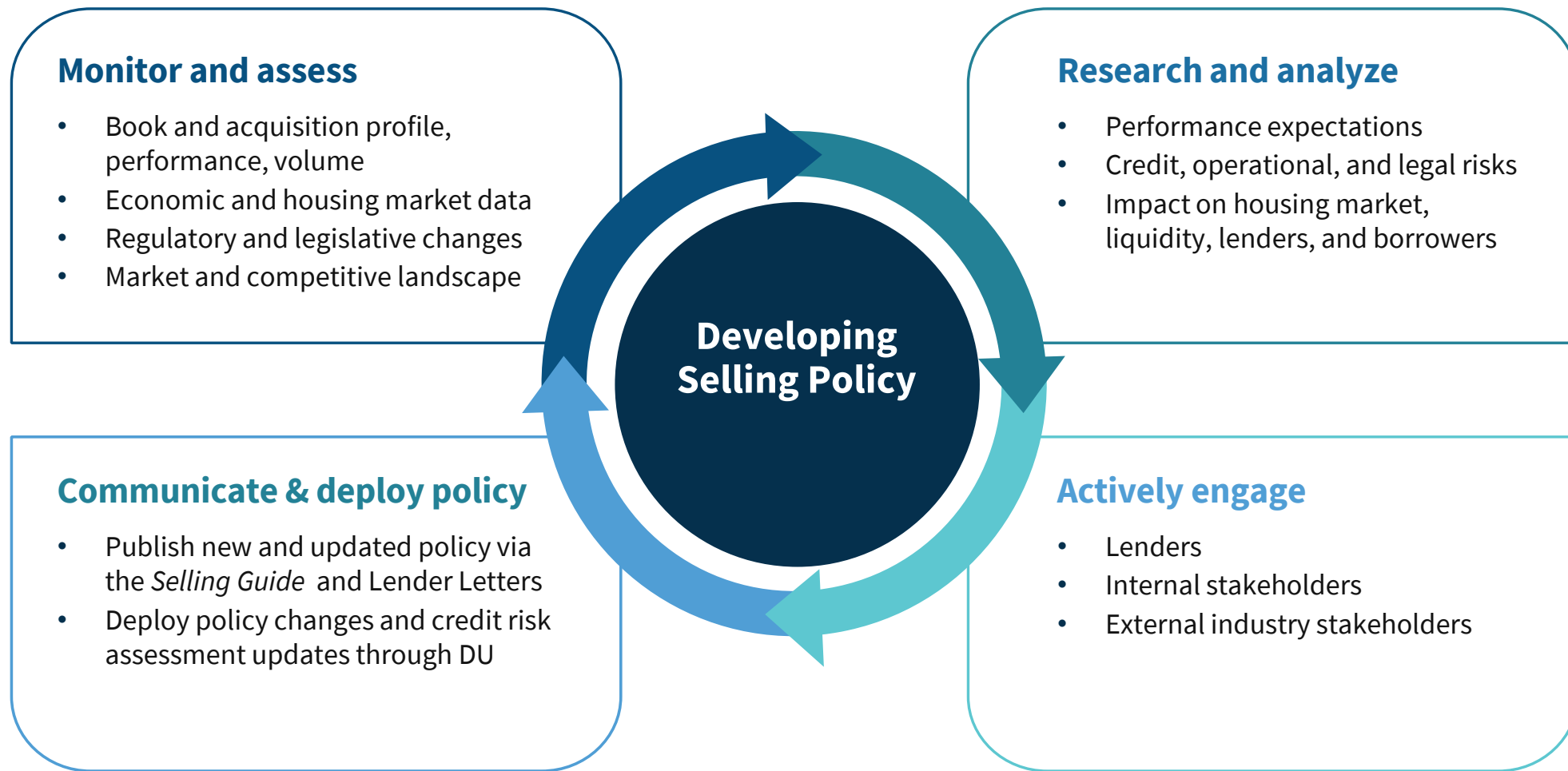


Underwriting Standards



Setting Our Selling Policy

Our underwriting standards are informed by ongoing assessment of performance, market trends and stakeholder feedback.





Communicating Our Policies

We provide clear guidance on our selling and servicing policies.

Resources	Purpose
Mortgage Selling & Servicing Contract	Establishes the lender’s contractual relationship with Fannie Mae, sets forth the terms and conditions for the lender to sell mortgages to and servicers to service mortgage loans for Fannie Mae and incorporates by reference the <i>Selling Guide</i> and <i>Servicing Guide</i> .
The <i>Selling Guide</i>	Informs sellers about our policies and requirements for the origination, underwriting, and delivery of mortgages that Fannie Mae will purchase or securitize. Also includes contractual obligations and information about maintaining seller eligibility.
The <i>Servicing Guide</i>	Informs servicers of the policies and requirements for performing servicing obligations and includes contractual obligations and information about maintaining servicer eligibility.
Lender Letters and Selling and Servicing Notices	Communicates new or modified policies and requirements that may be temporary, reminders of existing policies, or advanced notice of policy changes with future effective dates to be included in future <i>Selling Guide</i> or <i>Servicing Guide</i> updates.

Ask Poli®

Our **intelligent search tool** answers sellers’ and servicers’ policy-related questions with quick results that are specific and accurate.

Fannie Mae

Saved/History

Ask Poli

Enter your search

Home

Eligibility

Underwriting Borrowers

Mortgage Products

Underwriting Property & Projects

Closing & Loan Quality

Servicing Mortgage Loans

Default Management



Desktop Underwriter

Our underwriting standards and credit risk assessments are deployed consistently across loans through our proprietary underwriting system, DU.

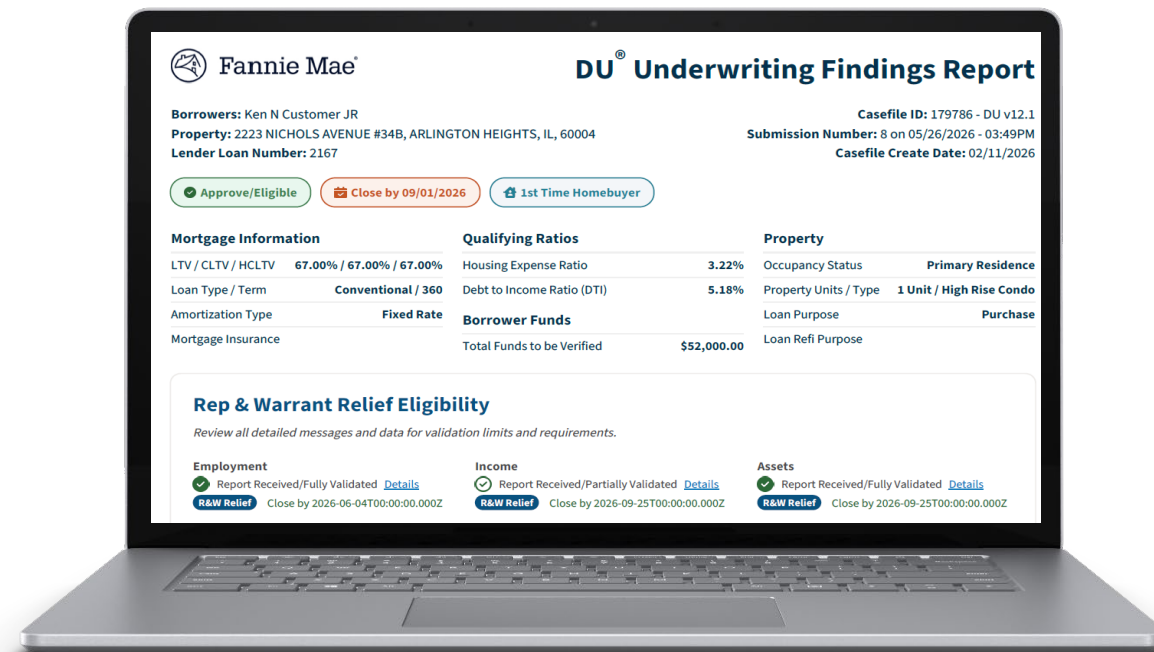
Assesses a borrower's **credit history** and other **mortgage risk factors**.

Produces an underwriting recommendation to inform a lender whether a loan, if closed, would be eligible for sale to Fannie Mae.

Designed to be dynamic, allowing Fannie Mae to **quickly deploy policy and risk assessment updates** to address changing market and economic conditions.

Digitally validates assets, income, and employment.

DU is the industry's most widely used automated underwriting system, used by ~1,200 lenders to evaluate the substantial majority of loans sold to Fannie Mae.





Risk Factors Evaluated by DU

DU analyzes credit risk factors from a borrower's credit report and non-credit risk factors from the loan application to arrive at an underwriting recommendation.

Credit risk factors

- Credit history
- Delinquent accounts
- Installment loans
- Rent payment history*
- Revolving credit utilization
- Public records
- Foreclosures and collections accounts
- Inquiries

Additional risk factors

- Borrower equity and loan-to-value ratio
- Liquid reserves
- Loan purpose
- Loan term
- Loan amortization type
- Occupancy type
- Debt-to-income ratio
- Housing expense
- Property type
- First-time Homebuyer
- Cash Flow Assessment*

* In certain cases when the lender provides a 12-month third-party asset verification report or a borrower's rent payment history is identified on a credit report.

DU does not use credit scores to assess credit risk; it uses our proprietary credit risk assessment (Fannie Score™) to determine a minimum credit risk threshold when evaluating loan eligibility for sale to Fannie Mae.



DU Validation Service

Through DU, lenders can use the DU validation service to electronically validate income, employment, and/or assets using third-party verification reports.

Improves loan quality

Leverages verified data sources, reducing reliance on manual documentation and the risk of guideline misinterpretation or manual calculation errors.

Reduces repurchase risk

Provides relief from representation and warranties when income, employment and/or asset information is validated.

Reduces loan defects

Loans with at least one digital validation component are 33% less likely to produce loan defects.

Third-party verification reports – income and employment, tax transcripts, and asset reports/bank statements – can be used to validate any one component or any combination of income, employment and assets.

An asset report can validate all three from a single source.

That same asset report can also be leveraged by DU to consider positive rent payment or cash flow history.



Collateral Risk Management



Collateral Underwriter

CU, Fannie Mae's platform for collateral risk assessment, uses data and analytics to identify valuation and appraisal risks before acquisition, enabling earlier identification and mitigation of collateral risk.

Identifies multiple sources of collateral risk

Uses appraisal data and advanced analytics to flag appraisals with:

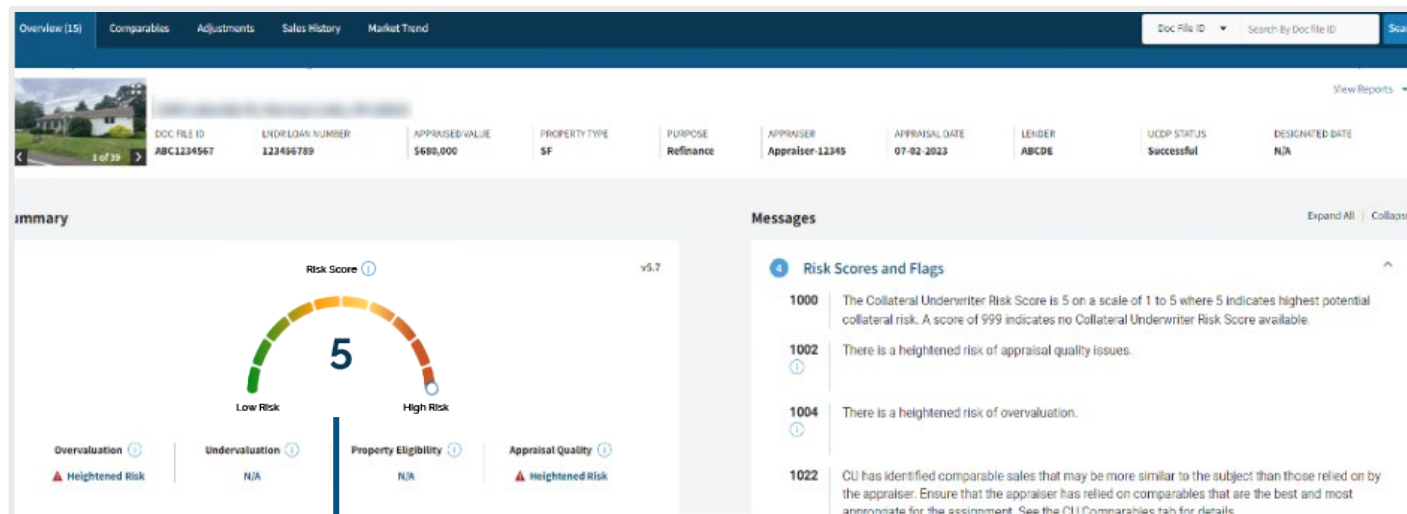
- **Overvaluation or undervaluation risks**
- **Appraisal quality issues**
- **Property eligibility and policy compliance risks**

Enables earlier risk mitigation

Provides lenders real-time feedback on critical valuation risks during the underwriting process, enabling potential issues to be evaluated and addressed before loan delivery.

Powered by broad and deep data

- **~80 million appraisals in CU** provide a deep historical dataset for comparative analysis
- Comparable sales data
- Mapping with aerial imagery
- Zip code & MSA-level market trends
- Construction records



CU rates the risk of each appraisal on a scale of 1-5, with 5 indicating highest risk.

Appraisals with a risk score ≤ 2.5 qualify the seller for value rep and warrant relief.



Property Valuation

Our spectrum of valuation options balance traditional appraisals with innovative alternatives, making the process of establishing a property's market value more efficient and accurate.

The range of options are divided into two categories of valuations that match the risk of the collateral and the loan transaction:

Value acceptance

Data, model, and technology driven

Value acceptance

How it works: Lender sells the loan to Fannie Mae without an appraisal, using standardized data and a robust modeling framework to confirm the lender's estimate of value or sale price. Previously known as appraisal waivers.

What it works for: Lower-risk purchases and refinances where we have reliable property and market data.

Value acceptance + property data collection ("VA+PD")

How it works: Like value acceptance, but contingent on the lender delivering property data collected by a trained and vetted third party.

What it works for: Loans where our analytics confirm the lender's estimate of value or sale price, but where we lack a reliable prior observation of the subject property.

Value determination

Appraisal driven

Traditional appraisal

How it works: An appraiser visits the property to collect the data and completes the appraisal.

What it works for: Complex property types or situations where data is sparse; always available to lenders and borrowers.

Desktop appraisal

How it works: Appraiser completes the appraisal without visiting the property, using sources like real estate agents, homeowners, MLS and tax records.

What it works for: Purchase transactions with $\leq 90\%$ LTV; single-family loans only.

Hybrid appraisal

How it works: A vetted third party collects property data and passes it to an appraiser for an enhanced desktop appraisal.

What it works for: Most single-family and condo loans.



Value Acceptance

Fannie Mae uses data and modeling to build confidence in the lender-submitted property value, enabling value acceptance for certain lower-risk loans. Most transactions continue to require an appraisal, particularly in a purchase money market.

STEP 1: 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 observation in CU**, and it must meet an LTV threshold.

STEP 2: CU eligibility exclusion checks

CU checks the eligibility of the prior appraisal observation; not all are acceptable.

When the prior appraisal observation is acceptable, **CU uses proprietary valuation modeling** to validate the lender's estimate of value or sale price.

STEP 3: Value acceptance and VA+PD

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 VA+PD.

Value acceptance was previously known as appraisal waivers.



Uniform Data Requirements

Common standards for appraisal and property data collection establish a consistent data foundation for property valuation.

Uniform Property Dataset (UPD)

Standardizes property data collection

- Establishes **consistent requirements** for GSE property data collection.
- Developed with Freddie Mac to **improve property data quality and consistency**.

Uniform Appraisal Dataset (UAD)

Standardizes appraisal data

- Establishes **consistent standard** for appraisal reports.
- The new UAD standard*:
 - Includes more property types
 - **Improves appraisal quality**, data and modeling
 - May increase **appraisal alternative offers**
 - Supports **more rep and warrant relief**

*UAD 3.6 is a multi-year joint GSE and FHFA effort to modernize appraisal data and replace all GSE appraisal forms with a single appraisal report. It was rolled out in limited production in H2 2025, and broader production in January 2026.



Counterparty Standards & Oversight



Becoming an Approved Seller or Servicer

Our rigorous eligibility guidelines for prospective sellers and servicers ensure only strong counterparties are approved. Entities must meet financial, organizational, staffing, process, and experience requirements.

Minimum requirements include:



Principal business purpose, experience and capacity to originate, sell and/or service loans that meet our standards.



Minimum Fidelity Bond and Errors & Omissions coverage and net worth, capital ratio and liquidity requirements.



Adequate facilities and experienced staff.



Prospective sellers must have operational QC processes for all production and delivery channels, including data quality, products, servicing, and vendor and third-party management.



Prospective servicers must have written procedures for general servicing, escrow management, investor reporting, custodial funds, default management, QC, and audit.



Financial Eligibility Monitoring

We assign internal ratings measuring financial capacity of our seller and servicer counterparties. These ratings reflect our assessment of counterparty strength and maximum risk appetite for each counterparty.

Counterparty ratings

Internal ratings assessed regularly consider:

- Profitability
- Asset quality
- Capitalization
- Liquidity/funding
- Portfolio concentration
- Management quality

Counterparty limits

Counterparty exposure limits are tracked daily for all counterparties and are based on:

- Internal ratings
- Net worth

Possible counterparty risk mitigation

- Guaranty of obligations by higher-rated entities
- Reduction or elimination of exposures and/or certain business activities
- Collateral to secure obligations
- Suspension/termination of seller/servicer approval(s)
- Heightened minimum financial eligibility requirements (above *Guide* requirements)
- More frequent financial reporting (i.e., monthly financial statements)



Operational Risk Monitoring

Ongoing monitoring and rigorous oversight of our sellers and servicers ensure they have effective controls in place.

Mortgage Origination Risk Assessment (MORA)

- Risk-based reviews of sellers' origination operations and compliance with Selling Guide requirements.
- Assesses operational controls, underwriting practices, quality control, governance, and origination risk management.

Servicer Total Achievement and Rewards™ (STAR™)

- Monthly scorecard of a servicer's performance metrics.
- Peer group driven, ranked performance ratings resulting in annual recognition.

Servicing Compliance Reviews (SCR)

- Risk based inclusion to evaluate Servicing Guide compliance on key risks for selected servicers.
- Assesses standardized practices in General Servicing, Solution Delivery and Timeline Management.

Risk Monitoring, Evaluations & Escalations

- Metric monitoring to assess risks associated with selected new or existing sellers and servicers that may have emerging growth or potentially elevated risks.
- Consistent escalation protocols are used to address ongoing performance concerns.



MORA Review

The Mortgage Origination Risk Assessment (MORA) program assesses operational risks and evaluates seller compliance with Fannie Mae *Selling Guide* requirements.

Selling Process Controls

Review and assessment of controls related to key Fannie Mae *Selling Guide* requirements, including:

- Underwriting and appraisal review processes
- Loan origination across retail, broker, and correspondent channels
- Closing and post-closing activities
- Prefunding and post-closing quality control

Organizational Governance

Review and assessment of controls related to key organizational and shared processes, including:

- Enterprise risk management
- Internal audit
- Legal/regulatory compliance
- Vendor approval and management
- People management
- Program and process change management
- Information security
- Business continuity and disaster recovery

Sellers are selected for a MORA Review using a risk-based inclusion methodology that considers key performance and profile information. Sellers included in a MORA review represent the majority of Fannie Mae's total selling portfolio.



STAR Program

The STAR Program provides a transparent framework for measuring performance to drive meaningful improvements and to ensure alignment with Fannie Mae's strategic objectives, resulting in minimized credit losses and improved homeowner outcomes.

A servicer's performance against key metrics is compared within one of three peer groups determined by servicing portfolio size. Metrics are weighted to focus on credit loss impacts and average scores are used to designate top performers in each of the inclusion categories.

Strategic

Servicers with a portfolio of 450,000+ loans

Comprehensive scorecard for the largest-volume servicers, with emphasis on reducing serious delinquency migration, improving resolution outcomes, and sustaining borrower retention.

Most weight is placed on core credit deterioration and cure performance; remaining weight supports workout durability and timeline discipline.

Premier

Servicers with a portfolio of 130,000 to <450,000 loans

Balanced scorecard aligned to Strategic, focused on consistent credit outcomes across delinquency prevention, resolution effectiveness, and borrower retention.

Weighting mirrors the largest peer group, with the strongest emphasis on early credit outcomes and cure activity.

Select

Servicers with a portfolio of 40,000 to <130,000 loans

Streamlined scorecard for smaller eligible portfolios, concentrated on the core performance indicators most tied to credit loss mitigation.

Weighting is concentrated on serious delinquency prevention and cure performance, with retention as the primary supporting measure.

Recognition

Annually, the Top 3 STAR Servicers in each category are eligible to receive an overall peer-group rank based on year-to-date performance. Recognition is predominantly driven by scorecard results. Compliance reviews remain separate from STAR recognition but may influence eligibility.



Servicer Compliance Reviews

Servicer Compliance Reviews (SCR) assess whether servicers' processes and procedures comply with Fannie Mae's *Servicing Guide* requirements.

Servicers are assessed in one or more of the following three categories based on volume and credit risk exposure:

SCRs were previously a component of the STAR program. Beginning in 2026, they became decoupled and operate as two separate servicer programs.

STAR continues to evaluate servicer performance through scorecards and peer benchmarking, with participants selected based on servicing portfolio volume and represents the majority of our book.

SCR evaluates compliance with our servicing requirements and inclusion uses risk-based selection criteria, including portfolio volume.

Together, STAR and SCR provide oversight of both servicer performance and adherence to the Servicing Guide.

General servicing

Metrics: early term roll rates, call center management, investor reporting, and custodial accounting.

Business processes: loan payment processing, early-stage delinquency management including offering forbearance, escrow account management, and loan boarding practices.

Solution delivery

Metrics: delinquent loan resolution and effectiveness in providing the appropriate loss mitigation or liquidation option.

Business processes: standard practices for borrower outreach, loss mitigation, and liquidation practices.

Timeline management

Metrics: resolving or liquidating loans within the allowable foreclosure time frames, timely reporting of new REO inventory, and ensuring properties are marketable.

Business processes: timely foreclosure management, including initiation and mortgage default law firm management.



Remediation and Escalation

Deficiencies identified during a MORA or SCR assessment are identified as findings and require remediation of all prescribed corrective actions. If remediation is not completed as agreed, escalation to leadership at both Fannie Mae and the counterparty may be required.

Remediation

- At the end of MORA/SCR reviews, final reports are issued with prescribed corrective actions for findings.
- Dedicated analysts are assigned to assist the seller or servicer in establishing an approved action plan with required due dates to ensure compliance as each finding is cleared.
- Daily reports are reviewed to maintain awareness of all open findings and their current statuses.
- Guidance is issued by leadership for required action to remediate findings timely.

Escalation

- If remediation is not completed by the agreed-upon due date or if a seller or servicer is unable to clear a finding, the issue is escalated to leadership for further analysis and determination of next steps.
- Heightened monitoring is applied for sellers or servicers with a significant number of high-risk findings or unsatisfactory process area results.
- Escalation due to continued noncompliance with the Fannie Mae *Guides* may result in additional contractual remedies.



Dedicated Points of Contact for Sellers and Servicers

Dedicated Fannie Mae teams serve as the central point of contact for sellers and servicers and provide critical hands-on support.

Seller Engagement Teams

- **Provide proactive risk advisory and consultative support**, translating credit, counterparty, policy, loan quality, and emerging risk insights into actionable seller guidance.
- Monitor seller risk profiles, acquisition and portfolio performance, loan quality, counterparty strength, and emerging trends to **identify issues and opportunities requiring engagement or escalation**.
- **Partner with sellers** and internal stakeholders on complex opportunities, policy/variance matters, quality issues, and emerging risks, **aligning solutions with risk appetite and acceptable risk standards**.

Servicer Engagement Teams

- **Provide risk-informed best practices and consultative support across the servicing lifecycle**, including delinquency management, loss mitigation, liquidation, bankruptcy, and foreclosure.
- Monitor servicer and portfolio performance across current, delinquent, and seriously delinquent populations to **identify emerging risks, deterioration, remediation, and escalation needs**.



Loan Quality



Our Representations & Warranties Framework

Loan quality starts with shared accountability — sellers rep & warrant that the loans they sell to us meet our requirements.

- Sellers and servicers are jointly responsible for selling reps & warrants.
- Violation of any rep & warrant entitles Fannie Mae to pursue remedies, including repurchase.
- Sellers and servicers may receive rep & warrant relief for:
 - Borrower income, employment or undisclosed liability validated through DU validation service
 - Property value, condition and marketability for loans that exercise the value acceptance option
 - Property value when the CU risk score is 2.5 or less, or when the lender executes a value acceptance plus property data offer
 - Certain underwriting reps for an individual loan based on that loan's payment performance or completion of successful loan QC review

Rep & warrant relief is not provided for certain “life of loan” reps & warrants, including matters related to fraud, pattern of misrepresentation, data inaccuracies, clear title, legal compliance, or Charter violations.



Seller Training and Education

Education and training help raise the level of loan manufacturing across the industry.

Seller-Specific Training

- Dedicated Fannie Mae Quality Control (QC) Specialists assigned to specific sellers regularly review loan quality results, provide feedback on areas for improvement, and share industry leading practices.
- QC Specialists provide analysis and recommendations on structure of seller internal quality controls and assist seller with action planning to address seller-specific quality trends and defects.

Broad Based Education

- Annual risk management boot camp provides intensive training on underwriting and QC requirements.
- **Quality Insider** publication provides updates and actionable insights on timely quality risk management topics to help sellers and QC vendors strengthen quality controls.
- **Beyond the Guide** provides sellers with a leading practices manual for establishing and maintaining a robust QC framework.

Seller-specific training and leading practice sharing combined with broad-based education focused on QC fundamentals are key components of quality risk management.



Loan Quality Sampling Strategies

We sample loans to manage three categories of risk, helping us identify issues, address root causes, and prevent defects from recurring.

PORTFOLIO RISK:

Manage overall level of Fannie Mae loan quality

- Monthly statistically valid random sample of Fannie Mae's acquisitions determines overall loan defect rate and trends.
- Discretionary loan selection driven by automated data and analysis tools that evaluate new loan acquisitions for credit, collateral and data defects.

SELLER RISK:

Manage seller-specific loan quality performance and trends

- Seller stratification of the random sample provides statistically valid defect rates for top sellers, enabling comparison across sellers to drive action planning.
- Discretionary selections target new sellers and emerging risks.
- Supplemental random selections ensure every seller averaging 10 loans sold to us per month in the prior year receives a loan-level QC review.
- Sellers must perform prefunding and post-closing QC reviews on a portion of monthly origination volume.

TAIL RISK:

Manage loan-level outliers and mitigate losses

- Early payment default and seriously delinquent loans are reviewed to determine if poor loan quality contributed to the default. Loan selections are based on a predictive model-driven analysis. The focus is on capital preservation.
- Liquidated loans are selected for review using a similar predictive model-driven analysis, with a focus on loss mitigation.



Post-Purchase Review Processes

We validate that loans we purchased were originated in accordance with applicable requirements.

Post-purchase file review process

- Uses proprietary underwriting risk assessment forensics tool in QC reviews and finds data anomalies that may impact eligibility.
- Full underwriting review of random and some discretionary selections are completed.
- Component reviews are performed on some targeted reviews as a supplement.

Fannie Mae’s loan review process pairs analytical tools with human reviews to ensure compliance.

Loan defect remedies

Remedies enforce contractual rights and motivate the lender to correct its manufacturing processes.

Defect Type	Defect Description	Remedies
Finding	Defect does not necessitate a change in the price of the loan or result in the loan being ineligible for sale.	None, but Fannie Mae provides lender education and feedback.
Price-adjusted loan	Loan was otherwise eligible for sale had the correct loan-level price adjustment (LLPA) been paid to Fannie Mae by the lender.	Seller submits data correction and pays the applicable LLPA. <i>Could trigger CRT Reference Pool removal, depending on nature of data change.</i>
Significant defect	Defect that either necessitates a change to the price on which the loan was acquired or results in the loan being ineligible for purchase.	Loan repurchase, or repurchase alternative, which may include payment of a fee and/or an agreement by the lender to provide recourse on the loan. <i>Repurchases and repurchase alternatives are treated as CRT Reference Pool removals.</i>

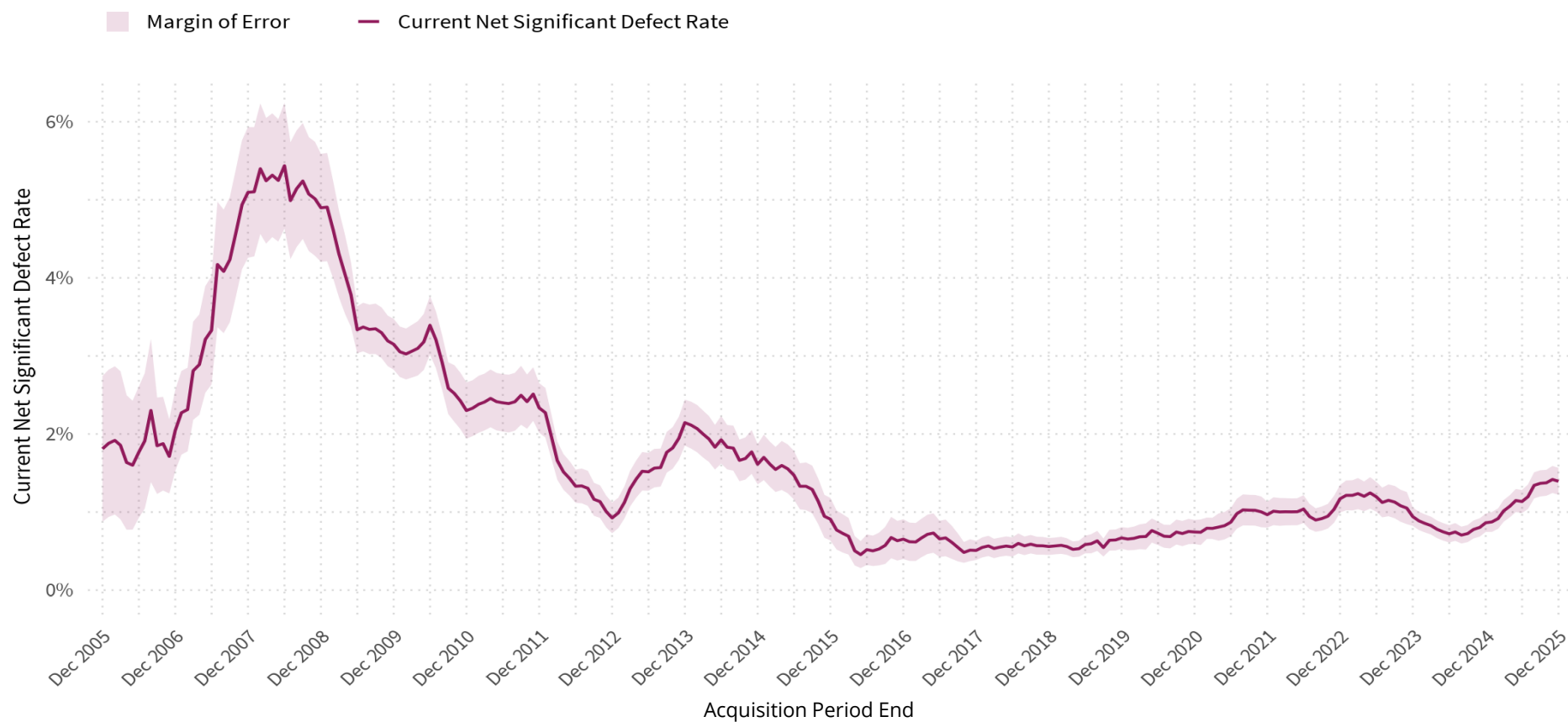


Loan Quality Trends

Our continued focus on risk management supports sustained strong loan quality.

Eligibility defect rates for Single-Family loan acquisitions based on random post purchase review (RPPR) outcomes

All Lenders RPPR Current Net Significant Defect Rate - 12 Month



Rolling 12-month acquisition vintage (HARP excluded). Review data as of August 31, 2026; acquisitions through December 2025.

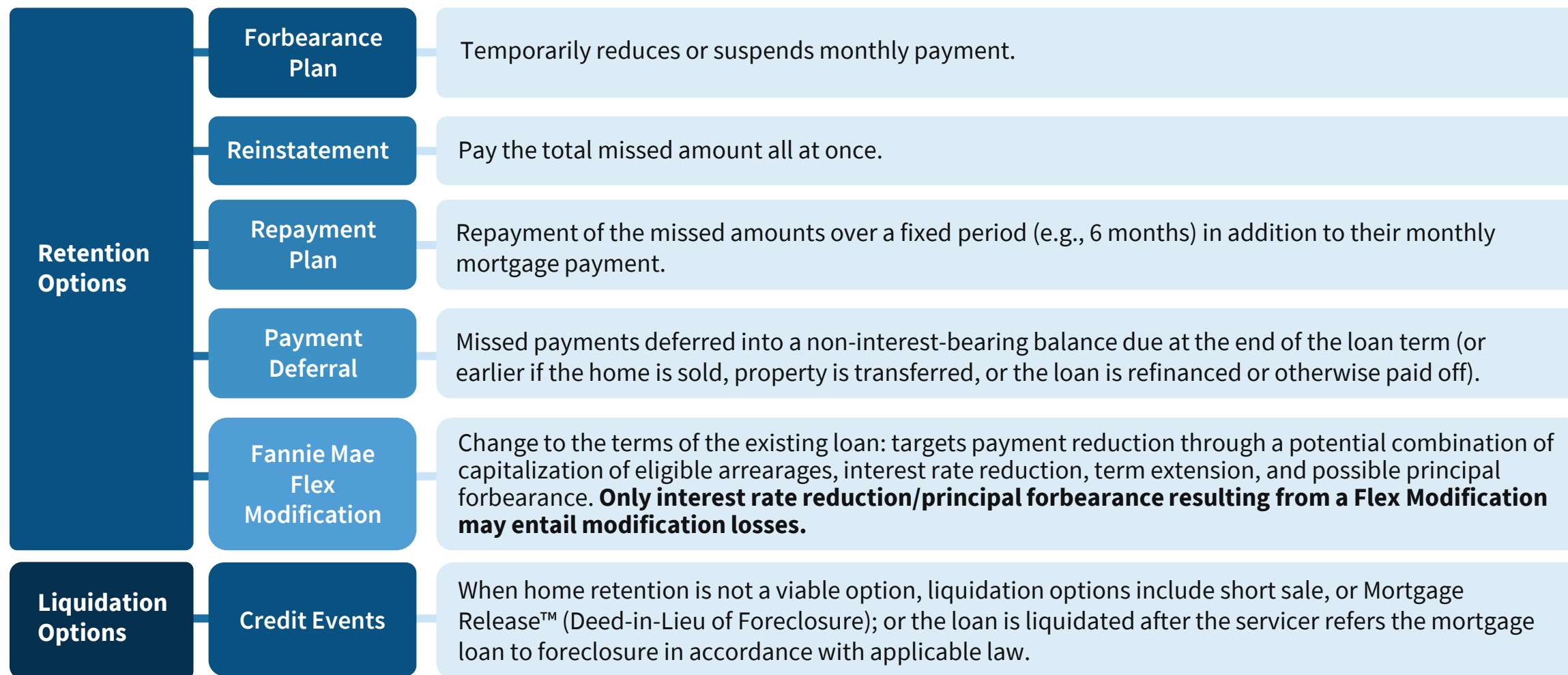


Loss Mitigation and Property Disposition



Workout Hierarchy

Fannie Mae offers servicers 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.



Servicing Management Default Underwriter (SMDU)

SMDU delivers servicers automated retention option eligibility evaluations to support struggling homeowners.

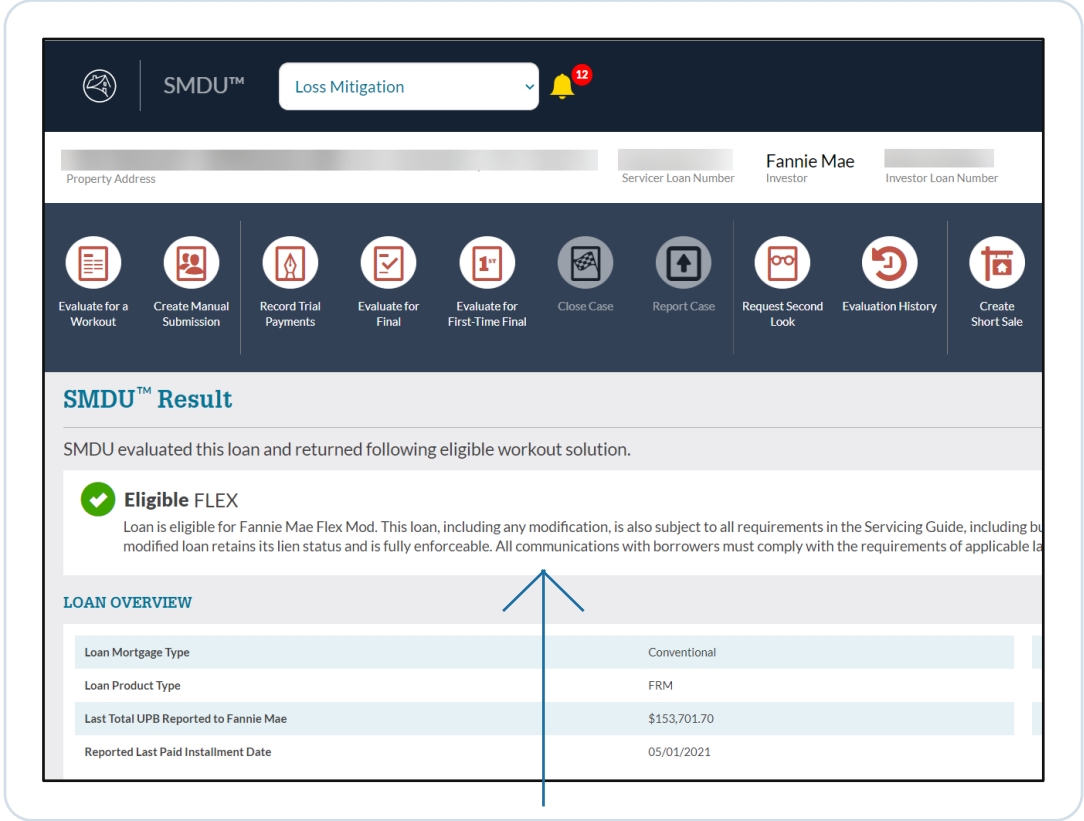
Streamlines workout evaluations, helping servicers provide struggling homeowners with timely, consistent loss mitigation solutions.

Helps ensure compliance with **Fannie Mae servicing policy**.

Enables rapid distribution of new products or policy changes in response to changing market conditions.

Leverages **Fannie Mae data** including originations data, property valuations, and workout option history.

Offers servicers **rep and warrant relief** when using SMDU decision.



Recommended workout solution clearly displayed

Over 1,300 servicers use SMDU, covering 99% of delinquencies.



Borrower Outreach During Delinquency

Engagement between servicers and borrowers early in a delinquency results in better loan performance. Achieving Quality Right Party Contact (QRPC) is key in determining the best solution for resolving mortgage delinquency.

QRPC¹ occurs when a Servicer establishes contact with the delinquent borrower in order to:

- **Determine reason for delinquency** and whether it is temporary or permanent.
- **Assess** whether borrower has **ability to repay** mortgage loan debt.
- **Educate** borrower **on available workout** options, as appropriate.
- Obtain **commitment** from borrower to **resolve the delinquency**.

Benefits of QRPC include:

Homeowners

- Options to avoid foreclosure discussed early, increasing likelihood of maintaining homeownership.
- Early engagement builds relationships and homeowners' advocacy.

Servicers

- Improved borrower engagement and long-term home retention outcomes.
- Improved servicing portfolio performance through more effective delinquency resolution

Fannie Mae

- Reduction in SDQ and improved loan performance and portfolio stability.
- Reduced credit losses and foreclosure activity

¹ QRPC is the uniform standard governing servicers' communication with borrowers about resolution of a delinquency.



Comprehensive Disaster Response

Through policies and guidance in our *Selling* and *Servicing Guides*, Fannie Mae provides a comprehensive disaster response.

Homeowner Support

Homeowners and renters have access to Fannie Mae-provided resources and support to navigate disasters and other hardships via:

- Consumer facing website, including “Here to Help”.
- Disaster recovery counseling for eligible Fannie Mae homeowners.

Seller/Servicer Support

Through our Selling and Servicing Guides, sellers and servicers have access to disaster-related flexibilities that support homeowner assistance and recovery efforts.

- Underwriting and appraisal flexibilities
- Rep and warrant relief for eligible loans in disaster-related forbearance
- Reimbursement for certain property inspection costs associated with disaster-impacted properties

Home Retention Solutions

Servicers are authorized to offer eligible borrowers forbearance plans for up to 12 months.* When the forbearance plan expires, loss mitigation options may include:

- The borrower resumes making mortgage payments and brings their loan current through reinstatement.
- The borrower is approved for another workout option, including a repayment plan, payment deferral, or loan modification.

Fannie Mae REO Properties

REO properties are managed to help protect communities and property values. Following a disaster, our Real Estate teams mobilize quickly to support recovery efforts.

- Coordinate preservation activities through approved local vendors and real estate agents.
- Deploy internal field team to conduct damage assessments of properties within disaster zone when necessary.
- As needed, leverage mobile technology and aerial photography to assess property conditions.

**Servicers may seek approval from Fannie Mae if borrower needs additional support beyond what is delegated within the servicing guide.*



Collateral Valuations

When home retention is not a viable option, our valuation process is designed to determine accurate property values and minimize loss severities. We have disposed of over 1.86 million properties since 2009.

Why are we different?

1

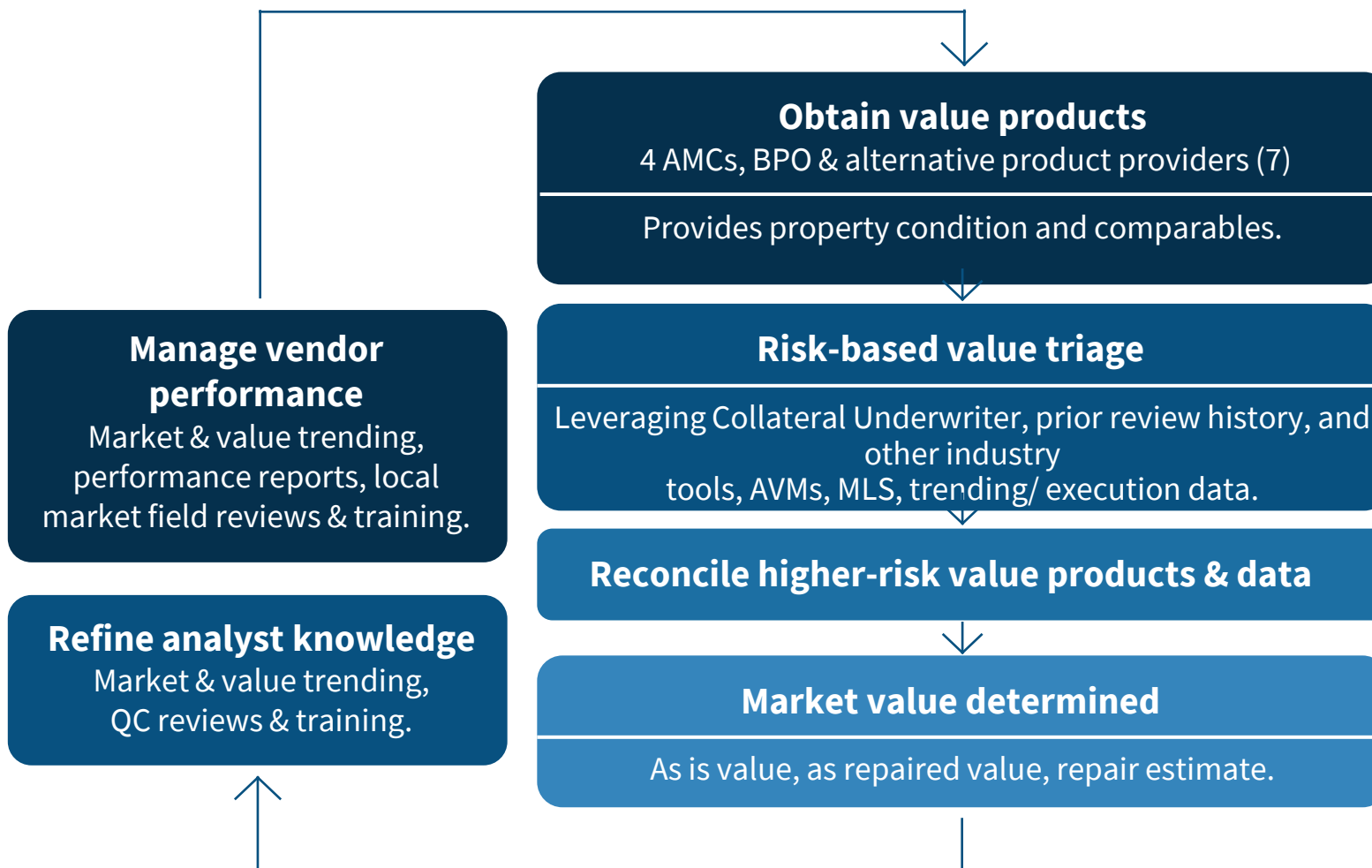
Best-in-class staff — Experienced and extensively trained reviewers; field reps in key markets providing inspections and local market knowledge.

2

Data & tools — Collateral Underwriter & MLS; market leading valuation volume (>4M since 2008) creating trending analyses.

3

Vendor performance — Highly trained valuation product vendor panel; vendor scorecards continually refine vendor panels and performance drives future volume.

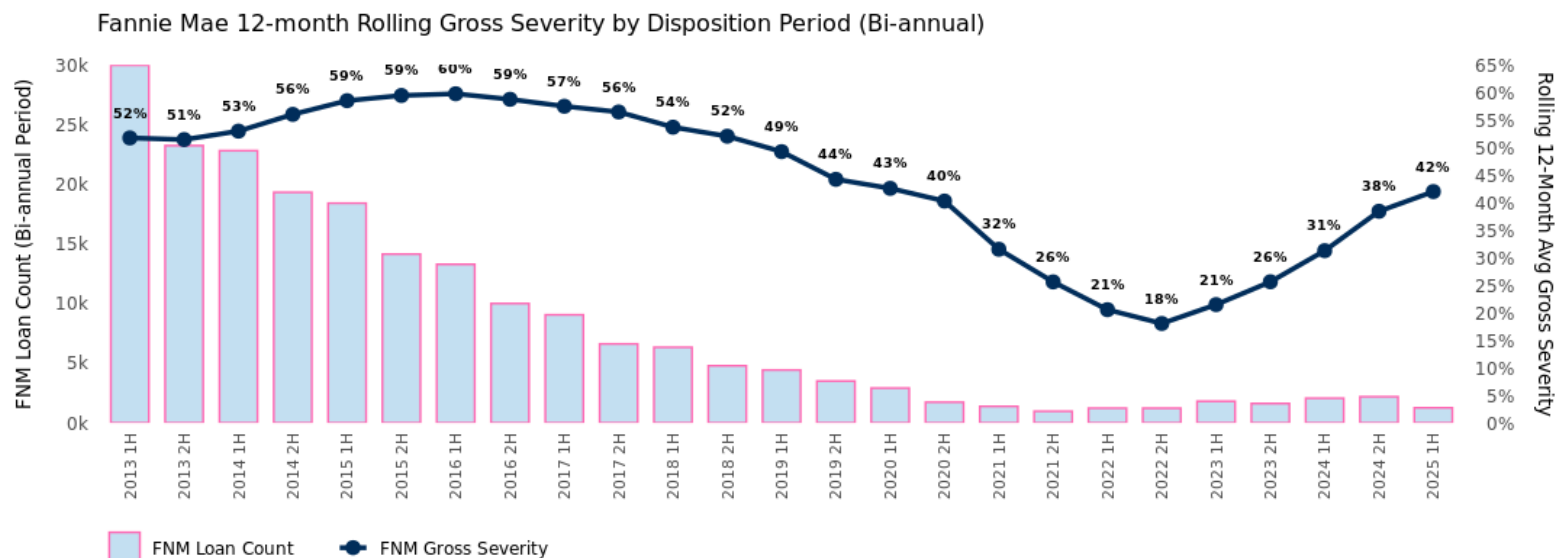




Disposition Outcomes

We have executed at 95% of value on average over the last 10 years.

When a property does reach us, execution protects value.



Source: Fannie Mae Single Family Historical Standard Loan Performance DataSet. Population limited to loans disposed via short sale, third-party sale, and foreclosure sale, and having original amortization term > 300 month, excluding repurchase/makewhole loans, HARP loans and loans sold via note sale. Also excluded dispositions with \$0 revenue in the public data for which internal data has positive revenue.
Note: 2025 1H reflects Q1 data only (Q2 not yet available).

Most seriously delinquent loans carry meaningful equity.

June 30, 2026

Estimated mark-to-market LTV ratio:	% Book Outstanding	% of SDQ Loans ⁽¹⁾	Serious Delinquency Rate
<=60% LTV	67%	63%	0.47%
60.01% to 70% LTV	11%	13%	0.99%
70.01% to 80% LTV	11%	10%	0.86%
80.01% to 90% LTV	7%	8%	1.11%
90.01% to 100% LTV	4%	5%	1.12%
>100% LTV	*	1%	4.24%

¹ Calculated based on the number of single-family loans that were seriously delinquent for each category divided by the total number of Single-family conventional loans that were seriously delinquent

*Represents less than 0.5% of single-family conventional guaranty book of business.



Foreclosure Management

Fannie Mae monitors servicers adherence to timelines with consistent process management to ensure foreclosure proceedings are conducted appropriately. Foreclosure management policies and metrics are key to avoiding protracted foreclosure timelines and reducing loss severities.

Foreclosure initiation

Timely and complete review of loans that are determined eligible for foreclosure prior to referral.

Timeline management and reporting

Maintain an accurate foreclosure timeline and status tracking system as well as all related foreclosure documentation.

Process management

Processes that monitor and manage default law firm performance related to foreclosure and bankruptcy.



Alternative to Foreclosure

Distressed loans can be liquidated through a Short Sale or Mortgage Release™ to reduce credit losses.

Short Sales

- Fannie Mae determines estimated market value and manages offer negotiation process through direct engagement with the borrower’s real estate agent.
- All borrower direct communications are distributed through the servicer.
- By managing the short sales process in-house, Fannie Mae achieves lower severity, reducing credit losses over a delegated model.

Agent

- Requests listing guidance.
- Submits all offers to HomePath.com.
- Engages directly with Fannie Mae.

Fannie Mae

- Provides listing guidance.
- Negotiates to maximize price, minimize loss.
- Advises servicer of approval terms.

Servicer

- Intake of borrower documents.
- Management of transaction closing activities per the direction of Fannie Mae.

Mortgage Release (also known as a Deed-in-Lieu of Foreclosure)

- The borrower deeds collateral property to Fannie Mae in exchange for release of repayment obligations under the mortgage.
- Upon completion of a Mortgage Release, the borrower receives a deficiency waiver.
- Borrower may choose between three options upon Mortgage Release: immediate vacancy, a 3-month transition or a 12-month lease transition.
- Mortgage Release dispositions generally result in lower severity than foreclosure.



Property Management Overview

Our property management efforts seek to protect the value of our properties and enhance the marketability while supporting neighborhood stabilization.

Maintenance & field quality control

- National and regional suppliers providing initial and on-going services
- Multiple layers of QC (completion sign-off, third-party inspections, and in-house field reviews)
- Diverse inspection products (vacant, occupied, repair, and rental)
- Code compliance and vacant property registration oversight

Occupied Property Management

- Relocation assistance program
- Occupied sales via auction strategy
- “Eviction as a Last Resort” framework
- Multiple lease products offered
- Redemption, Confirmation, and Eviction oversight

Title, closing, HOA/tax operations

- Curative and closing functions leveraging local & national attorneys and suppliers
- Flexible capacity model for title follow-ups and closings
- HOA, COA, tax identification, negotiation, and payment facilitation
- Multiple disposition channel support including digital closings

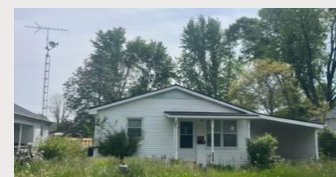
Property Improvement & Repairs

- Proprietary modeling tool provides net present value monitoring.
- Negotiated material/labor pricing (e.g., plumbing, carpentry, etc.).
- Specialized products and supplier alliances.
- Seasoned local and regional repair vendors.

Before

After

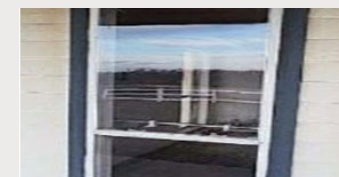
Initial/routine services



Curb appeal



Clear boarding



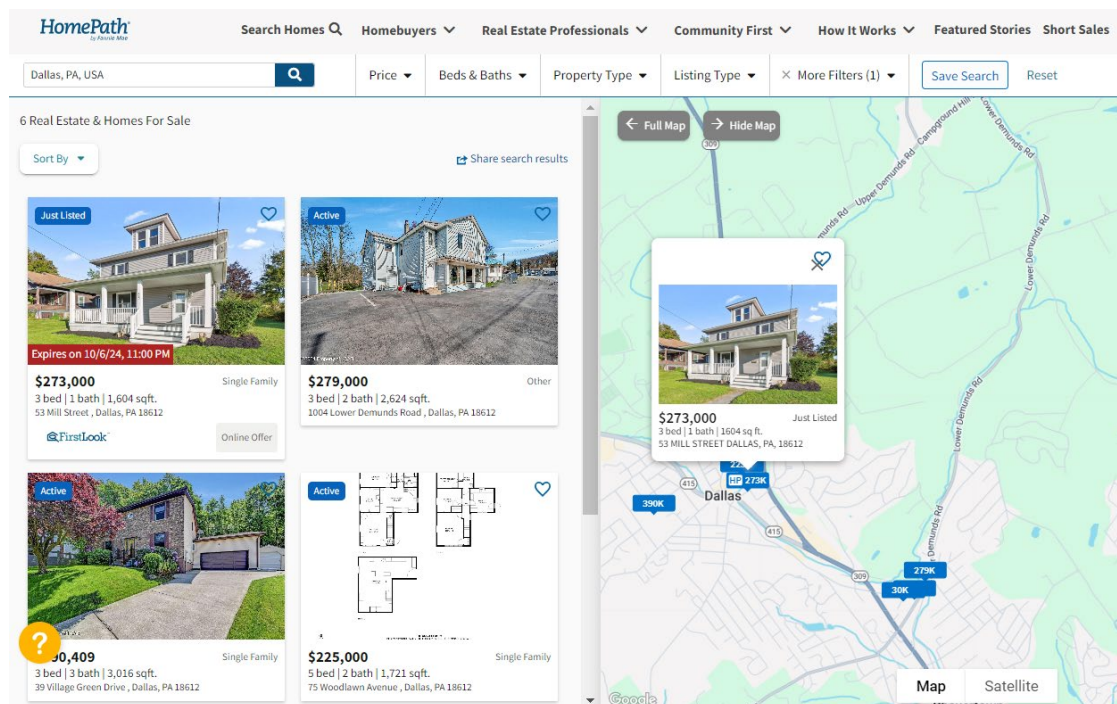
Repairs





HomePath® by Fannie Mae

Fannie Mae's real estate marketing website, HomePath.com, provides homebuyers and real estate agents direct access to search for Fannie Mae-owned properties available for sale and information on programs supporting opportunity for homeownership.



Enhanced Marketing

Enhanced photographs on all listed properties including options for virtual staging.

Offer Management

Platform provides online offer experience and transparency to buyers and real estate agents throughout offer negotiations.

DocuSign® Integration

Electronic contract execution providing simple, fast, and secure process.

Closing Cost Credits*

Owner-occupant buyers may be eligible for a 3% credit toward closing and a \$500 lender credit to cover the cost of the borrower's appraisal.

30-Day First Look™

Exclusive access to owner-occupant and eligible non-profit purchasers for newly listed properties.

Community First

Platform for approved housing related organizations to help support neighborhood stabilization and affordable housing.

*Credits subject to lender restrictions



Resources

Access Data Dynamics:

www.fanniemae.com/datadynamics

Sign up for Fannie Mae communications:

www.fanniemae.com/CMsignup

Learn more about our Credit Risk Transfer programs:

www.fanniemae.com/SFCRT

Contact us with questions:

www.fanniemae.com/AskCM