

Achieve Greater Certainty in Lending with Fannie Mae's Innovative Solutions

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Today's speakers



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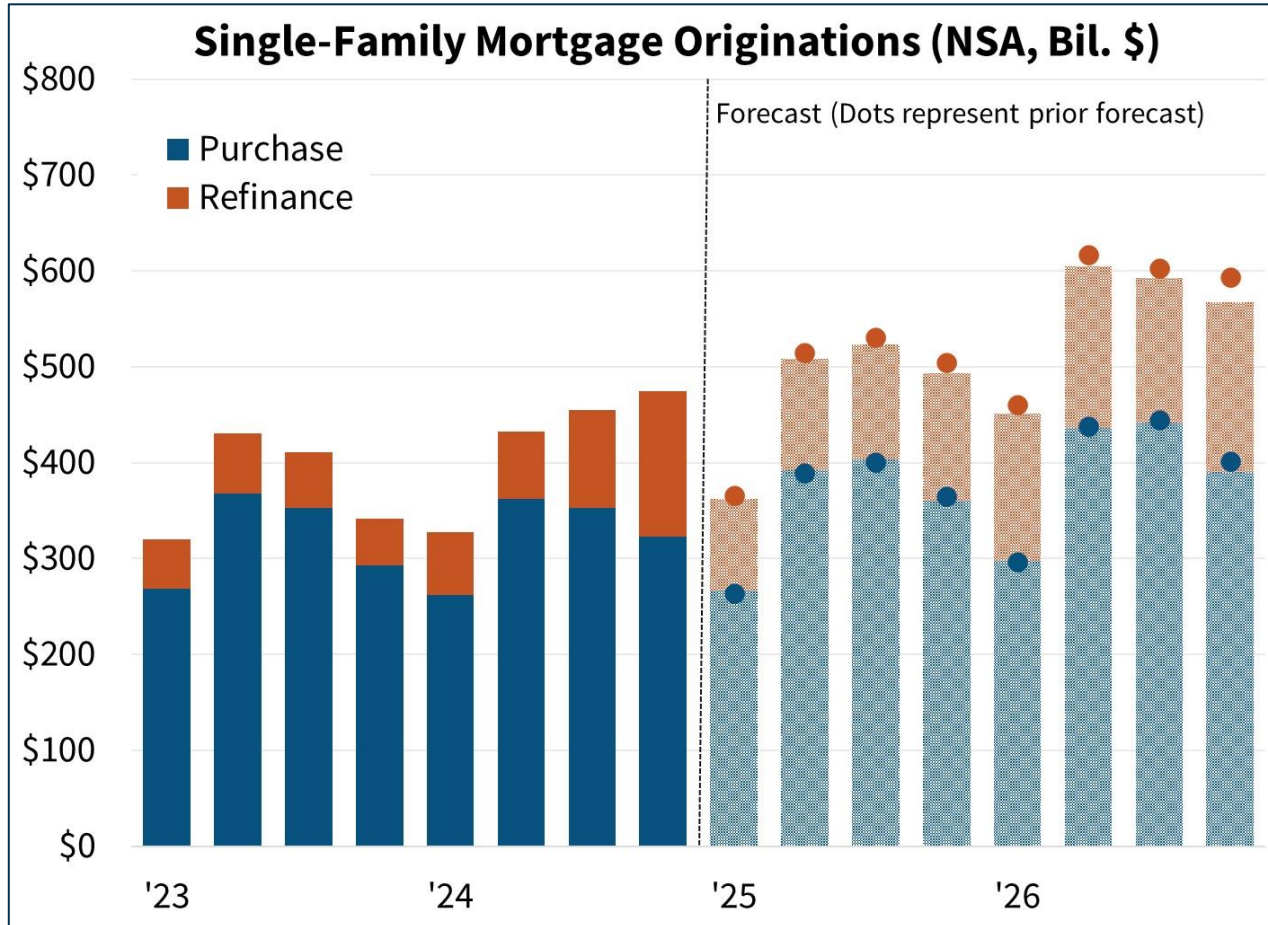
Advisor

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Fannie Mae and its suite of tools can help lenders navigate the changing housing landscape

Mortgage forecast



Source: [February 2025 Commentary - Fannie Mae ESR Group](#)

Notable Factors

- We expect the 30-year fixed-rate mortgage to average 6.8 percent in 2025 and 6.5 percent in 2026.
- Despite recent increases in existing and new home sales and new housing starts in December, we expect high interest rates, a lack of affordability, and the lock-in effect to further limit the pace of sales.



Disclaimer

While every effort has been made to ensure the reliability of the content, Fannie Mae's *Selling* and *Servicing Guides* and their updates, including *Guide* Announcements and Release Notes, are the official statements of Fannie Mae's policies and procedures. Fannie Mae's official statements supersede in the event of discrepancies between the information in this presentation and the *Guides*.

Valuation Modernization



Justin Alexander

Director

Collateral Strategy and Innovation



Fannie Mae®



UNIFORM MORTGAGE DATA PROGRAM



Fannie Mae®



2024		2025		2026		2027
UAD 3.6 TESTING		Uniform Appraisal Dataset (UAD) 3.6 PRODUCTION				
INDUSTRY PREP		LIMITED PRODUCTION	BROAD PRODUCTION		MANDATE	RETIREMENT
		September 8, 2025 – January 25, 2026	January 26, 2026 – November 1, 2026		November 2, 2026	May 3, 2027
		UAD 2.6 -> UAD 3.6 Transition Period			UAD 2.6 Pipeline Revisions	
Submit 2.6 Only	Submit 2.6 Only	Submit 2.6 and Limited Production Participants* to Submit 3.6	Submit 2.6 or Submit 3.6		Submit 3.6 Only	2.6 Pipeline Cleared
November 18, 2024 – Redesigned Uniform Residential Appraisal Report (URAR) industry training available on GSE websites	June 4, 2025 – GSEs publish policy updates July 28, 2025 – ULDD Mandate: Lenders must deliver ULDD Phase 5 data points prior to using UAD 3.6	September 8, 2025 – Fannie Mae and Freddie Mac can accept both UAD 2.6 and 3.6 *Limited Production Participants - Lenders who have submitted the UAD Questionnaire and received GSE approval will have controlled access to submit 3.6 to Uniform Collateral Data Portal (UCDP)	January 26, 2026 – All Lenders may begin submitting to the GSEs’ production environment without prior GSE approval		November 2, 2026 – Lenders must use UAD 3.6 for all new submissions on or after this date Revisions allowed for previously submitted UAD 2.6 appraisals	May 3, 2027 – UAD 2.6 Pipeline revisions period ends

The UMDP is an effort undertaken jointly by Freddie Mac and Fannie Mae at the direction of the Federal Housing Finance Agency. Details should not be shared more widely without GSE permission.



Key Lender Benefits



Expand scope of UAD to cover all property types



Improve review process through data standardization



Minimize review times and improve productivity



Reduce revisions – appraiser can, through appraisal software vendor, check UAD compliance rules prior to submitting to client



Redesigned SSR provides more pertinent information; available in PDF and JSON



Ability to associate an Appraisal Update Report or a Completion Report with original URAR

Industry Training

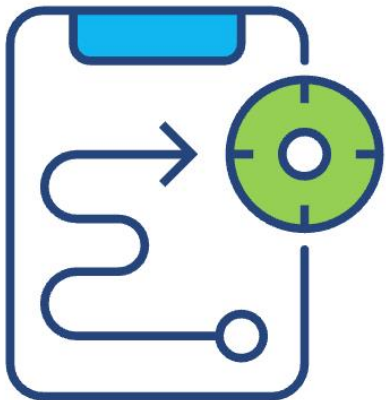
The New UAD training to educate all stakeholders about using the dynamic appraisal reports and updated dataset is available on the [Fannie Mae](#) and [Freddie Mac](#) UAD websites. It contains 17 modules and takes at least 4 hours to complete.



Learning Objectives

- Explore the dynamic appraisal reports (URAR, Appraisal Update Report, and Completion Report) and the transition to eliminate property type-specific forms
- Become familiar with the new reporting features of the appraisal reports
- Learn the basics of the new UAD
- Examine expanded data requirements
- Understand your responsibilities in the new appraisal reporting process

Operational Readiness



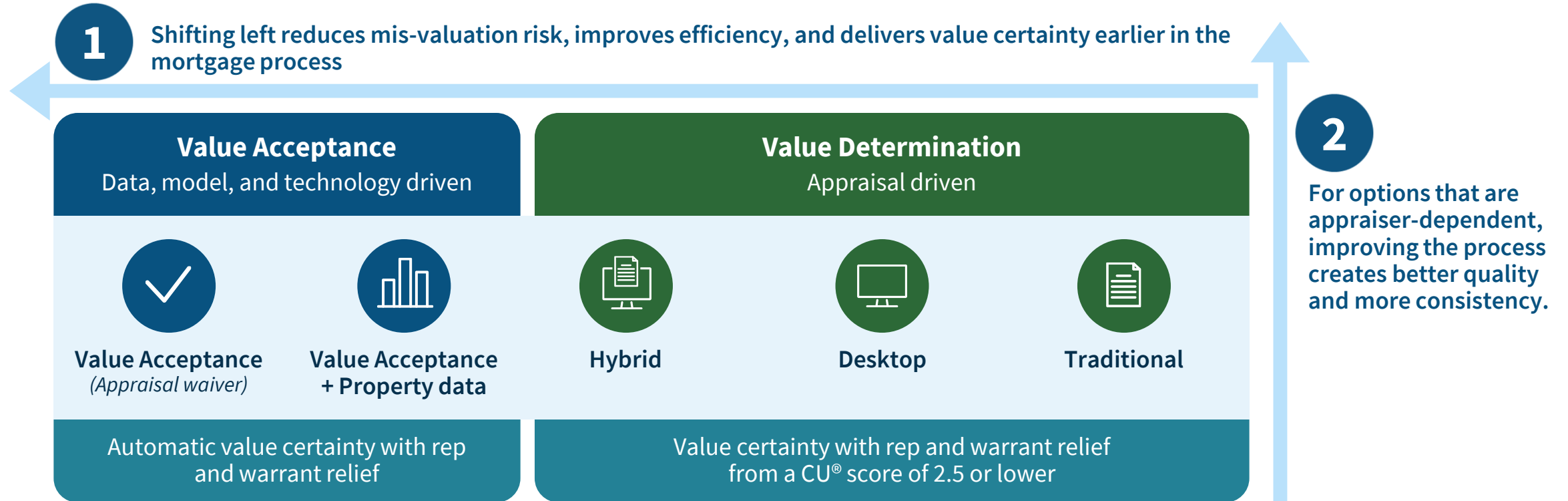
To support implementation of the redesigned URAR and updated UAD 3.6 dataset:

- **Policy and Process Documentation:** Update, create, and communicate changes
- **Appraisal Processes:** Update to include use of any technology service providers from the point you run Loan Product Advisor® (LPASM) or Desktop Underwriter® (DU®) until you sell the loan to a GSE
- **Internal Training:** Update, create, and conduct training
- **GSE Training:** Ensure employees have taken the GSE-developed training
- **Loan Delivery:** Update and test readiness to submit ULDD Phase 5 through your Loan Origination System (LOS)

The Modern Valuation Spectrum

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

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 mis-valuation risk, and more effectively align products to transactional risk.



12-Month Asset Reports



David Talbird

Senior Director

Single-Family Risk - Product Management



Fannie Mae®

12-Month Asset Reports

Lenders can validate a borrower's income, employment and assets easily by referencing asset reports to Desktop Underwriter® (DU®) that contain direct deposits from a borrower's employer.

Lender Benefits



Improve operational efficiency at point-of-sale, underwriting, and processing to get to “clear to close” faster.



Lower costs by reducing third-party report expenses and staff time.*



Achieve Day 1 Certainty® through relief from representation and warranties when income, employment, and/or asset information is validated.



Streamline large deposit verification by reducing documentation requirements.



Enhance the borrower experience by reducing the documents borrowers have to provide.



Increase the number of borrowers that receive an Approve/Eligible recommendation in DU.

*In a survey of pilot lenders, 50% saw some level of cost savings over their existing third-party report costs. Customer results may vary.

How it works



A lender engages with the borrower to order an **Asset Verification Report** (12-month financial statements).



DU determines whether there are **recurring direct deposits** within the report that it can match to the income and employment declared on the loan application and **determines an income value that can be used for validation.**



When income or employment is validated using an asset verification report, lenders receive **relief from enforcement of related representations and warranties** if the loan closes by the date specified in the DU messages and all other conditions of the DU validation service are met.



Income Calculator



Linda Wilson

Advisor

Single-Family Risk - Product Management



Fannie Mae®

Income Calculator

Maximize a borrower's income and easily determine the correct qualifying monthly income before submitting a loan case file to DU.

Lender Benefits



Simplified income calculations: Ensure accuracy and efficiency by tackling complex income calculations for self-employed borrowers, rental property owners, and business owners.



Maximized qualifying income: By incorporating all income add-backs, the tool may help qualify more borrowers.



Reduced cycle times: Fast income calculation results may allow lenders to more quickly proceed with the underwriting process.



Compliance and reliability: The tool is in alignment with Fannie Mae *Selling Guide* policy and may offer enforcement relief of reps and warrants on the income calculations.

How it works



The borrower provides their loan originator with their **tax returns** and key data is input into the free Income Calculator web interface or sent to Fannie Mae through an integrated Technology Service Provider (TSP).



Income Calculator **determines the monthly qualifying income** in alignment with the Fannie Mae *Selling Guide*, using allowable add-backs not found in IRS tax transcript data which may result in **higher qualifying income**.



The goal is to maximize the borrower's qualifying income and increase lender certainty with **enforcement relief of reps and warrants on the income calculation**.



Income Calculator

Income Calculator

Income Calculator ID: D846VGF Reference Name: Test Sole Proprietor

Welcome

Start

Income Type

Reference Name

Length of Employment

Desktop Underwriter

Business Structure

Select Tax Year

Select Tax Forms

Input Tax Data

2024 Forms

Form 1040

Form 1040 Sch 1

Form 1040 Sch C

Losses And Expenses

Form W2

2023 Forms

Form 1040

Form 1040 Sch 1

Form 1040 Sch C

Losses And Expenses

Findings Report

Save or Manage Data

Input Data: Form 1040 (2024)

For the income you want Income Calculator to evaluate, find IRS tax return form 1040 for 2024. Provide all requested data exactly as it appears on the tax returns.

Line 1a

Enter Total amount from Form(s) W-2, box 1

\$52,977

There is no amount on this line

Line 1z

Enter Wages, Salaries, Tips, etc. (add lines 1a-1h)

\$52,977

There is no amount on this line

Line 8

Enter Additional Income Schedule 1

\$90,960

There is no amount on this line

Line 9

Enter Total Income

\$142,893

There is no amount on this line

Line 11

Enter Adjusted Gross Income

\$136,513

There is no amount on this line

1040

U.S. Individual Income Tax Return

2024

OMB No. 1545-0047

IRS Use Only—Do not write or stamp in this space.

For the year Jan. 1-Dec. 31, 2024, or other tax year beginning 2024, ending 2024.

See separate instructions.

Your first name and middle initial

Last name

Your social security number

If joint return, spouse's first name and middle initial

Last name

Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions.

Apt. no.

City, town, or post office. If you have a foreign address, also complete spaces below.

State

ZIP code

Foreign country name

Foreign province/territory

Foreign postal code

Yes ☐ No ☐ Spouse

Filing Status

Check only one box.

☐ Single

☐ Married filing jointly (even if only one had income)

☐ Married filing separately (MFS)

☐ Qualifying surviving spouse (QSS)

☐ Head of household (HOH)

If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent.

If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their name (see instructions and attach statement if required):

Digital Assets

At any time during 2024, did you (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.)

Yes ☐ No ☐

Someone can claim: ☐ You are a dependent ☐ Your spouse as a dependent ☐ Spouse itemizes on a separate return or you were a dual-status alien

Age/Disability

Are you (or your spouse) age 65 or older? ☐ Yes ☐ No ☐

Are you (or your spouse) disabled? ☐ Yes ☐ No ☐

Dependents

See instructions.

If more than four dependents, see instructions and check here ☐

(1) First name

Last name

(2) Social security number

(3) Relationship to you

(4) Check the box if qualifies for (see instructions):

Child tax credit

Credit for other dependents

Income

1a Total amount from Form(s) W-2, box 1 (see instructions)

1b Household employee wages not reported on Form(s) W-2

1c Tip income not reported on line 1a (see instructions)

1d Modified wages payments not reported on Form(s) W-2 (see instructions)

1e Taxable dependent care benefits from Form 2441, line 28

1f Employer-provided adoption benefits from Form 8839, line 28

1g Wages from Form 9915, line 6

1h Other earned income (see instructions)

1i Nonexcludable combat pay election (see instructions)

1j Add lines 1a through 1i

2a Tax-exempt interest

2b Qualified dividends

2c IRA distributions

2d Pensions and annuities

2e Social security benefits

2f If you elect to use the lump-sum election method, check here (see instructions)

2g Capital gain or (loss). Attach Schedule D if required. If not required, check here

2h Additional income from Schedule 1, line 10

2i Add lines 1a, 2b, 2c, 2d, 2e, 2f, 2g, 2h, and 2i

2j Adjustments to income from Schedule 1, line 10

2k Subtract line 2j from line 2i. This is your adjusted gross income

2l Taxable interest

2m Ordinary dividends

2n Taxable amount

2o Taxable amount

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2yn Taxable amount

2yo Taxable amount

2yp Taxable amount

2yq Taxable amount

2yr Taxable amount

2ys Taxable amount

2yt Taxable amount

2yu Taxable amount

2yv Taxable amount

2yw Taxable amount

2yx Taxable amount

2yy Taxable amount

2yz Taxable amount

2za Taxable amount

2zb Taxable amount

2zc Taxable amount

2zd Taxable amount

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2zl Taxable amount

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2zn Taxable amount

2zo Taxable amount

2zp Taxable amount

2zq Taxable amount

2zr Taxable amount

2zs Taxable amount

2zt Taxable amount

2zu Taxable amount

2zv Taxable amount

2zw Taxable amount

2zx Taxable amount

2zy Taxable amount

2zz Taxable amount

Findings Report

- Income amounts are calculated **consistently and transparently** in accordance with the **Selling Guide**
- DU-like Findings Report provides an immediate response** with calculated income and messages
- Stand-alone tool** can be used with or without DU
- No NPI** is collected (no SSN or borrower name)
- DU Findings Report message** confirming Income Calculator activity (coming soon)

Fannie Mae

Income Calculator Findings

Findings Summary

Reference Name: Test Sole Proprietor

Income Calculator ID

D846VGF

Monthly Qualifying Income

\$8,627.94

Income Averaged Months

24

Business Structure / Ownership %

Sole Proprietorship/100%

Employment Start Date

04/01/2022

Comparative Income Analysis

Satisfactory

Findings Details

Item	Tax Returns		Income Calculator		Change
	2024	2023	2024	2023	
Net profit (or loss)	\$90,961.00	\$73,426.00	\$90,961.00	\$73,426.00	23.88%
Other income	\$0.00	\$0.00	\$0.00	\$0.00	N/A
Depreciation	\$0.00	\$0.00	\$0.00	\$0.00	N/A
Depreciation (standard)	\$20,200.00	\$0.00	\$20,200.00	\$0.00	N/A
Vehicle depreciation (mileage method)	643 mi @ 30 cent/mi	482 mi @ 28 cent/mi	\$184.50	\$134.96	36.71%
Deductible meals	\$1,212.00	\$0.00	\$0.00	\$0.00	N/A
Non-deductible meals	\$0.00	\$0.00	-\$1,212.00	\$0.00	N/A
Business use of home	\$0.00	\$600.00	\$0.00	\$600.00	N/A
Amortization (Schedule C)	\$21,846.00	\$9,300.00	\$21,846.00	\$9,300.00	2,349.03%
Amortization (4562)	\$0.00	\$0.00	\$0.00	\$0.00	N/A
Casualty/theft loss	\$0.00	\$0.00	\$0.00	\$0.00	N/A
Extraordinary one-time expenses	\$0.00	\$0.00	\$0.00	\$0.00	N/A
W-2 medicare wages	\$0.00	\$0.00	\$0.00	\$0.00	N/A
Total			\$131,979.50	\$75,090.96	75.76%
Monthly Qualifying Income	\$131,979.50 + \$75,090.96 ÷ 24 months = \$8,627.94				

Messages

Risk / Eligibility

- Income Calculator determined the Monthly Qualifying Income from this income source is \$8,627.94. The lender remains responsible for the integrity of the data submitted to Income Calculator.

Verifications / Conditions

- The loan file must contain a completed Income Calculator Findings Report. This report may be stored in the loan file in lieu of Fannie Mae Forms 1084 and 1088 or similar forms.
- Perform and document a verbal verification of employment in accordance with the Fannie Mae Selling Guide.
- The lender must: (1) comply with any DU messages, (2) determine that age of documentation requirements are met, and (3) determine the eligibility of the income being used to qualify.
- Self-employment income must be entered as Monthly Income (or Loss) in Section 1b/1c of the Uniform Residential Loan Application. Do not enter self-employed income as 'Other income' in Section 1e. The checkboxes 'Check if you are the Business Owner or are Self-Employed' and 'I have an ownership share of 25% or more' must be selected. If the borrower has self-employment income from multiple businesses, enter each source as a separate employment/business name on the Uniform Residential Loan Application.
- Obtain a completed and signed IRS Form 4506-C for each borrower whose income is used to qualify for the loan at or before closing. An alternate form is also acceptable if it authorizes the release of comparable tax information from the IRS. If all of a borrower's income has been validated through the DU validation service, a completed and signed IRS Form 4506-C is not required for that borrower. Refer to the Fannie Mae Selling Guide for additional information.
- The loan file must contain the borrower's federal individual (personal) income tax returns: Form 1040 with all schedules (including Schedule C) for tax years 2024 and 2023.

Observations



Income Calculator

Available and upcoming income types

Available now

- Self-Employment/Business Ownership: ($\geq 25\%$ self-employment and $< 25\%$ business ownership)
 - Sole Proprietor (Schedule C)
 - Partnership
 - S-Corporation
 - Corporation
- Rental Income from Schedule E

Looking ahead

- Rental Income from 1065/1120S (Form 8825)
- DU Findings Report Message confirming rep & warrant relief
- Variable Income (fluctuating hourly, overtime, etc.)
- Dividends and Interest, Capital Gains, Farm, Trust, etc.
- Additional technology service providers

ICE Data and Document Automation integration: target August 2025



Income Calculator

Integration options in lieu of the web interface



Full API Integration

Integrator extracts data from tax returns, sends data to Income Calculator, and displays Income Calculator response. Lender interacts with integrator's web interface.

Integrated TSPs

Blueprint, Blue Sage, CoreLogic, LoanLogics, and PointServ



Import File Creation

Integrator extracts data from tax returns or (coming soon) tax transcripts and provides lender an import file. User interacts on Fannie Mae's web interface.

Integrated TSPs

Baleen Solutions



LOS iFrame

Integrator's LOS frames Fannie Mae's web interface for user interaction.

Integrated TSPs

Take3Tech/LoanMaps



Findings Retrieval

Lender calls Fannie Mae API to retrieve prior Income Calculator findings.



Income Calculator

2024 usage stats and lender feedback

107,000+

Evaluations

90+

Lenders using
via integrated TSPs

550+

Lenders using
web interface

“

*This is going to make things significantly easier, as we'll be able to perform proper calculations **without creating a logjam for underwriting.***

I LOVE THIS TOOL!!! Great Job Fannie Mae!!

*I've looked at every single self-employment income calculator that has come on the market in the last ten years. None of them delivered on the promise. **We trust the results** we are getting with Income Calculator. As one of our loan officers said, '**This is a game changer.**'*

*This is **an awesome tool.** Been in the business for 30+ years and this is the best I have seen! Thank you!*

”

Learn More about Income Calculator

