Experience 2025

March 10-12
Las Vegas

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

Monday, March 10

Today’s speakers

David Talbird

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Fannie Mae

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Single-Family Collateral Risk

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Linda Wilson

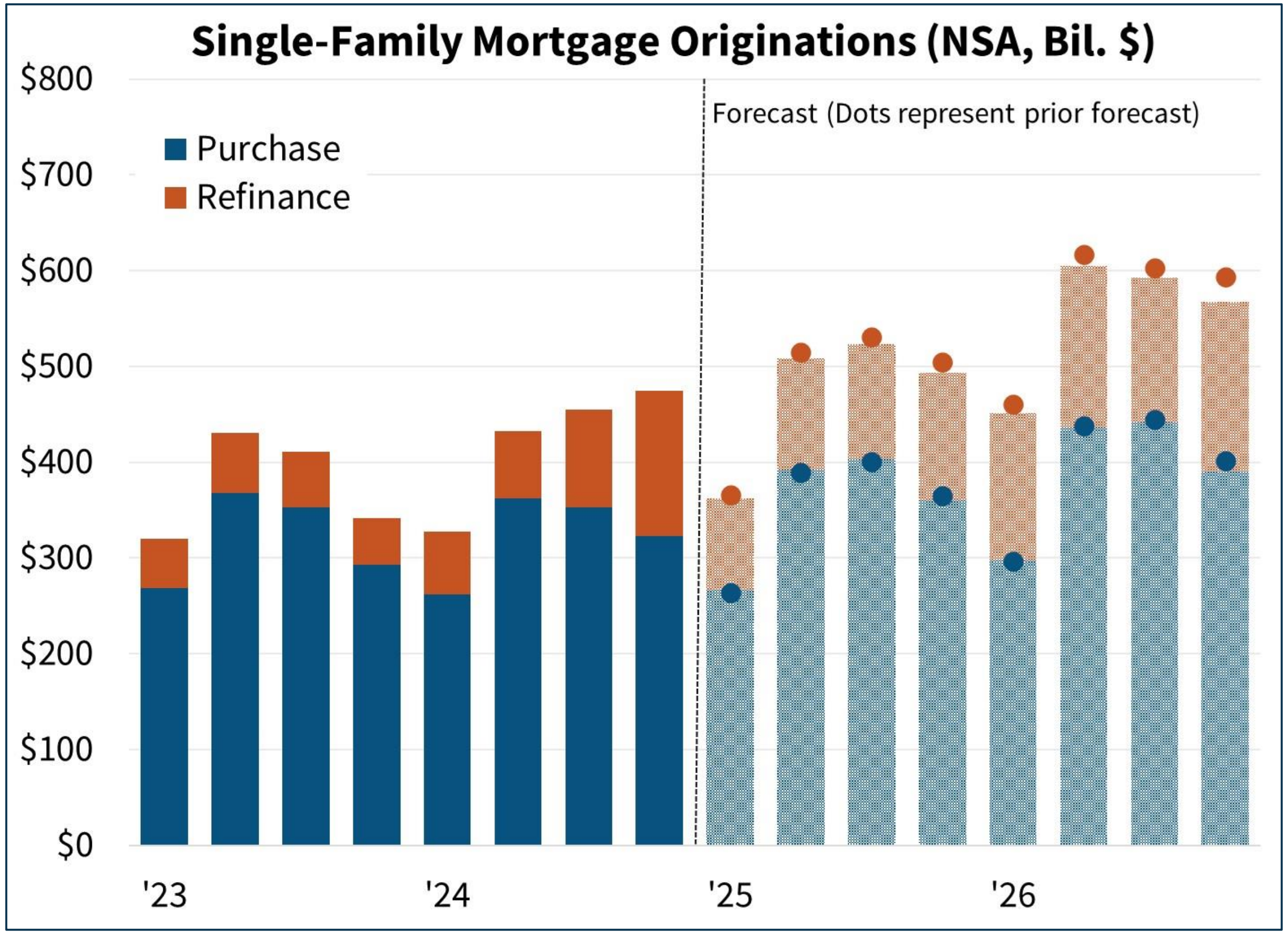
Advisor

Single-Family Risk – Product Management

Fannie Mae

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

UMDP
UNIFORM MORTGAGE DATA PROGRAM

Fannie Mae | Freddie Mac SINGLE-FAMILY

2024	2025		2026		2027
UAD 3.6 TESTING		**Uniform Appraisal Dataset (UAD) 3.6 PRODUCTION**			
INDUSTRY PREP		**LIMITED PRODUCTION** **September 8, 2025 – January 25, 2026**	**BROAD PRODUCTION** **January 26, 2026 – November 1, 2026**	**MANDATE** **November 2, 2026**	**RETIREMENT** **May 3, 2027**
		UAD 2.6 -> UAD 3.6 Transition Period		**UAD 2.6 Pipeline Revisions**	
Submit 2.6 Only **November 18, 2024** – Redesigned Uniform Residential Appraisal Report (URAR) industry training available on GSE websites	Submit 2.6 Only **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	Submit 2.6 and Limited Production Participants* to Submit 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)	Submit 2.6 or Submit 3.6 **January 26, 2026** – All Lenders may begin submitting to the GSEs' production environment without prior GSE approval	Submit 3.6 Only **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	2.6 Pipeline Cleared **May 3, 2027 –** UAD 2.6 Pipeline revisions period ends

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

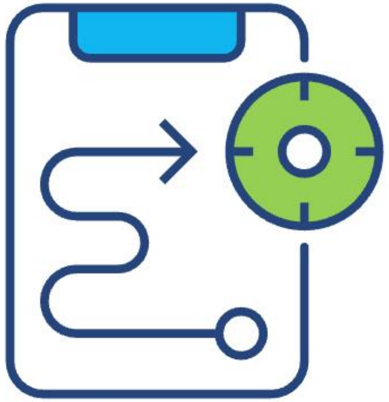
Industry Training

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® (LPA℠) 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:

1 Shifting left reduces mis-valuation risk, improves efficiency, and delivers value certainty earlier in the mortgage process

2 For options that are appraiser-dependent, improving the process creates better quality and more consistency.

Value Acceptance Data, model, and technology driven		**Value Determination** Appraisal driven		
Value Acceptance *(Appraisal waiver)*	**Value Acceptance + Property data**	**Hybrid**	**Desktop**	**Traditional**
Automatic value certainty with rep and warrant relief		Value certainty with rep and warrant relief from a CU® score of 2.5 or lower		

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

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

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.

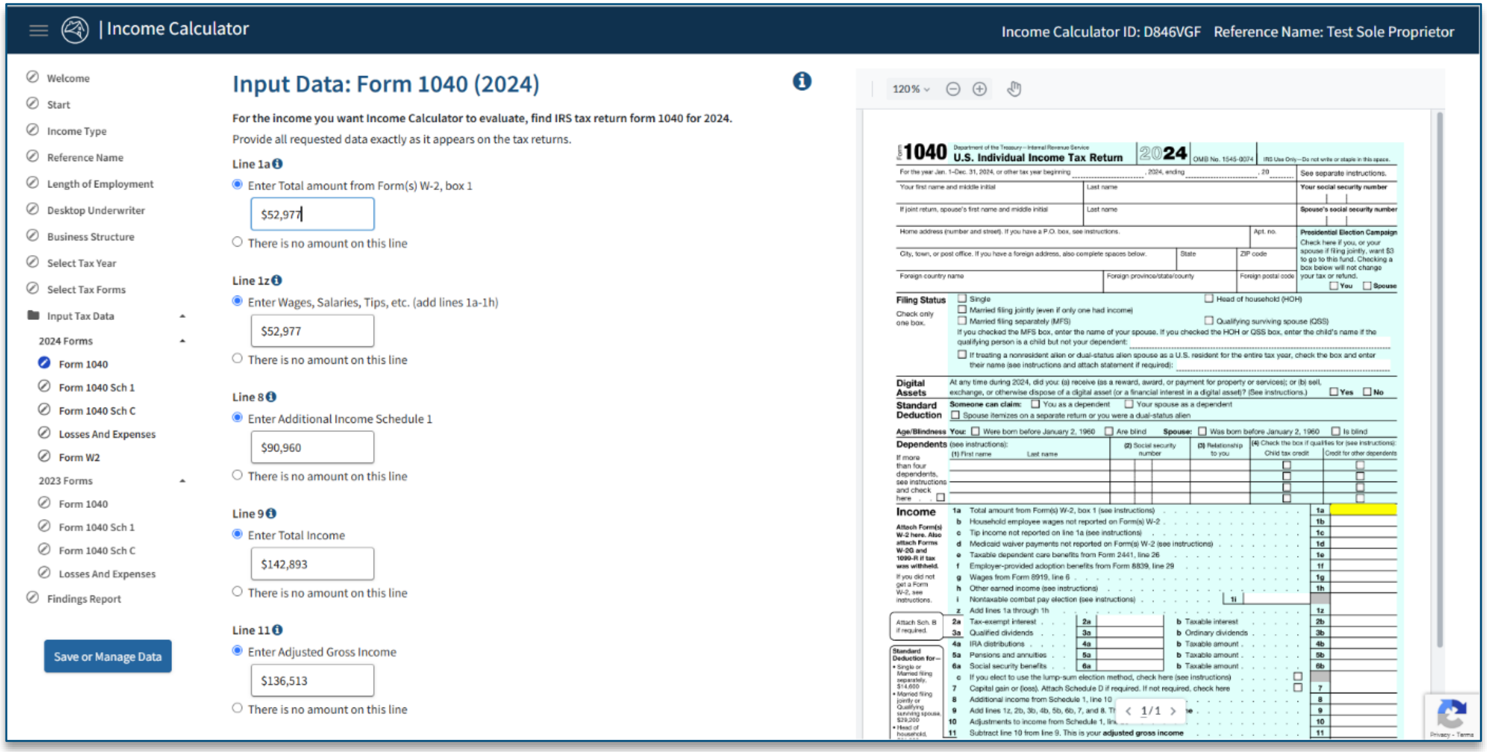
How it works

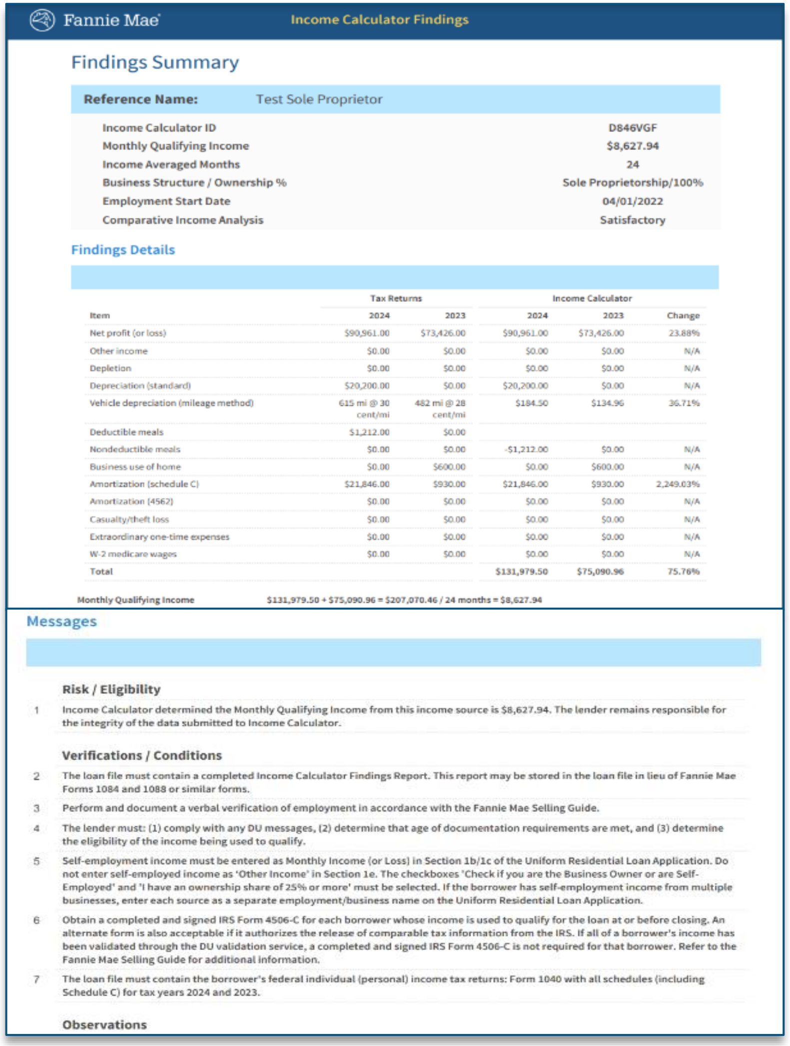
The borrower provides their loan originator with their **tax returns** and key data is input into the free Income Calculator web interface or sent to Fannie Mae through an integrated Technology Service Provider (TSP).

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





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

	Tax Returns		Income Calculator		
Item	2024	2023	2024	2023	Change
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
Depletion	$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)	615 mi @ 30 cent/mi	482 mi @ 28 cent/mi	$184.50	$134.96	36.71%
Deductible meals	$1,212.00	$0.00			
Nondeductible 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	$930.00	$21,846.00	$930.00	2,249.03%
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 = $207,070.46 / 24 months = $8,627.94

Messages

Risk / Eligibility

1 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

2 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.

3 Perform and document a verbal verification of employment in accordance with the Fannie Mae Selling Guide.

4 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.

5 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.

6 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.

7 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

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)

Income Calculator

Available and upcoming income types

Available now

- Self-Employment/Business Ownership: (>=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