



Fannie Mae®

Investor Reporting Performance Metrics

REFERENCE GUIDE
VERSION 5.0



Contents

- I. About This Document..... 3
- II. Introduction 3
 - Investor Reporting (IR) Performance Metrics 3
- III. Investor Reporting Performance Metric Definitions 3
 - Fannie Mae Performance Metrics: 4
 - Fannie Mae Supplemental Metrics: 5
 - Servicing Transfer Grace Period 8
 - S/S Bi-weekly Loan Exclusion 9
- IV. Performance Measurement Methodology..... 9
 - Measurement Criteria 9
 - Score Grid 9
- V. Resources and Appendix..... 10
 - Servicer Support 10
 - Appendix A..... 10



I. About This Document

This document serves as a reference guide to the Investor Reporting Performance Metrics. This document will be updated from time to time as the program continues to evolve.

This document provides additional context for servicers as they evaluate their results as represented in the STAR Program Scorecard. Details regarding the Investor Reporting performance metrics can be found in the Metrics Definitions and Performance Measurement Methodology section of this document.

The Investor Reporting Performance Metric Guide primarily examines the following topics:

- Investor Reporting Performance Metrics Definitions
- Performance Measurement Methodology

The Lender Marketing ID referred to in this document is a unique identifier that is common to every counterparty Fannie Mae does business with. It is a five-character designation that uniquely identifies a common corporate family relationship. Marketing identifiers are a mechanism used to organize lenders into groups for tracking purposes. It is the counterparty that Fannie Mae is exposed to from either a lending or servicing perspective.

II. Introduction

Investor Reporting (IR) Performance Metrics

Servicers are evaluated based on their performance related to Investor Reporting metrics which measure servicer efficiency of their reporting and remittance functions.

The IR Performance Metrics are designed to help our servicers quickly identify opportunities for improvement. Overall, the IR Performance Metrics monitor servicers’ progress and trends against key indicators selected to reflect Investor Reporting’s current business objectives.

III. Investor Reporting Performance Metric Definitions

Metric No	Fannie Mae Performance Metrics	Metric No	Fannie Mae Supplemental Metrics
1	Aged Recurring Hard Reject Rate	4	Ending Hard Reject Rate
2	Aged Recurring Soft Reject Rate	5	Surplus Percent
3	Shortage Percent	6	Loans Not Reported Rate
		7	LAR 83 Discrepancy Rate
		8	Avg Days Reporting Liquidations

NOTE: Fannie Mae reserves the right to revise the threshold ranges assigned per metric.



Fannie Mae Performance Metrics:

1. Aged Recurring Hard Rejects Rate:

Percentage of loans in portfolio with aged recurring hard rejects for the activity month selected. Aged recurring hard rejects are hard rejects that have occurred on individual loans over the span of five consecutive reporting periods, including the current activity period.

$$\text{Aged Recurring Hard Rejects Rate} = \{(\text{Aged Recurring Hard Rejects Loan Count}) / (\text{Total Loan Count})\} * 100$$

If the numerator is zero, then display Aged Recurring Hard Rejects Percentage as zero.

Example:

If the aged recurring hard rejects loan count is 8 and the total loan count 100,000 then the Aged Recurring Hard Rejects Rate for the reporting period would be .008%.

2. Aged Recurring Soft Rejects Rate:

Percentage of loans in portfolio with aged recurring soft rejects for the activity month selected. Aged recurring soft rejects are soft rejects that have occurred on individual loans over the span of five consecutive reporting periods, including the current activity period.

$$\text{Aged Recurring Soft Rejects Rate} = \{(\text{Aged Recurring Soft Rejects Loan Count}) / (\text{Total Loan Count})\} * 100$$

If the numerator is zero, then display Aged Recurring Soft Rejects Percentage as zero.

Example:

If the aged recurring soft rejects loan count is 5 and the total loans in portfolio at the beginning of the reporting cycle is 100,000 then the Aged Recurring Soft Rejects Rate for the reporting period would be .005%.

3. Shortage Percent:

Measures the rate at which a servicer's monthly remittance is less than the total amount expected to be remitted by Fannie Mae's Investor Reporting System (SIR). Shortage Percent is Total Shortage Amount divided by Total Due where Total Due is equal to Total Monthly Remittances plus the Total Shortage Amount less the Total Surplus Amount. Total Shortage Amount is the shortage balance at the close of cash reconciliation activity period for A/A remittance.

$$\text{Shortage Percent} = \{\text{Sum (Total A/A Shortage Amount)}\} / \{\{\text{Sum (Total Monthly Remittance for A/A loans)}\} + \{\text{Sum (Total A/A Shortage Amount)}\} - \{\text{Sum (Total AA Surplus Amount)}\}\} * 100$$

Example:



9-Digit Servicer Numbers for Lender Marketing ID	Total Shortage Amount (A/A)	Total Surplus Amount (A/A)	Monthly Remittance Amount (A/A)
12340-000-6	\$0.02	\$0.00	\$4,026,622.08
12340-001-4	\$0.00	\$1,019,391.85	\$76,521,300.63
12340-002-2	\$0.00	\$3.21	\$3,568,114.34
12340-004-9	\$112.15	\$0.00	\$866,679.64
12340-005-7	\$0.00	\$13,982.84	\$4,175,189.45
12340-007-3	\$0.00	\$97,581.77	\$1,828,378.68
12340-012-0	\$1,396.09	\$1,490.47	\$12,697,546.97
12340-015-4	\$0.00	\$0.00	\$0.00
23456-004-8	\$0.00	\$2,168.56	\$0.00
Total	\$1,508.26	\$1,134,618.70	\$103,683,831.79

Shortage Percent = $\{ \$1,508.26 / (\$103,683,831.79 + \$1,508.26 - \$1,134,618.70) \} * 100$
=0.0014%

Fannie Mae Supplemental Metrics:

1. Ending Hard Rejects Rate:

Percentage of loans in portfolio with ending hard rejects for the activity month selected. It measures the number of loans that stayed as hard reject at the end of the processing period (i.e. hard rejects that occurred during the processing period which were not resolved by the end of the processing period) as a percentage of the Total Loan Count¹. For summary loans, the numerator is the count of unique loans which had an occurrence of a payment hard reject for the activity month selected that exists at the end of reporting cycle. If the loan is an A/A bi-weekly loan and had a hard reject, it is included if the payment due date falls within the selected activity month, but it is only included once even if there are multiple payment due dates or hard reject occurrences within the selected activity month.

Ending Hard Rejects Rate = $\{ (\text{Ending Hard Rejects Loan Count}) / (\text{Total Loan Count}) \} * 100$

If the numerator is zero, then display Ending Hard Rejects Rate as zero.

Example:

If the ending hard rejects loan count is 105 and the total loan count at the beginning of the reporting cycle is 100,000 then the Ending Hard Rejects Rate would be .105%.

2. Surplus Percent:

Measures the rate at which a servicer’s monthly remittance is more than the total amount expected to be remitted by Fannie Mae’s Investor Reporting System (SIR). Surplus Percent is Total Surplus Amount divided by Total Due where Total Due is equal to Total Monthly Remittance plus the Total Shortage amount less the Total Surplus Amount. Total Surplus amount is the surplus balance at the close of cash reconciliation activity period for A/A cash remittance type.

Surplus Percent = $\{ \text{Sum (Total A/A Surplus Amount)} \} / \{ \text{Sum (Total Monthly Remittance for A/A loans)} + \{ \text{Sum (Total A/A Shortage Amount)} \} - \{ \text{Sum (Total AA Surplus Amount)} \} \} * 100$

Example:

¹ Total Loan Count – Total loans in the beginning of the cycle + readds + new acquisitions



9-Digit Servicer Numbers for Lender Marketing ID	Total Shortage Amount (A/A)	Total Surplus Amount (A/A)	Monthly Remittance Amount (A/A)
12340-000-6	\$0.02	\$0.00	\$4,026,622.08
12340-001-4	\$0.00	\$1,019,391.85	\$76,521,300.63
12340-002-2	\$0.00	\$3.21	\$3,568,114.34
12340-004-9	\$112.15	\$0.00	\$866,679.64
12340-005-7	\$0.00	\$13,982.84	\$4,175,189.45
12340-007-3	\$0.00	\$97,581.77	\$1,828,378.68
12340-012-0	\$1,396.09	\$1,490.47	\$12,697,546.97
12340-015-4	\$0.00	\$0.00	\$0.00
23456-004-8	\$0.00	\$2,168.56	\$0.00
Total	\$1,508.26	\$1,134,618.70	\$103,683,831.79

Surplus Percent = $\{ \$1,134,618.70 / (\$103,683,831.79 + \$1,508.26 - \$1,134,618.70) \} * 100$

=**1.1063%** (Surplus Percent)

3. Loans Not Reported Rate:

Percentage of unique active loans in portfolio which were not reported (missing LAR) in a timely manner as per Fannie Mae’s policies and guidelines. It measures the number of loans not reported as a percentage of the total loans in portfolio for a given month.

Loans Not Reported Loan Count is comprised of:

- a) Loans not reported as of Interim Reporting End Date² close and
- b) Loans not reported as of Reporting Cycle Close (i.e. BD2)

Loans Not Reported Rate = $[(\text{Loans Not Reported Loan Count}) / (\text{Total Loans in Portfolio}) * 100]$

Example:

If the unique number of Loans Not Reported is 6, and the total number of loans in the portfolio is 100, the Loans Not Reported Rate would be 6%.

² Interim Reporting End Date missing LAR population:

- Excludes ‘missing loans due to reclass activity’
- Excludes missing loans acquired two business days prior to Interim Reporting End Date
- Excludes missing loans with acquisition date of last business day of the activity month
- Excludes delinquency modification loans that were completed or closed in the current cycle with a reversed payment LAR (LAR 96/97) as of Interim Reporting End Date + 1 day



Activity Month: 03/2023				
Loans Not Reported as of Interim Reporting End Date Close i.e. CD22				
Fannie Mae Loan Number				
4111111111				
1611111111				
4211111111				
4131111111				
Loans Not Reported as of Reporting Cycle Close i.e. BD2				
Fannie Mae Loan Number				
4111111111				
1635111111				
1636111111				
Loans Not Reported Loan Count (unique count)	4+2 = 6			
Total loans in portfolio	100			
Loans Not Reported Rate = 6/100 = 6%				

4. LAR 83³ Discrepancy Rate⁴:

Percentage of unique active ARM loans in portfolio with outstanding note rate and/or payment change discrepancies (those due for a scheduled change but missing LAR 83 and those with LAR 83 exceptions) at any point in a given activity month. It measures the number of ARM loans with note rate and/or payment change discrepancies (outstanding 5 business days after the note rate and/or payment projection date) as a percentage of total number of ARM Projections for the activity month.

LAR 83 Discrepancy Rate = [(LAR 83 Discrepancy ARM Loan Count) / (Number of ARM Projections for the activity month) *100]

Example: If the number of LAR 83 Discrepancy ARM Loan Count is 10 and the number of ARM Projections for the activity month is 100, then the LAR 83 Discrepancy Rate would be 10%.

5. Avg Days Reporting Liquidations:

Average days for a servicer to report a liquidation LAR in an accepted state.

Avg Days Reporting Liquidations = Total business days (Action Date - Accepted Date)/ Number of liquidated loans

Example:

³ LAR 83 - Loan Activity Report (LAR) Transaction 83: Interest Rate/Payment Change Reporting

⁴ LTSC (Long Term Standby Commitment) loans are excluded from this metric



FANNIE MAE LOAN NUMBER	Action Code	Action Date	Accepted Date	Difference (action date - accepted date)
1111111112	60	4/20/2015	4/21/2015	1 Business Day
2222222223	65	4/10/2015	4/13/2015	1 Business Day
4444444445	70	3/21/2015	4/20/2015	21 Business Days
2222221223	60	4/20/2015	4/21/2015	1 Business Day
4444444444	60	4/20/2015	4/21/2015	1 Business Day
6666666667	60	4/20/2015	4/21/2015	1 Business Day
8888888889	60	4/20/2015	4/21/2015	1 Business Day
1111111111	60	4/20/2015	4/21/2015	1 Business Day
1333333333	60	4/20/2015	4/21/2015	1 Business Day
1555555555	60	12/2/2014	4/20/2015	80 Business Days
1777777777	60	4/20/2015	4/21/2015	1 Business Day
1999999999	60	4/20/2015	4/21/2015	1 Business Day
5555555556	71	4/24/2015	4/30/2015	4 Business Days

NOTE: Each of the metrics above is displayed at Lender Marketing ID level (i.e. metric data is rolled up for nine-digit servicers by Marketing ID).

Example:

Beginning Hard Reject Rate = {(Beginning Hard Reject Loan Count) / (Total Loan Count)} * 100 = {(123/ 279,146) * 100} = **.0440%**

01/2015 Activity:

9-digit detail for Lender Marketing ID ABCDE:

Activity Month	Peer Group	Lender Mktg ID	Servicer Family Name	9-Digit Servicer Numbers for Lender Marketing ID	Total Portfolio Loans	Beginning Hard Reject Count
12015	2	ABCDE	ABC Banks, Inc.	12345-000-1	60259	68
12015	2	ABCDE	ABC Banks, Inc.	12345-000-2	942	0
12015	2	ABCDE	ABC Banks, Inc.	12345-000-3	68	0
12015	2	ABCDE	ABC Banks, Inc.	12345-005-0	2936	2
12015	2	ABCDE	ABC Banks, Inc.	12345-005-1	214939	53
12015	2	ABCDE	ABC Banks, Inc.	12345-005-2	2	0
Total					279146	123

Lender Marketing ID Data:

Peer Group	Servicer Name	Lender Mktg ID	Total Portfolio Loans	Beginning Hard Reject Count	Beginning Hard Reject Rate
1	ABC BANKS, INC.	ABCDE	279,146	123	0.0440%

Servicing Transfer Grace Period

A two-month grace period will be provided for **aged rejects** on loans which are transferred from one servicer to another. Any of these reject types inside a grace period will not count toward metric calculations. The historical reject counter for loans will also be reset upon transfer. This pertains to both hard and soft reject types. For a more detailed illustration, see **Appendix A**.



S/S Bi-weekly Loan Exclusion

Scheduled Interest/Scheduled Principal bi-weekly loans are excluded from the following metric calculations:

- Aged Recurring Hard Rejects Rate
- Aged Recurring Soft Rejects Rate
- Ending Hard Rejects Rate
- Loans Not Reported Rate

IV. Performance Measurement Methodology

Measurement Criteria

Each of the 8 performance metrics below is measured against pre-defined thresholds to provide insight into servicer performance relative to Fannie Mae expectations. These thresholds have been established for 2019 activity (*The thresholds set forth in this document are not determined on a preset schedule and are subject to periodic adjustments based on an evaluation of current strategic importance to Fannie Mae*). For servicers to clearly understand how they are performing on each of the metrics, a performance indicator will be provided each month. For example, if the threshold for metric A was 1.0%, and the servicer exceeded that value for the given period, an un-favorable to threshold indicator would be assigned for metric A.

Score Grid

Score grid constitutes current thresholds for each metric:

Effective Date	Metric Item	MIN	MAX
3/1/2019	Ending Hard Rejects Rate	0.0010%	0.0100%
3/1/2019	Shortage Percent	0.0020%	0.0500%
3/1/2019	Surplus Percent	0.1000%	1.0000%
3/1/2019	Aged Recurring Hard Rejects Rate	0.0010%	0.0050%
3/1/2019	Aged Recurring Soft Rejects Rate	0.0020%	0.0080%
3/1/2019	Loans Not Reported Rate	--	--
3/1/2019	LAR 83 Discrepancy Rate	--	--
3/1/2019	Avg Days Reporting Liquidations	--	--

NOTE: Metrics highlighted above in blue are the Fannie Mae Performance metrics.

NOTE: Fannie Mae reserves the right to revise the threshold ranges assigned per metric.

Each of the 5 metrics above with Min/Max thresholds follow the rules below:

		Rating
Above Threshold	> MAX	Red / Unfavorable
At Threshold	> MIN and =< MAX	Yellow / Neutral
Below Threshold	=< MIN	Green / Favorable



V. Resources and Appendix

Servicer Support

For servicer support or additional information related to the Investor Reporting Servicer Performance Metrics:

- Contact your Investor Reporting Analyst. Should you need assistance retrieving your Analyst's contact information, you may call 1-800-2FANNIE and select option "6" for Investor Reporting.

Appendix A

Servicing Transfer Grace Period Example:

A two-month grace period will be provided for *aged rejects* on loans which are transferred from one servicer to another. The spreadsheet linked below illustrates how rejects are counted after a transfer in servicing.

<https://singlefamily.fanniemae.com/media/document/xlsx/investor-reporting-metrics-servicing-transfer-example>