Fannie Mae®

Annual Housing Activities Report

2024

2024 at a glance

Liquidity

$381B
Provided in liquidity to the single-family and multifamily mortgage markets

982,000
Single-family purchase and refinance loans acquired

$17.3B
In Multifamily and Single-Family Green MBS issued

$23.7B
In Multifamily and Single-Family Social MBS issued

420,000
Multifamily units financed

Affordability

189,247
Very low- and low-income homebuyers helped to purchase a home

2,453
Potential homebuyers approved-eligible due to Positive Rent Payment History in DU®

270,938
Rental units affordable to very low- and low-income families financed

1.4M
Home purchases, refinances, and rental units enabled

391,054
First-time homebuyers helped to purchase a home

Over 486,000[1]
Renters have enrolled, ever-to-date, in the Multifamily Positive Rent Payment research pilot

Stability

Over 288,400
First-time prospective homebuyers completed our HomeView® course and earned their certificate of completion

26,300
Housing counseling sessions supported to help people stay in their homes after disaster or hardship

[1] Data according to our vendors from September 2022 to December 2024.

About Fannie Mae

Fannie Mae began as an innovation to stabilize the housing market during the Great Depression. In the decades since, our role in providing liquidity, affordability, and stability has become a cornerstone of the U.S. housing finance system. We make possible the 30-year, fixed-rate, pre-payable mortgage, a uniquely consumer-friendly product that is widely available in the United States. While we have continued to fulfill our essential role over the last 87 years, Fannie Mae has also been instrumental in the creation of new solutions to housing market challenges, particularly in the areas of housing affordability and mortgage access, which is the focus of this Annual Housing Activities Report.

Fannie Mae ensures a stable source of funding for home mortgages — in all markets, at all times, and in all business cycles. The housing market makes up approximately 18% of the U.S. gross domestic product. A stable, resilient housing market is a vital source of economic strength.

Our impact

1 in 4

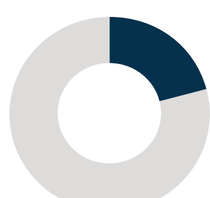
single-family mortgage loans owned or guaranteed by Fannie Mae (estimated)*

1.4 million

home purchases, refinancings, and rental units enabled in 2024

30-year

fixed-rate mortgages offered as a result of our financing



21%

multifamily outstanding mortgage debt guaranteed by Fannie Mae (estimated)

* Data as of Sept. 30, 2024.

We do not originate mortgage loans or lend money directly to borrowers. Instead, we acquire and convert residential mortgage loans into guaranteed mortgage-backed securities ("MBS" or "Fannie Mae MBS") that are sold to global investors. This ensures a stable, liquid source of capital for residential mortgage finance, and Fannie Mae's stewardship of this process is at the heart of our mission and our Congressional Charter.

While this Charter lays out the broad, market-wide role we fulfill, we are also required by law and regulation to address the affordable housing needs of low- and moderate-income families. This Report is largely dedicated to describing these activities, which, broadly speaking, fall within three distinct, yet related, categories:

Liquidity

We provided $381 billion in liquidity to the mortgage market in 2024, which enabled the financing of approximately 1.4 million purchases, refinancings, and rental units. Our ability to provide this level of liquidity is enabled by our role in creating standards for conventional, conforming mortgage loans that allow them to be bundled into MBS. This liquidity function also allows us to provide the necessary capital for mortgage finance products and services that the housing market needs, day in and day out.

Affordability

In 2024, consumers continued to confront challenges within the housing market, including a high-interest rate environment, elevated housing prices, and an ongoing shortage of affordable homes for purchase or rent, particularly homes affordable to first-time and low- and moderate-income families. Of the many ways Fannie Mae enables the housing and mortgage system to help consumers overcome these challenges, one of the most important is the availability of our products and services designed specifically for first-time homebuyers. In 2024, Fannie Mae helped finance 390,000 homes for first-time homebuyers, representing approximately half of all our single-family purchase mortgage acquisitions last year.

Stability

Fannie Mae's role in housing stability is twofold. First, we ensure a stable source of liquid capital for residential mortgages through our secondary mortgage operations, often stepping in to provide this liquidity when other mortgage loan investors retreat. And second, we play an essential role in encouraging housing stability for consumers. We do this through underwriting standards that help to ensure borrowers are prepared to meet the obligations of homeownership for the long term. In addition, our mortgage servicing standards are tailored to prevent home foreclosures — and the loss of a home — wherever possible. Lastly, we provide or support a wide range of programs — such as pre-purchase counseling and disaster recovery — that both help borrowers and help strengthen the overall stability and growth possibilities of the housing market at large.

Fannie Mae's work is focused on the two primary types of housing that provide homes to individuals and families across the United States.

Single-Family

Our Single-Family business helps homebuyers purchase and refinance homes. We support mortgage lenders by acquiring the mortgage loans they originate. We package loans we acquire into MBS that we guarantee, attracting investors to the U.S. secondary mortgage market. Our financing solutions enable lenders to offer 30-year, fixed-rate mortgages, which provide homeowners stable, predictable mortgage payments over the life of their loans.

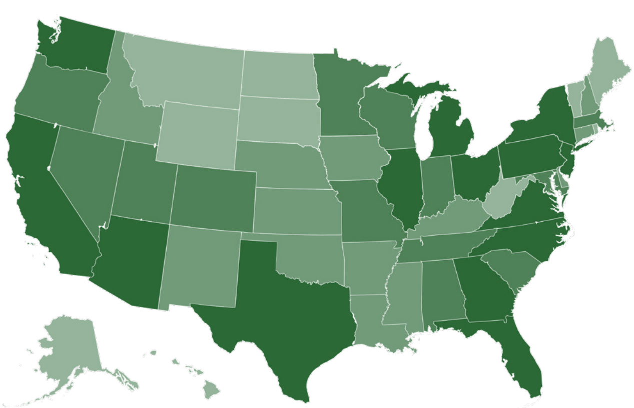
We develop and maintain underwriting and eligibility standards for Fannie Mae loans. Most of the single-family loans we acquire are assessed by Desktop Underwriter® (DU®), our proprietary single-family automated underwriting system. We also establish servicing standards, including borrower assistance options for homeowners experiencing financial distress.

Multifamily

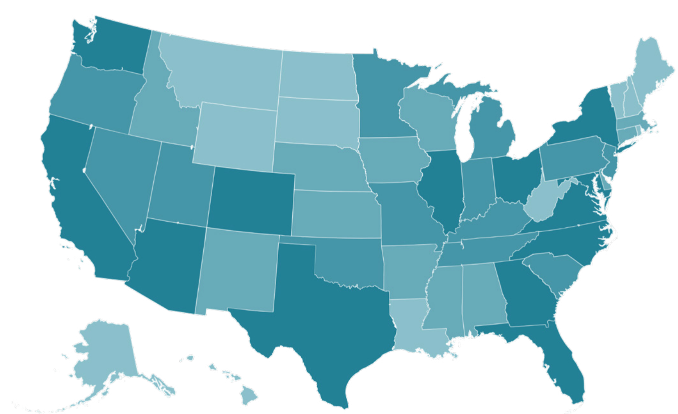
Our Multifamily business finances quality, affordable rental housing in every market. The cornerstone of this business line is our Delegated Underwriting and Servicing (DUS®) program. DUS is a unique model that leverages private capital to finance multifamily housing. We also invest in Low-Income Housing Tax Credit (LIHTC) properties to help create and preserve affordable multifamily housing. Like our work in the single-family housing market, Fannie Mae helps maintain the flow of capital in the multifamily market by securitizing loans into MBS, increasing the availability of funds for financing rental housing projects.

Where we purchased mortgages in 2024

Single-family mortgages



Multifamily mortgages



Darker-shaded states indicate jurisdictions with higher levels of Fannie Mae mortgage acquisitions in 2024, both home purchase and refinance loans combined. To find 2024 acquisition levels for each state, refer to tables 10A and 10B of the Annual Mortgage Report (AMR).[2]

[2] The AMR is provided pursuant to 12 U.S.C. § 1723a(m).

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About this document

In the sections that follow, we provide our response to the 11 requirements set forth in the Fannie Mae Charter Act (12 U.S.C. § 1723a(n)(2)(A) through (K)). We grouped our responses by their alignment to three foundational pillars of our mission — Liquidity, Affordability, and Stability. Footnotes at the start of each section specify which Charter Act requirement is being addressed. The Index at the end of this document also specifies which sections address particular Charter Act requirements.

Liquidity

Fannie Mae was created by Congress to perform an important role in the nation's housing finance system — to provide liquidity, stability, and affordability to the mortgage market. We provide liquidity (ready access to funds on reasonable terms) to banks, savings and loans, and mortgage companies who make loans to finance housing in communities across the United States.

In fulfilling our liquidity mission, we buy mortgages from lenders and package the loans into MBS that are sold to investors worldwide. Lenders use the cash raised by selling mortgages to us to engage in further lending. Our purchases help ensure that individuals and families who buy homes and borrowers who purchase apartment buildings and other multifamily dwellings have a continuous, stable supply of mortgage money.

By packaging mortgages into MBS and guaranteeing the timely payment of principal and interest on the underlying mortgages, we attract to the secondary mortgage market investors who might not otherwise invest in mortgages, thereby expanding the pool of funds available for housing. An expanded pool of available funds makes the secondary mortgage market more liquid and helps lower the interest rates paid by homeowners and other mortgage borrowers. In contrast to the original mortgages, MBS can be bought and sold more easily and in a standardized manner. As institutional investors from around the globe invest in MBS, additional funds are channeled to the nation's mortgage market, particularly to support long-term fixed-rate mortgages.

Our business supports liquidity in mortgage markets[3,4]

Fannie Mae plays a critical role in providing liquidity to the mortgage market. As part of this function, we establish guidelines and requirements under which we will purchase and guarantee mortgage loans. These standards benefit the market by:

- Helping to make the lending process more consistent and transparent.
- Setting benchmarks for the industry.
- Providing lenders with the confidence that they have a reliable outlet for selling the loans that they originate.
- Allowing us to create uniform and standardized securities that can be readily traded by investors.

This reliable flow of funds, plus the standards we maintain, promote a healthy housing market that is unique in the world. By providing these funds — $11 trillion since 2009 — we help make affordable housing options available through all market conditions, including challenging economic times.

Single-Family

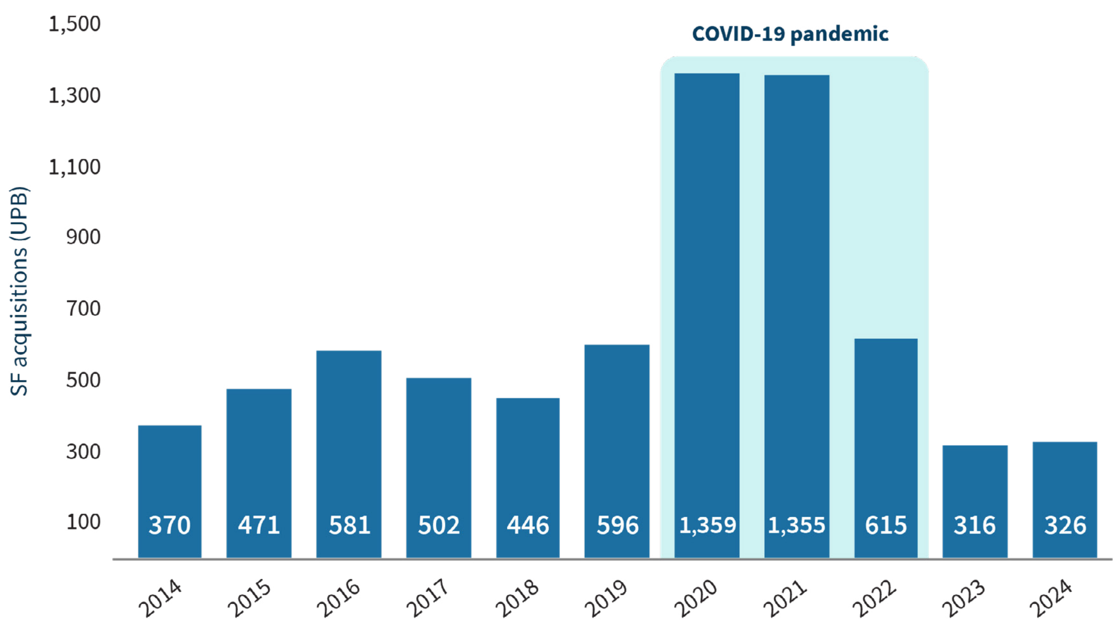
We provide financing every day to help strengthen the housing market, which contributes to the economy, job growth, and a better quality of life across America. Our role is even more critical in tough moments for the economy. For example, during the COVID-19 pandemic, many other financial institutions reduced their mortgage purchases, which would have prevented many people from securing a mortgage or refinancing and further harmed the economy. Fannie Mae stepped in and provided additional support, increasing our mortgage purchases to ensure a liquid housing market.

In 2024, we issued

$329 billion

of Single-Family MBS into the market. This funding supported the purchase or refinance of 982,000 homes.

Single-Family market support
($ in billions)



[3] 12 U.S.C. § 1723a(n)(2)(F): "Compare the level of securitization versus portfolio activity."

[4] 12 U.S.C. § 1723a(n)(2)(H): "describe trends in both the primary and secondary multifamily housing mortgage markets, including a description of the progress made, and any factors impeding progress toward standardization and securitization of mortgage products for multifamily housing." Note: See also Appendix 2.

Our Single-Family whole loan conduit (WLC) helps offer simplicity and certainty to small- and medium-sized lenders through competitive pricing and flexible execution options to address lenders' scale and capacity needs. Lenders can sell a single loan or a group of loans directly to Fannie Mae and receive immediate funding, giving them access to the secondary mortgage market and enabling them to continue originating loans. The WLC passes on Fannie Mae's economies of scale to smaller lenders, helping to level the playing field across the lender base. In 2024, Fannie Mae's WLC purchased loans from over 1,200 lenders and issued over 2,300 MBS pools, with a total unpaid principal balance (UPB) of $135 billion in fixed-rate mortgages.

Multifamily

Our Multifamily business provides market liquidity primarily for properties with five or more residential units, which may be apartment communities, cooperative properties, seniors housing, dedicated student housing or manufactured housing (MH) communities. We work with multifamily lenders to provide funds to the mortgage market primarily by securitizing multifamily mortgage loans acquired from these lenders into Fannie Mae MBS, which are sold to investors.

Over the past three decades, there has been a continual move toward standardization and more transparent disclosure in commercial real estate securitizations. The standardization of securitized financings and their associated disclosures promotes liquid trading in the capital markets, of which Fannie Mae is an active participant. Transparent, liquid trading allows for the efficient origination and pricing of multifamily mortgage loans by market participants and the placement of those loans, as MBS, in the investor market.

Fannie Mae's DUS platform allows lenders to swap each multifamily loan for a standardized, tradeable MBS, which shares the characteristics of the underlying loan. Fannie Mae Multifamily MBS are predominantly single-loan securitizations that allow lenders to auction every MBS rate lock to multiple bidders. This allows for the best execution for borrowers and instantly transfers interest-rate risk to private capital at rate lock, with no aggregation risk for Fannie Mae or our lenders.

2024 Multifamily securitization highlights:

- Issued **$55 billion** in Multifamily MBS, which accounted for over **99%** of our Multifamily production.
- Purchased **$1.8 billion** of Multifamily MBS from our DUS lender network and sold **$2.8 billion** of Multifamily MBS pools.
- Issued **$1 billion** of Multifamily structured securities through two Real Estate Mortgage Investment Conduit transactions as part of the Fannie Mae Guaranteed Multifamily Structures (Fannie Mae GeMS™) program.

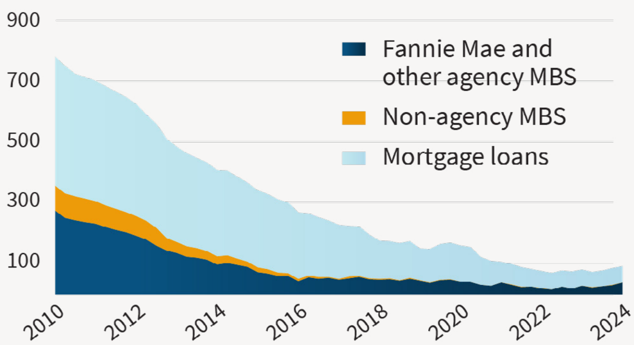
Our business model[5]

While our role providing liquidity and stability to the residential mortgage market and promoting access to affordable mortgage credit has remained constant, we have strengthened our business model significantly since entering conservatorship. This makes us better able to withstand market fluctuations and respond to risk. And we are better prepared to serve homebuyers and renters in good times and tough times.

Previously, we earned most of our revenue by holding a large investment portfolio of mortgages and MBS. Today, we have greatly reduced our retained mortgage portfolio and shifted to a more stable, guaranty fee-driven business model. Our model is focused on receiving a steady stream of monthly fees to guarantee the timely payment of principal and interest on the MBS we sell to American and global investors.

Vastly reduced retained mortgage portfolio ...

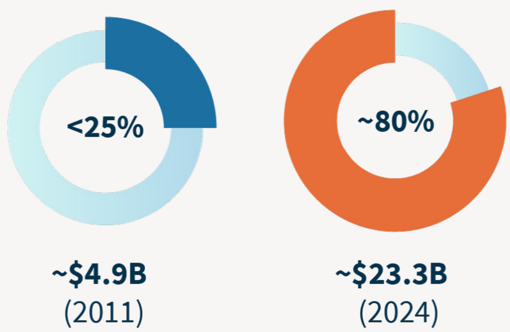
($ in billions)



~90% reduction in retained mortgage portfolio balance since 2010

... and transitioned to guaranty-driven business

Revenue derived from guaranty book (% of total)



Our investors

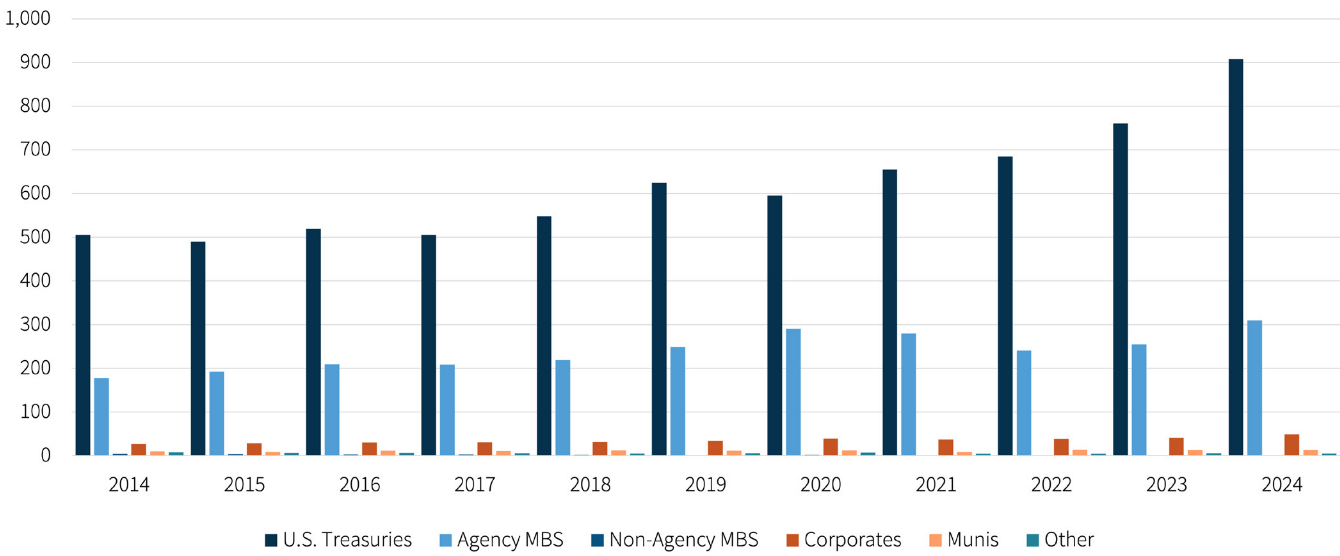
We have a diversified funding base of domestic and international investors. Purchasers of Fannie Mae MBS include asset managers, commercial banks, pension funds, insurance companies, the U.S. Treasury, central banks, corporations, state and local governments, and other municipal authorities. In 2024, Fannie Mae issued $384 billion in total MBS.

One way that investors measure liquidity is by looking at the amount of trading activity for a given category of securities. By this measure, Agency MBS are second only to U.S. Treasuries in the total amount of average daily trading volume, and they far surpass other fixed-income asset classes such as municipal and corporate bonds.[6]

5 12 U.S.C. § 1723a(n)(2)(F): "Compare the level of securitization versus portfolio activity."

6 Source: US Fixed Income Securities Statistics — SIFMA. Agency MBS are securities backed by pools of mortgage loans and are issued and guaranteed by either the government agency Ginnie Mae or the government-sponsored enterprises, Fannie Mae and Freddie Mac.

U.S. fixed income securities average daily trading volume
($) in billions



On a mission: Attracting capital to U.S. housing

In 2024, Fannie Mae began to issue Single-Family Social MBS, ending the year with $14.5 billion of issuance and generating over $36 million in incremental pay-up from investors. Fannie Mae's Single-Family Social Bonds aim to help direct capital to support housing challenges that consumers face throughout the U.S. The foundation for our Single-Family Social Bonds is the Mission Index™,[7] an innovative disclosure solution that allows investors to identify MBS with high concentrations of loans that align with the mission objectives of Fannie Mae.

As part of our role to attract capital from a wide range of investors around the globe, we issue Green and Social Bonds backed by either single-family or multifamily loans. These securities must conform with our Green and Social Bond Frameworks, which are generally aligned to global standards set forth in the International Capital Markets Association Green Bond Principles and Social Bond Principles.

Green and Social Bonds issued

$15.2 billion
in Multifamily Green MBS

$2.1 billion
in Single-Family Green MBS

$9.2 billion
in Multifamily Social MBS

$14.5 billion
in Single-Family Social MBS

[7] The Mission Index provides insights into mission-oriented lending activities underlying our Single-Family MBS — helping meet specific portfolio construction needs and informing investment strategy. The flexible framework allows for the underlying criteria to evolve over time and can adapt to meet market dynamics.

We support a wide range of business partners[8]

We work with partners who operate within the primary mortgage market where mortgage loans are originated and funds are loaned to borrowers. Our single-family sellers and servicers include mortgage banking companies, savings and loan associations, savings banks, commercial banks, credit unions, community banks, private mortgage originators, and state and local housing finance agencies (HFAs). Our multifamily lenders include mortgage banking companies, large diversified financial institutions, and banks.

1,418
single-family sellers and servicers

39
multifamily lenders

The following table sets forth the volume of mortgages purchased in 2024 from lenders identified as minority- or women-owned and community-oriented lenders.[9]

Seller/servicer type	Volume of mortgages
Minority- or women-owned	$12.61B
Women-owned	$2.34B
Community-oriented	$91.49B

ACCESS® program

Fannie Mae's ACCESS program provides smaller broker-dealers with opportunities to participate in Fannie Mae debt issuance, single-family and multifamily MBS trading, and credit risk transfer activities.

8 12 U.S.C. § 1723a(n)(2)(J): "describe in the aggregate the seller and servicer network of [Fannie Mae], including the volume of mortgages purchased from minority-owned, women-owned, and community-oriented lenders, and any efforts to facilitate relationships with such lenders."

9 For these purposes, a "community-oriented lender" is defined as a financial institution with total assets of less than $1.564 billion as of Dec. 31, 2023. This definition parallels the definition of "small bank" under the implementing regulations of the Community Reinvestment Act (12 C.F.R. § 228.12).

Housing Affordability

Safely expanding access to affordable housing is central to our mission. We offer programs, products, and tools that help make housing more affordable for creditworthy borrowers — including our HomeReady® mortgage, which allows down payments as low as 3%. HomeReady is one example of how Fannie Mae's innovations can extend the benefits of a 30-year fixed-rate mortgage — the backbone of the U.S. housing finance industry — to more families and communities and expand access to homeownership.

Learn about our goals, solutions, and dedication to creating industry partnerships that help serve the housing needs of low- and moderate-income households in all markets across the country.

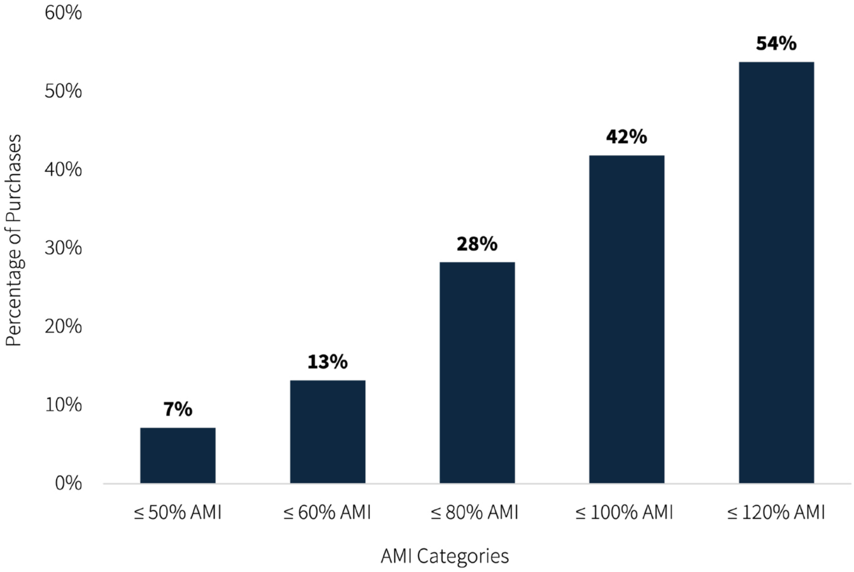
We serve low- and moderate-income families across the country[10]

Consistent with our Charter, Fannie Mae ensures a stable source of liquidity — through our mortgage acquisitions — in all markets in the U.S., at all times. Our mortgage acquisitions — including those of mortgages for low- and moderate-income families — are affected by many factors, including population distribution, housing density in individual markets, and local economic conditions in those markets. In 2024, Fannie Mae helped finance approximately 1.4 million home purchases, refinancings, and rental units. A substantial portion of the loans we purchase support borrowers and renters with incomes at or below 100% of area median income (AMI). Over 40% of the single-family loans we acquired in 2024 were made to low- and moderate-income borrowers,[11] and approximately 95% of the multifamily units we financed in 2024 that were potentially eligible for housing goals credit were affordable to those earning at or below 120% of AMI.

[10] 12 U.S.C. § 1723a(n)(2)(B): "include, in aggregate form and by appropriate category, statements of the number of families served by [Fannie Mae], the income class, race, and gender of homebuyers served, the income class of tenants of rental housing (to the extent such information is available), the characteristics of census tracts, and the geographic distribution of the housing financed." Note: Information about race and gender of homebuyers served, the characteristics of census tracts, and the geographic distribution of the housing financed can be found in the AMR tables 5A, 5B, 6, 7, 8A, 8B, 10A, and 10B.

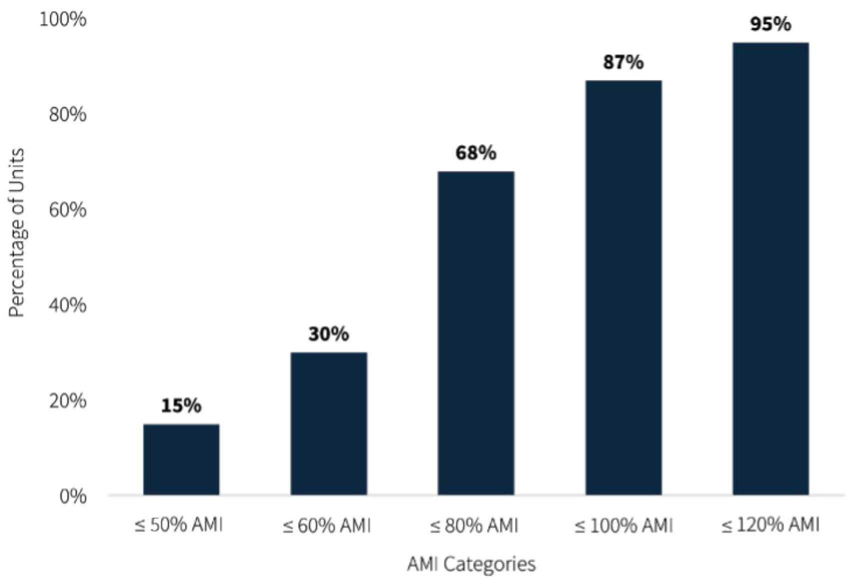
[11] The terms low- and moderate-income are defined in 12 U.S. Code § 4502 – Definitions refer to (a) in the case of owner-occupied units, income not in excess of 80% and [100% of] AMI, respectively; and (b) in the case of rental units, income not in excess of 80% and [100% of] AMI, respectively, with adjustments for smaller and larger families, as determined by the [FHFA] Director.

Fannie Mae's 2024 single-family owner-occupied mortgage purchases by borrower income relative to AMI



Source: 2024 AMR Table 2

Fannie Mae's 2024 multifamily rental units by affordability relative to AMI



Source: 2024 AMR Table 3A

Our programs and products support affordable housing

To support housing affordability, Fannie Mae offers products, programs, and tools designed to responsibly expand access to affordable homeownership and rental options for borrowers and renters across the nation. We play a crucial role in making the 30-year fixed-rate mortgage possible, helping to ensure that every loan we acquire is more affordable than it might otherwise be.

Understanding affordability

We use the term "affordable" in multiple contexts in this report and when gauging the extent to which our financing is supporting housing that is affordable for low- to moderate-income renters and homeowners. When addressing the needs of renters, we consider either rental cost or rent restrictions reported at mortgage origination. For homeowners, we use household income as an indicator of affordability. To account for variations in regional costs of living and incomes, we standardize how we talk about household income by categorizing incomes relative to AMI.

Single-Family

Fannie Mae's deep expertise in housing has helped create responsible innovations that support homeowners from all walks of life, at every stage of their homeownership journey. In particular, we created a suite of programs and products designed to help lenders meet the needs of creditworthy first-time homebuyers and very low- to moderate-income borrowers. This suite offers lower down payment options, supports the purchase of affordable forms of housing, and helps lower ongoing housing costs.

Low down payment mortgage options

Balancing everyday expenses while also saving for a home purchase can be challenging. Buyers have mortgage options that allow for down payments well below 20% of the home's purchase price.

- **HomeReady** is an affordable lending product designed to help our lender partners serve more qualifying low- and very low-income borrowers, with benefits that include low down payments and reduced mortgage insurance costs.
- **Standard 97% LTV** allows loan-to-value (LTV) ratios up to a maximum of 97% for purchase transactions if at least one borrower is a first-time homebuyer.
- **HFA Preferred™** is a low down payment product available exclusively to eligible HFAs to serve low- to moderate-income borrowers. The product has no loan-level price adjustments and reduced mortgage insurance coverage on conventional loans at or below 80% of AMI.
- **Community Seconds®** is a program that enables borrowers to access conventional mortgage financing while receiving home purchase assistance through certain secondary mortgage financing programs that meet our requirements.

Affordable mortgage options are available for manufactured homes

MH can be a more affordable option compared to site-built homes. A variety of MH models are built to high standards, with sought-after amenities, that have far lower overall consumer costs. This is especially the case in high-cost and rural areas. In 2024, Fannie Mae provided $2.4 billion in liquidity to the single-family MH market.

- **Standard MH** offers financing for both single-width and multi-width MH, with flexibility in terms of fixed- or adjustable-rate mortgages.
- **MH Advantage®** offers financing on specially designated MH homes that feature characteristics similar to site-built homes.

Mortgage options for homes needing renovations or energy updates

Fannie Mae offers affordable financing options for renovations and energy updates.

- **HomeStyle® Renovation** provides a single loan — with a single monthly payment — that includes both the mortgage and financing for any new improvements.
- **HomeStyle® Energy** allows homebuyers to use up to 15% of the "as completed" appraised value of the home to upgrade energy and water systems or finance home resiliency measures.

Multifamily

Fannie Mae supports the creation and preservation of affordable rental housing, including housing in the underserved MH and rural markets. We do this by offering flexible, tailored products, including:

- **Special Public Purpose** offers a pricing advantage for properties with rent and/or income restrictions that meet a noteworthy Special Public Purpose.
- **Expanded Housing Choice** offers competitive pricing to incentivize borrowers to accept U.S. Department of Housing and Urban Development (HUD) Housing Choice Vouchers.
- **MBS as tax-exempt bond collateral** allows for a Fannie Mae Multifamily MBS to be used as collateral to enhance the credit of either existing fixed-rate bond refundings or new fixed-rate bond issues in conjunction with 4% LIHTC.
- **Workforce housing** aims to increase the supply of affordable housing available to workforce renters. We offer borrowers competitive pricing and underwriting flexibility. Workforce housing is often seen as affordable to households earning between 80% and 120% of AMI, specifically targeting middle-income workers living in a particular geography.
- **Sponsor-Initiated Affordability (SIA) and Sponsor-Dedicated Workforce (SDW)** provide better pricing and underwriting flexibility to incentivize the creation or preservation of affordable workforce units. SIA requires that borrowers elect rent and income restrictions on a minimum of 20% of units affordable at or below 80% of AMI; SDW requires that borrowers elect rent restrictions on a minimum of 20% of units affordable at or below 80% AMI in standard markets or up to 120% of AMI in very cost-burdened markets.

LIHTC equity investments

The LIHTC program is a primary mechanism for subsidizing affordable housing production and rehabilitation in the U.S. States, territories, and Washington, D.C. award LIHTC to affordable housing developers who enter into partnerships with corporate investors, like Fannie Mae, that receive credits in exchange for equity contributions to create or preserve affordable rental housing. Since re-entering the market in 2018, Fannie Mae has committed approximately $4.8 billion in net equity to LIHTC investments.

Fannie Mae's financing for Multifamily Affordable Housing (MAH)[12] totaled $6.4 billion in 2024.

How Fannie Mae supports rural areas

In 2024, Fannie Mae continued to provide support to the rural housing market, including through initiatives described in our Duty to Serve Plan, such as:

Purchasing **single-family loans** made in high-needs rural regions and single-family loans made to small financial institutions serving rural communities.

Purchasing **multifamily loans** made in high-needs rural regions and multifamily loans that are secured by small multifamily rental properties.

Relaunching a LIHTC investment strategy that resulted in **55 LIHTC equity investments** in rural communities.

Purchasing U.S. Department of Agriculture Section 515 **rural rental housing loans.**

The Hale

Learn more ›

A Case Study in Creating Workforce Housing With Sponsor-Dedicated Workforce

[12] MAH includes properties with a minimum level of rent- or income-restricted units, properties receiving federal and state subsidies, properties with rent or income restrictions that meet a Special Public Purpose, and properties eligible for SIA. For more information, refer to MAH Property Eligibility in our *Selling* and *Servicing Guides*.

We help first-time homebuyers[13]

Fannie Mae supported more than 390,000 first-time homebuyers in 2024, representing approximately half of our single-family mortgage acquisitions.[14]

The programs and products[15] facilitating homeownership opportunities for first-time homebuyers in 2024 included the following:

Programs and products	Share that went to first-time homebuyers
HomeReady	76.08%
HFA Preferred	94.32%
Standard 97% LTV	100.00%
Non-HFA Community Seconds	93.78%

Fannie Mae supported more than 390,000 first-time homebuyers in 2024.

[13] 12 U.S.C. § 1723a(n)(2)(D): "include statements of the proportion of mortgages on housing consisting of 1 to 4 dwelling units purchased by [Fannie Mae] that have been made to first-time homebuyers, as soon as providing such data is practicable, and identifying any special programs (or revisions to conventional practices) facilitating homeownership opportunities for first-time homebuyers."

[14] Fannie Mae has relied on information provided by lenders to identify units occupied by first-time homebuyers. Fannie Mae's Single-Family *Selling Guide* provides that a first-time homebuyer is an individual who (1) is purchasing the security property; (2) will reside in the security property as a principal residence; and (3) had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the security property. In addition, an individual who is a displaced homemaker or single parent also will be considered a first-time homebuyer if he or she had no ownership interest in a principal residence (other than a joint ownership interest with a spouse) during the preceding three-year time period.

[15] See page 15 for definitions.

We help knock down barriers to housing[16,17]

Many families experience barriers on their housing journey. Establishing a household, finding and paying for rental housing, and saving to purchase a home can all be made more difficult by family and economic circumstances, employment prospects, high housing costs, or life events that set someone back from a credit or wealth perspective. These barriers are felt more often, and more acutely, by individuals and families of modest means, especially when they seek to buy or rent a home.

Our efforts focus primarily on two distinct obstacles confronted by low- and moderate-income families:

- Limited credit history
- Burdensome up-front costs

Fannie Mas has been a leader in helping more consumers establish and improve credit histories — a necessary precursor not only to becoming a homeowner but also in many instances to becoming a renter with additional economic opportunities. We have also introduced new ways to help families save money on up-front housing costs, such as closing costs and other burdensome expenses. And we have done all this while maintaining our credit standards, protecting consumers from unsustainable mortgages, and helping to ensure the stability of the housing finance system.

Addressing limited credit history with certainty and safety

Fannie Mae's ability to access new sources of data and its expertise in modeling analytics have allowed us to create new ways of seeing and serving more creditworthy borrowers that fit squarely within our existing credit parameters, including:

- **DU's Positive Rent Payment History (PRPH)**, a DU enhancement that enables lenders, with applicant's permission, to incorporate up to 12 months of PRPH in their mortgage credit evaluation process through automated analysis of bank statements.
- **DU's Cash flow assessment**, a DU enhancement that uses bank account data to assess the applicant's monthly cash flow to potentially enhance DU's credit assessment.
- **Income Calculator**, a tool that simplifies the process of calculating qualifying income for borrowers who are self-employed, own a business, or earn rental income.

These tools have collectively been used more than 10,000 times to help people qualify for and enable access to a conventional mortgage — without changing Fannie Mae's credit parameters.

Fannie Mae's Income Calculator helps mortgage professionals serve the growing number of self-employed borrowers while providing greater certainty for lenders. In 2024, 552 lenders used this tool to provide 107,000 income evaluations.

[16] 12 U.S.C. § 1723a(n)(2)(G): "assess underwriting standards, business practices, repurchase requirements, pricing, fees, and procedures that affect the purchase of mortgages for low- and moderate-income families, or that may yield disparate results based on the race of the borrower, including revisions thereto to promote affordable housing or fair lending."

[17] 12 U.S.C. § 1723a(n)(2)(E): "include, in aggregate form and by appropriate category, the data provided to the [FHFA] under subsection (m)(1)(B) [i.e., the LTV ratios of purchased mortgages at the time of origination]." Note: The complete distribution of single-family owner occupied mortgage purchases by LTV category can be found in the AMR table 11.

Our **Multifamily Positive Rent Payment research pilot**, launched in 2022 and extended through 2025, connects property owners of Fannie Mae-financed buildings with three fintech vendors who report residents' rent payments to credit bureaus. Fannie Mae covers the first 12 months of fees for reporting services with an approved vendor. Through the pilot, we aim to learn about the current rent reporting market landscape and accelerate the adoption of rent reporting throughout the multifamily industry. Our analysis has shown that current rent payments are one of the strongest credit indicators of a consumer's ability to repay a mortgage. Offering rent reporting to more residents can help them establish or improve credit scores, which could increase access to auto, business, or student loans and a mortgage at more favorable interest rates.

Ever-to-date results through December 2024:[18]

3,200+

properties have enrolled in the pilot.

Over 486,000

renters have participated and had positive rent payments reported.

Access to credit and the consumer housing experience

The Community Builders (TCB) is a mission-driven organization dedicated to building and sustaining strong communities where all people can thrive. It was among the contract awardees of Fannie Mae's most recent Innovation Challenge for their "From Our Doors to Yours" project.

From Our Doors to Yours aims to empower credit-invisible renters in Detroit, MI; Chicago, IL; and Richmond, VA by helping them build and repair credit through the reporting of timely rent payments to credit reporting agencies. Onsite community life coaches also assist residents by linking them to vital resources.

TCB provides supportive services to 1,689 units across nine properties for residents on the pathway to homeownership. The rent reporting for credit-building offered by Esusu, a financial technology company that specializes in rent reporting and credit-building services, has enabled more than 1,600 residents to improve their credit score and an additional 192 residents to establish credit after being credit invisible.

With TCB's support and financial counseling, one of their clients, Regina, has achieved remarkable financial progress. In less than two years, she has increased her credit score by 76 points, saved $14,694 in an escrow account, and accumulated $10,000 in personal savings.

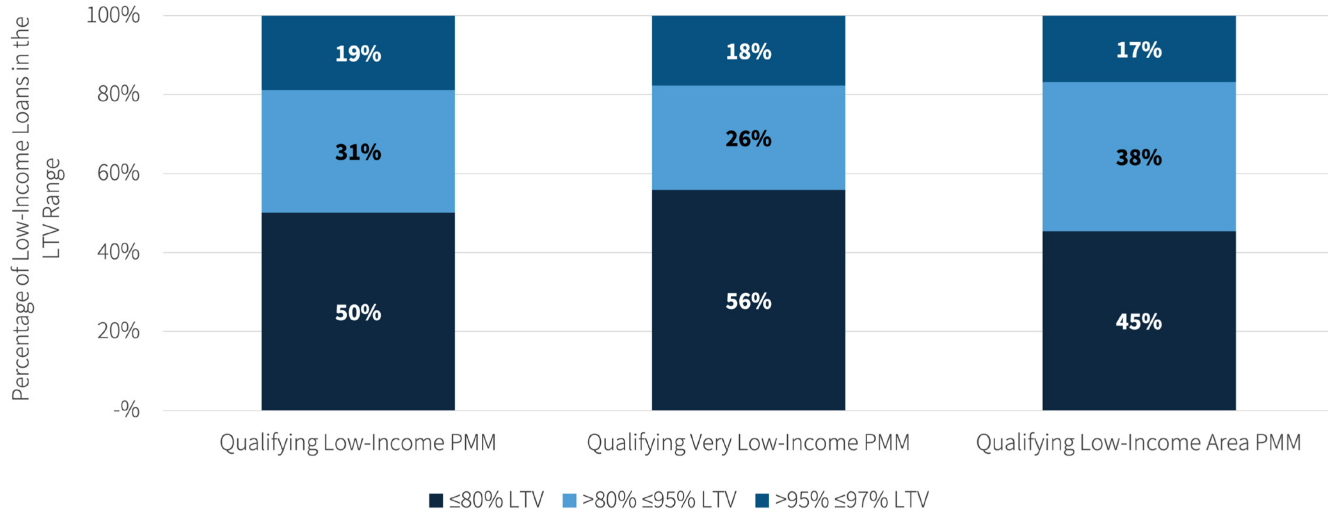
"Homebuying for me was something that piqued my interest because I didn't think I could achieve that — I didn't think it was something I'd be able to do," shared Regina.

Our partnership with TCB and our commitment to making the housing system accessible and affordable has helped people like Regina overcome obstacles in their housing journey. As of November 2024, Regina secured a mortgage and closed on her very first home two years ahead of schedule. Regina is a testament to resilience and creating one's own path to generational wealth.

[18] Data according to our vendors from September 2022 to year-end 2024. Rent reporting is one component that can contribute to a consumer's credit score. Positive rent payment reporting does not guarantee an increase in credit score.

Distribution of single-family low-income purchase money mortgages (PMM) by LTV category

Approximately 18% of low-income homebuyers have benefited from reduced up-front costs by taking a 97% LTV loan.



Source: 2024 AMR Table 11

Reducing burdensome up-front housing costs

Research shows that one of the biggest barriers for first-time homeowners is the challenge of saving for a down payment, driven by high rental costs and, often, a lack of family wealth. Many consumers have sufficient, steady income to support a mortgage payment but lack the funds to afford their down payment or closing costs. Fannie Mae has developed a suite of innovative solutions to help creditworthy borrowers, particularly first-time homebuyers, overcome these obstacles.

- **Fannie Mae's HomeReady** is a mortgage product serving today's creditworthy, low-income borrowers, with down payments as low as 3% and flexible funding options. In January 2024, Fannie Mae introduced a temporary $2,500 credit for very low-income HomeReady borrowers that can be used for down payments and closing costs, including mortgage insurance premiums. In December 2024, Fannie Mae extended this credit for one additional year and updated eligibility to require at least one borrower to be a first-time homebuyer.

- **Lower-cost alternatives to traditional valuations/appraisals** spearheaded by Fannie Mae have saved about $460 million and helped nearly 781,000 families since 2022.

- **Attorney opinion letters (AOLs)** are typically a lower-cost alternative to lenders' title insurance when borrowers obtain a mortgage. AOLs have saved about $1.9 million total for over 2,100 families since 2021.

- **Closing cost concessions**, a 3% closing cost credit offering on sales of our single-family real estate owned (REO) properties to owner-occupant buyers with a household income at or below AMI. In 2024, 681 REO properties closed with Fannie Mae's concession, resulting in average savings of $6,200 for homeowners.

Lower-cost alternatives to traditional valuations/appraisals spearheaded by Fannie Mae have saved about $460 million and helped nearly 781,000 families since 2022.

Commitment to fair lending

Fannie Mae is committed to complying with applicable laws and regulations related to fair housing and lending (Fair Lending Laws). The Fair Lending Laws include the Equal Credit Opportunity Act,[19] the Fair Housing Act,[20] and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended, and their implementing regulations, as well as similar state and local laws. These laws prohibit discrimination in housing and lending on the basis of certain characteristics.

Fannie Mae requires our lender partners, who lend money directly to borrowers, to comply with:

- Our *Selling Guides*, which prescribe the requirements lenders must follow in order to sell loans to us.
- All federal, state, and local laws and regulations that apply to their origination practices, including the Fair Housing Act and the anti-discrimination provisions of the Equal Credit Opportunity Act.
- All other related state and federal regulations.

When selling single-family loans to Fannie Mae, lenders provide representations and warranties that assert their compliance with our *Selling Guide* and all applicable laws, including anti-discrimination laws and regulations. Servicers who service single-family loans for Fannie Mae are also required to abide by applicable laws and regulations dealing with loan servicing, as well as the provisions of our *Servicing Guide*. Multifamily has similar requirements.

In addition to the lender and servicer requirements related to compliance with Fair Lending Laws, Fannie Mae's Fair Lending Program, administered by Fannie Mae's Fair Lending Oversight group, is designed to identify, assess, monitor, and mitigate enterprise-wide fair lending risks. The program promotes fair and responsible housing practices, covering both Fannie Mae's Single-Family and Multifamily businesses, including but not limited to underwriting standards, business practices, pricing policies, fee structures, and procedures.

Fannie Mae's Fair Lending Program is designed to identify, assess, monitor, and mitigate enterprise-wide fair lending risks.

[19] 15 U.S.C. § 1691.

[20] 42 U.S.C. §§ 3601 et seq.

Our affordable housing goals[21]

Housing goals

Fannie Mae is required by statute and regulation to meet certain housing goals FHFA establishes in accordance with the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended.[22] In October 2024, FHFA determined that we met all of our 2023 housing goals except for the single-family low-income purchase (LIP) and very low-income purchase (VLIP) goals, which FHFA determined were not feasible for Fannie Mae to achieve in 2023.

2024 single-family qualifying very low- and low-income purchase money mortgages:

189,247 mortgages acquired, $41.1 billion UPB

2024 single-family qualifying very low-income purchase money mortgages:

41,783 mortgages acquired, $6.3 billion UPB

Single-family housing goals

For single-family goals, our acquisitions are measured annually against the lower of benchmarks set in advance by FHFA or the actual share of goal-eligible originations in the primary mortgage market as determined by FHFA using data submitted by lenders under the Home Mortgage Disclosure Act (HMDA).[23] The single-family benchmarks are expressed as a percentage of the total number of goal-eligible single-family mortgages acquired by Fannie Mae each year.

We believe we met all the benchmarks set by FHFA for our 2024 single-family housing goals, except for the LIP and VLIP benchmarks. We are in compliance with the single-family housing goals if we meet either the benchmarks or market share measures, so we may still meet these latter two goals as well. FHFA will make a final determination regarding our 2024 single-family housing goals performance later in 2025, after the release of data reported under the HMDA.

While mortgage rates in 2024 remained below the peak of almost 8% seen in October 2023, affordability remains significantly constrained. As measured by the share of median household income needed to purchase a median-priced home with a 30-year fixed-rate mortgage, the current period of housing affordability is one of the most challenging since 2000, especially for low- and very low-income households. Assuming 2023's average mortgage rate of 6.81% and holding median housing values and renter household income levels constant at their 2022 values, 3% of low-income households and 0.8% of very low-income households would have been able to afford principal and interest payments on a target home (versus 12% of overall renter households).[24] While the average mortgage rate in 2024 was slightly lower, its relative impact on these estimates is negligible.[25]

21 12 U.S.C. § 1723a(n)(2)(A): "include, in aggregate form and by appropriate category, statements of the dollar volume and number of mortgages on owner-occupied and rental properties purchased which relate to each of the annual housing goals."

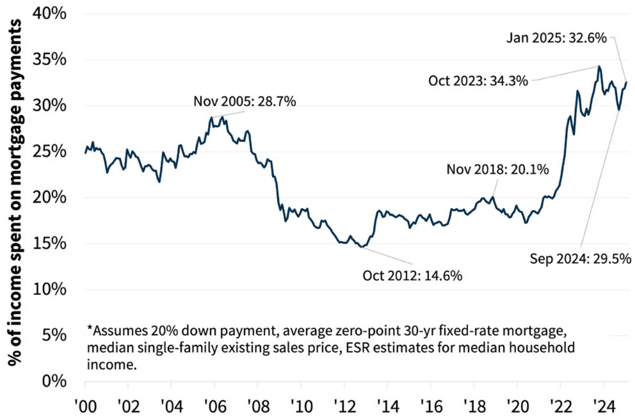
22 12 U.S.C. §§ 4501 et seq.; see also 12 U.S.C. §§ 1331-1333 (housing goals).

23 12 U.S.C. §§ 2801 et seq.

24 Based on Fannie Mae's internal estimates using 2022 American Community Survey data. These estimates show the share of renter households that have the household income to afford principal and interest payments on a target home at the core-based statistical area (CBSA) median home value for all renters, 80% of CBSA median home value for low-income renters, and 65% of CBSA median home value for very low-income renters. The assumptions also include a 30-year fixed-rate mortgage with the specified note rate, 80% LTV, and a maximum principal and interest payment-to-income ratio of 20%. In 2022, approximately 7% of low-income households and 2% of very low-income households were able to afford principal and interest payments on a target home (versus 17% of overall renter households). Median sales price for existing homes is largely unchanged in 2023 relative to 2022 (Source: NAR). As a result, the analysis estimates the impact of the increase in 30-year fixed mortgage rate in 2023 relative to 2022 while holding everything else constant at their 2022 values.

25 Analysis assumes average 30-year fixed mortgage rate of 6.72% from January 2024 through November 2024.

Affordability remains significantly constrained



Source: Census Bureau, National Association of REALTORS®, Freddie Mac, Fannie Mae analysis.

The table below displays more information about our 2024 single-family housing goals and our results against these goals.

Single-family housing goals	2024 FHFA benchmark	2024 single-family market level	2024 result
Low-income home purchase goal[26]	28%	TBD by FHFA	26.7%
Very low-income home purchase goal[27]	7%	TBD by FHFA	5.9%
Low-income areas home purchase goal[28]	19%	TBD by FHFA	29.0%
Minority census tracts subgoal[29]	10%	TBD by FHFA	13.0%
Low-income census tracts subgoal[30]	4%	TBD by FHFA	9.6%
Low-income refinancing goal[31]	26%	TBD by FHFA	36.4%

Multifamily housing goals

Our multifamily housing goals are based on the percentage share of goal-eligible units in our annual multifamily loan acquisitions that are affordable to each income category. In October 2024, FHFA determined that we met all of our 2023 multifamily housing goals. We believe we also met all of our 2024 multifamily housing goals. FHFA will make a final determination regarding our 2024 multifamily housing goals performance later in 2025.

The table below displays more information about our 2024 multifamily housing goals and our performance against these goals.

Multifamily housing goals	2024 goal	2024 result
Low-income goal[32]	61%	68.0%
Very low-income subgoal[33]	12%	14.5%
Small multifamily (5 – 50 units) low-income subgoal[34]	2.5%	2.8%

The dollar volume and number of mortgages on owner-occupied and rental properties purchased that relate to each of the housing goals are set forth in Tables 1A and 1B of the AMR.

Multifamily qualifying very low- and low-income purchases:

270,938 units financed; $27.9 billion UPB

Multifamily qualifying very low-income purchases:

58,000 units financed; $5.2 billion UPB

26 Home purchase mortgages on single-family, owner-occupied properties to borrowers with incomes no greater than 80% of AMI.

27 Home purchase mortgages on single-family, owner-occupied properties to borrowers with incomes no greater than 50% of AMI.

28 The sum of (a) mortgages meeting the criteria for the minority census tracts subgoal, (b) mortgages meeting the criteria for the low-income census tracts subgoal, and (c) home purchase mortgages on single-family, owner-occupied properties to borrowers with incomes no greater than 100% of AMI who are located in federally declared disaster areas. FHFA sets the low-income areas home purchase goal benchmark annually.

29 Home purchase mortgages on single-family, owner-occupied properties to borrowers with incomes no greater than 100% of AMI in minority census tracts.

30 (i) Home purchase mortgages on single-family, owner-occupied properties to borrowers (regardless of income) in low-income census tracts that are not minority census tracts and (ii) home purchase mortgages on single-family, owner-occupied properties to borrowers with incomes greater than 100% of AMI in low-income census tracts that are also minority census tracts. Low-income census tracts are those where the median income is no greater than 80% of AMI.

31 Refinancing mortgages on single-family, owner-occupied properties to borrowers with incomes no greater than 80% of AMI.

32 Affordable to low-income families, defined as families with incomes no greater than 80% of AMI.

33 Affordable to very low-income families, defined as families with incomes no greater than 50% of AMI.

34 Units in small multifamily properties (defined as properties with 5 – 50 units) affordable to low-income families.

We partner across the industry to expand access to affordable housing[35]

Fannie Mae partners with a wide range of lenders, state and local governments, nonprofit entities, and housing stakeholders to help make affordable housing a reality.

Partnering with HFAs to offer HFA Preferred

Throughout the year, Fannie Mae worked with HFAs across the country to increase homeownership for first-time homebuyers in markets using HFA Preferred. Our affordable mortgage product was coupled with HFAs' down payment and closing cost assistance (and in some cases with mortgage tax credit certificates), which helped to increase the mortgage affordability and reduce up-front costs barriers.

Fannie Mae partnered with Freddie Mac and state HFAs to create standardized subordinate lien legal documents to help introduce efficiencies in the down payment assistance (DPA) origination process. Through this coalition, we have introduced standardized documents in 29 states to date.

~22,000
HFA loans

70+
State and local HFA relationships

36
Industry events/trainings attended

Industry collaborations to address housing challenges

A lack of affordable housing supply remains one of the primary barriers to accessible, sustainable homeownership and rental housing. Fannie Mae collaborates on a variety of efforts to address this challenge. For instance, the **Affordable Housing Collaborative Initiative (AHCI)** is an external advisory group that Fannie Mae launched in 2022 in partnership with the National Council of State Housing Agencies to support the creation and preservation of affordable, entry-level homes. In 2024, AHCI created four subgroups to support ideas around MH, builders, accessory dwelling units (ADUs), and preservation, each with an industry chair and a Fannie Mae subject matter expert. This work helped to influence some stakeholders to carry out important supply activities.

[35] 12 U.S.C. § 1723a(n)(2)(K): "describe the activities undertaken by [Fannie Mae] with nonprofit and for-profit organizations and with state and local governments and housing finance agencies, including how [Fannie Mae's] activities support the objectives of comprehensive housing affordable strategies under [section 105 of Cranston-Gonzalez National Affordable Housing Act]."

Mortgage Partnership Finance® (MPF®) Program participating financial institutions

Housing challenges and access to conventional mortgage financing on Native American lands has led Fannie to forge and strengthen partnerships at the local level to address the unique needs of these communities. In November 2024, Fannie Mae announced that it had approved the MPF Program, administered by the Federal Home Loan Bank of Chicago on behalf of six federal home loan banks, to sell loans made to Native Americans and secured by tribal trust lands under the company's Native American Conventional Lending Initiative.

In addition to the collaboration cited above, Fannie Mae works with a wide range of partners at the national and local level in the housing ecosystem to support affordable housing. A few examples:

- Fannie Mae continued our partnership with the **National Cooperative Bank** and **ROC USA**, a nonprofit organization helping residents purchase and manage their own MH communities throughout the nation.
- Fannie Mae's **Affordable Housing Advisory Council** brings together leaders from various segments of the housing ecosystem twice a year to advise the company on ways to promote the creation and sustainability of affordable housing for low- and moderate-income families.
- Fannie Mae also continued to support the Mortgage Bankers Association **CONVERGENCE Collaborative**, a multi-year initiative of lenders and housing industry participants working together to address barriers to affordable homeownership in select cities.

Fannie Mae works with a wide range of partners at the national and local level in the housing ecosystem to support affordable housing.

Housing Stability

Fannie Mae's ability to promote stability in the housing market is rooted in our flagship offering: the 30-year, fixed-rate mortgage. This consumer-centered offering — the "American mortgage" — is enabled by Fannie Mae's secondary market operations and the guaranty we provide to MBS investors. The 30-year fixed-rate mortgage provides consumers certainty that mortgage payments won't go up during the life of the mortgage, and offers the option to prepay at any time.

Our success at enabling long-term, fixed-rate mortgages is enhanced by Fannie Mae's leadership in the areas of:

- Foreclosure prevention
- Risk management
- Consumer support and education programs
- Our stable business model
- Our expertise at balancing the demands of safety and soundness with both consumer and lender needs

Our role in housing stability goes beyond just the products we enable that help people afford and stay in their homes. We have strengthened our business model significantly as part of our efforts to make our company more resilient. Our resiliency makes us better able to withstand market fluctuations and respond to risk, and makes Fannie Mae better prepared to serve homebuyers and renters in good times and tough times.

Our responsible underwriting promotes housing stability[36]

Serving very low-, low-, and moderate-income households is fundamental to our mission, and we design our underwriting standards and business practices to help ensure borrowers are prepared to meet the obligations of homeownership over the long term.

Single-Family

Fannie Mae's *Selling* and *Servicing Guides* define the current eligibility and ongoing servicing requirements for loans we can acquire. Lenders use our industry standard automated underwriting tool, DU, to determine whether a specific loan is eligible for sale to Fannie Mae, bringing greater consistency and certainty to the loan underwriting process. DU performs a comprehensive evaluation of the primary and contributory risk factors of a mortgage. We regularly review and enhance our underwriting standards to best serve borrowers while appropriately addressing credit risk to reduce the risk of default.

Providing greater certainty through enhanced risk management

Fannie Mae is continually researching new methods and data to assess mortgage credit risk safely and soundly while ensuring access to credit for creditworthy borrowers. In 2024, we announced updates to DU (implemented in January 2025) that reflect our ongoing commitment to managing mortgage credit risk and being a steady and stable source of mortgage financing for the U.S. housing system. DU version 12.0:

- Incorporated changes to the factors used in the DU risk assessment
- Enhanced our assessment of borrowers with limited or no credit
- Increased the number of borrowers who may be eligible for a cashflow assessment
- Made technical updates that may allow for more frequent adjustments to the DU risk assessment in response to changing market conditions

DU version 12.0 represents a major step forward in DU's ability to analyze mortgage delinquency risk, with significant improvements in the underlying DU risk assessment. Read more in our whitepaper here.

Multifamily

Fannie Mae provides liquidity to the commercial mortgage market by acquiring multifamily loans primarily from our national network of DUS lenders. The DUS program grants approved lenders the ability to underwrite, close, and sell loans on multifamily properties to Fannie Mae without prior Fannie Mae review. DUS lenders must abide by rigorous credit and underwriting criteria, are subject to ongoing credit review and monitoring, and share the risk of loss if a loan defaults.

Credit characteristics of our guaranty book of business

Effective risk management is essential to Fannie Mae's ability to provide liquidity, stability, and access to credit to the U.S. housing market, reflected through our strong book of business.

The credit profile of our Single-Family conventional guaranty book of business remained strong in 2024, with a weighted average mark-to-market LTV ratio of 50% and a weighted average FICO credit score at origination of 753 as of December 31, 2024.

The overall credit profile of our Multifamily book also remained strong in 2024. The weighted-average origination LTV ratio of our guaranty book was 63%, and the weighted average debt service coverage ratio[37] was 2.0 as of December 31, 2024.

Serving very low-, low-, and moderate-income households is fundamental to our mission.

[36] 12 U.S.C. § 1723a(n)(2)(G): "assess underwriting standards, business practices, repurchase requirements, pricing, fees, and procedures that affect the purchase of mortgages for low- and moderate-income families, or that may yield disparate results based on the race of the borrower, including revisions thereto to promote affordable housing or fair lending."

[37] Debt service coverage ratio refers to a ratio of annualized net cash flow to the annualized debt service, which may include both principal and interest payments, of a multifamily property.

We support stable housing for renters and borrowers[38]

Homebuyer education

One way we help foster a liquid and stable housing finance market is by educating renters, homebuyers, and homeowners on responsibly renting, buying, and owning a home.

HomeView is Fannie Mae's free online homeownership education course. HomeView aligns with National Industry Standards for Homeownership Education and Counseling,[39] so it fulfills pre-purchase education requirements for most mortgage products, including low down payment loans such as HomeReady. Through this course, we provide tools to make sure first-time homeowners are well prepared with the knowledge they need to be successful and achieve homeownership responsibly.

Over 288,400

HomeView and HomeView en Español certifications delivered in 2024.

Improving property condition through tenant feedback

In 2024, Fannie Mae initiated a pilot study to leverage tenant feedback to provide insights into property condition. This pilot involves conducting quarterly surveys of tenants in a representative sample of properties to collect data on the condition and maintenance of rental properties. We will analyze the data collected from these surveys for its usefulness when shared with borrowers, property managers, and Fannie Mae to enhance traditional property condition assessments. The research goals of the pilot are to understand the ease of collection, impact of incentives, and efficacy of the data received to serve as a leading indicator for changing levels of property conditions or as a validation of underwriting.

Heirs properties

Imagine a hurricane hits your home. The house suffers horrible damage or, worse, is destroyed. Then, you discover that you are ineligible to receive the full benefit of federal disaster relief funds because you do not have clear title.

That is what Fannie Mae's disaster recovery team found time and again in the aftermath of severe disasters. Without a clear title reflecting property ownership, people cannot access the traditional mortgage finance system, home insurance, or government grants. This makes them more at risk of losing their home due to weather-related damage, general disrepair, or forced sale.

Seeing a lack of comprehensive data on the issue, we partnered with the Housing Assistance Council to publish a nationwide research study on residential heirs' property in the U.S. This research establishes a national baseline that will help foster a national conversation on the topic to move toward solutions.

[38] 12 U.S.C. § 1723a(n)(2)(G): "assess underwriting standards, business practices, repurchase requirements, pricing, fees, and procedures that affect the purchase of mortgages for low- and moderate-income families, or that may yield disparate results based on the race of the borrower, including revisions thereto to promote affordable housing or fair lending."

[39] The National Industry Standards for Homeownership Education and Counseling are a set of guidelines for quality homeownership and counseling services.

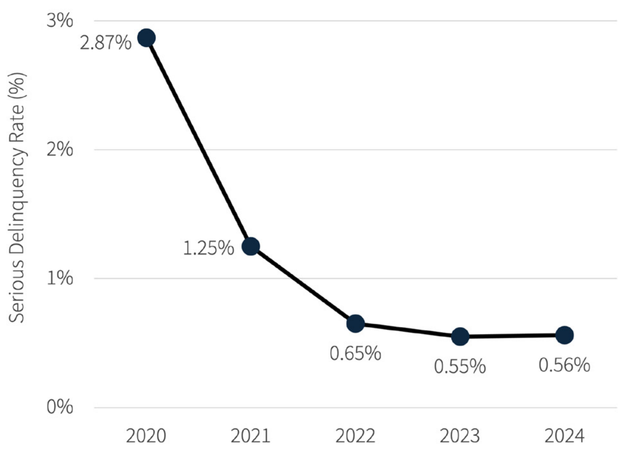
We help keep people in their homes

Fannie Mae has systems in place to help renters and homeowners experiencing hardship stay in their homes wherever possible.

Fannie Mae's loss mitigation strategy sets standards for timely resolution when borrowers experience financial distress. Our policies require early servicer intervention to address mortgage loan delinquency and provide alternatives to foreclosure. Servicers are required to engage with the borrower to explore options for resolving the delinquency, and determine whether a borrower qualifies for a home retention solution before considering foreclosure or foreclosure alternatives. If no home retention solutions are viable, Fannie Mae works to avoid foreclosure. Pre-foreclosure sales ("short sales") and deeds-in-lieu of foreclosure are available options to minimize disruption to homeowners' lives and damage to their credit histories. To promote consistency across servicers and improved outcomes for borrowers, Fannie Mae offers Servicing Management Default Underwriter™, an application that automates loss mitigation decisions.

Serious delinquency (SDQ) rates[40]

We promote market stability by ensuring that we appropriately manage the risk to our book of business. Our strong underwriting and servicing standards helped to keep Fannie Mae's single-family serious delinquency rate near historically low levels at 0.56% as of December 31, 2024.



40 Single-family SDQ rate refers to single-family loans that are 90 days or more past due or in the foreclosure process, expressed as a percentage of the company's single-family conventional guaranty book of business, based on loan count.

41 Forbearance plans often work in concert with the other workout options. Following the forbearance plan period, other workout options help the borrower bring their loan current.

Single-Family loss mitigation and loan workouts

Our single-family loss mitigation standards guide mortgage servicers toward timely resolution when borrowers experience financial distress. Informed by our success during the COVID-19 pandemic at creating new ways to address temporary financial hardship, our standards require servicers to determine first if delinquent borrowers are eligible for options that help them retain their homes (unless the borrower requests otherwise). These options generally fall within these categories:

- **Forbearance plan**[41]: Temporarily reduces or suspends monthly payments while the borrower resolves their hardship.
- **Reinstatement**: The borrower pays the total missed amount all at once.
- **Repayment plan**: The borrower pays past-due amounts over multiple months in addition to their monthly contractual payment.
- **Payment deferral**: Past-due amounts are shifted to a non-interest-bearing amount due at loan maturity or payoff.
- **Loan modification**: Permanently changes the terms of the loan, such as an extended maturity date, a reduced interest rate, or principal forbearance.

In May 2024, we announced enhancements to our Flex Modification policies to allow more borrowers facing longer-term hardships to remain in their homes by achieving meaningful payment reductions. The updated Flex Modification policies, which went into effect on December 1, 2024, promote sustainable homeownership and our safety and soundness.

Borrower and renter assistance

Educating borrowers and renters

Over 1.8 million

unique visitors to Fannie Mae's consumer website.

Approximately

5.8 million

engagements with educational content.

Housing counseling sessions

Received over

9,600 calls

calls to 855-HERE2HELP and other Fannie Mae/non-Fannie Mae channels.

Over 26,300

housing counseling engagements on default/foreclosure prevention, post-modification, or disaster recovery.

Modifications related to disaster

Initiated

over 3,858

disaster-related FLEX Modification Trial Starts.

Executed

over 3,963

disaster-related FLEX Modification conversions.

Disaster rebuild deployments

In 2018, Fannie Mae began a program to send our employees to disaster-stricken areas to help rebuild affected communities. Our disaster rebuild deployments are incredibly impactful. These deployments directly connect our employees to the very heart of our mission and allow us to witness firsthand the importance of home. In May and December 2024, Fannie Mae's Community Investment & Engagement teams deployed volunteers to Vermont and Alabama.

Fannie Mae volunteers were deployed to Barre and Montpelier, Vermont — two cities hardest hit by the catastrophic flooding that occurred in central Vermont in July 2023. They worked on a variety of projects, including installing flooring and drywall, painting, and building steps and cabinetry to help rebuild homes impacted by the flooding.

In 2023, a series of tornadoes devastated Selma, Alabama. The area is continuing to rebuild from this natural disaster, and Fannie Mae employees have volunteered to work side by side with homeowners to repair homes.

We partner across the industry to promote housing stability[42]

We believe housing stability and financial resilience go hand-in-hand, and that the journey to achieving both starts early and can be a challenge at various stages of life. Fannie Mae worked with a variety of partner organizations doing innovating and effective work to help consumers both prepare for and succeed at having a home of their own.

Housing counseling

Fannie Mae supported more than 26,000 housing counseling engagements in 2024.

We continued to offer support for consumers experiencing financial hardship or the effects of a natural disaster. Through Fannie Mae's counseling brand, Here2Help, borrowers and renters have access to HUD-approved housing counseling agencies (HCAs) to help them understand their options and pursue a path that reduces disruption to their housing and finances. In July 2024, Fannie Mae launched online counseling as an additional method for consumers to reach a HUD-certified housing counselor.

Fannie Mae continued to strengthen relationships with servicers in support of our post-modification counseling (PMC) program. Through the PMC program, participating servicers refer eligible borrowers receiving a Fannie Mae modification to a HUD-approved HCA.

Servicers participating in the PMC program referred **more than 18,700** Fannie Mae borrowers to counseling in 2024.

Pre-purchase housing counseling

Fannie Mae responded to a need identified by our housing counseling industry partners and created a new pre-purchase housing counseling program in 2024 to better prepare consumers to buy a home and guide them into the homebuying process. Our partners represent a combination of national and local organizations, delivering one-on-one services.

Local Initiative Support Corporation (LISC)

Fannie Mae continued to partner with the LISC to support Financial Opportunity Centers® (FOCs) in five urban markets and two rural markets. FOC partners provided financial coaching services to over 1,700 participants in 2024. FOC services include employment and career counseling, financial coaching, and supplemental income support to help their clients establish and build credit and increase savings. Outcomes support housing stability and increase economic mobility to participants.

Junior Achievement (JA)

Fannie Mae continued to expand resources for youth financial education by facilitating the creation of partnerships between Fannie Mae's lender and non-lender partners. During the 2023 – 2024 school year, over 340,000 students were referred to Fannie Mae's homeownership education resources on JA Connect. Additionally, over 205,000 elementary school students and their families received access to age-appropriate take-home material.

[42] 12 U.S.C. § 1723a(n)(2)(K): "describe the activities undertaken by [Fannie Mae] with nonprofit and for-profit organizations and with state and local governments and housing finance agencies, including how [Fannie Mae's] activities support the objectives of comprehensive housing affordable strategies under [section 105 of Cranston-Gonzalez National Affordable Housing Act]."

Housing stabilization at the community level

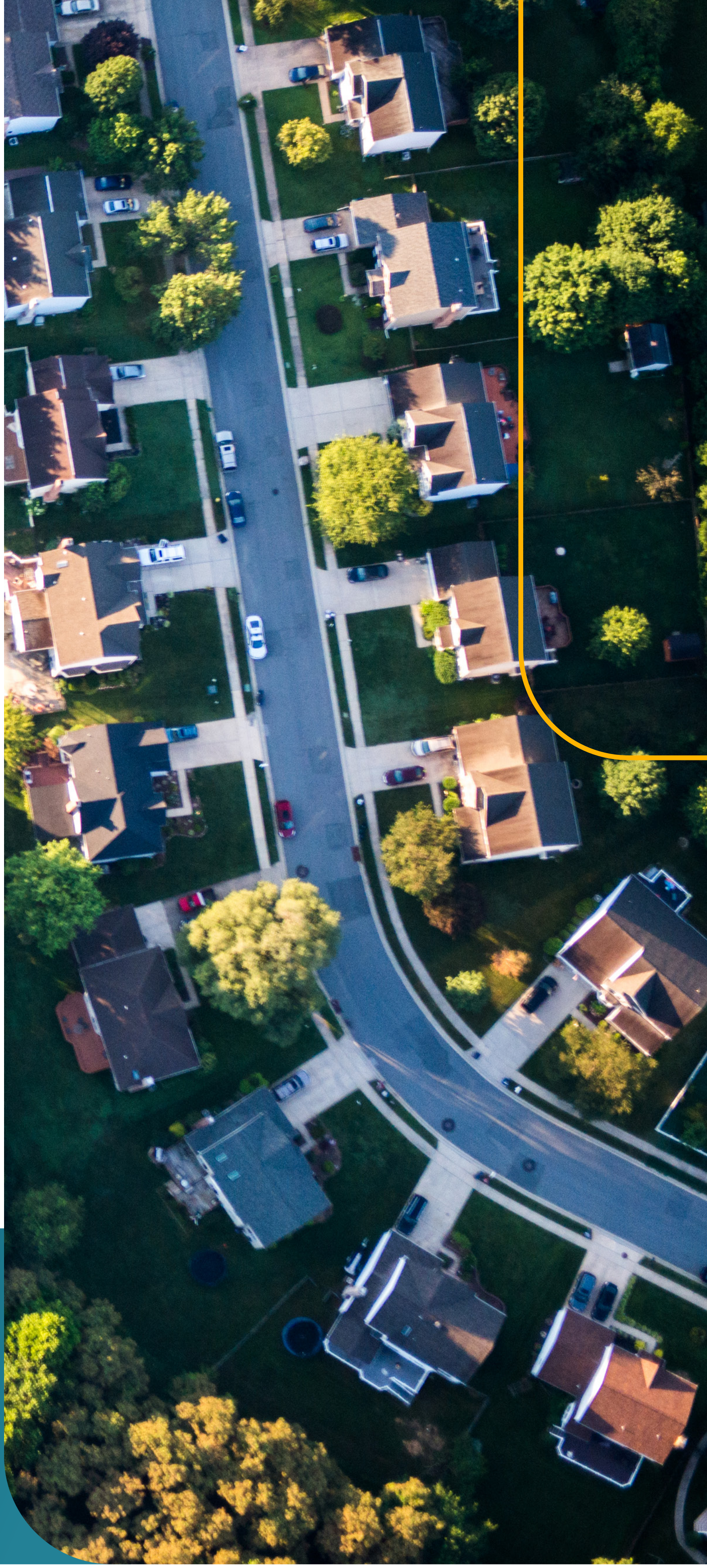
Our **Community First program** offers community-minded buyers, like nonprofits and public entities, exclusive access to view and make offers on Fannie Mae REO properties before they are available to the public. Additionally, we help connect public entities with DPA resources to owner-occupant buyers to further enhance affordability.

All combined, in 2024 Fannie Mae facilitated the sale of

379 single-family REO properties

to public entity and DPA buyers, a 40% increase over 2023.

To help preserve housing supply and stabilize neighborhoods, Fannie Mae invests directly in improvements to our single-family REO properties, conducting repairs on a majority of the properties we acquire. Through this **REO repair strategy**, we invested approximately $379 million in the repair and rehabilitation of the REO properties we sold in 2024. Improvements, which may include installation of energy- and water-efficient products and remediation to address environmental or health issues, help make the homes more affordable to own and support REO sales to owner-occupant buyers. Over 93% of our REO sales are made to owner occupants.



HomePath

Renovations lead to opportunity for first-time homebuyer

Learn more ›

Appendix

Supplemental Information Required Under Fannie Mae Charter Act (12 U.S.C. § 1723a(n) 2)(A) through (K))

The following supplemental information is included in this Appendix in order to comply with reporting requirements set forth in Fannie Mae's Charter Act.

APPENDIX 1

We leverage public programs to provide liquidity to the market[43]

Fannie Mae also provides liquidity to the market in conjunction with public subsidy programs.[44] These programs include certain single-family and multifamily HUD- and Rural Housing Service-related programs and other government-insured and/or related programs, mortgages originated by HFAs that benefit from federal tax exemption, HFA mortgage revenue bond issuance, and mortgages that benefit from LIHTCs.

Acquired
7,500+
single-family mortgages and
400+
multifamily mortgages that were originated in conjunction with public subsidy programs.

Aggregate UPB of approximately $1.6 billion and $5.9 billion, respectively.

[43] 12 U.S.C. § 1723a(n)(2)(c): "include a statement of the extent to which the mortgages purchased by the Corporation have been used in conjunction with public subsidy programs under Federal law."

[44] Some loans may have been made in conjunction with more than one public subsidy program, which may result in a small amount of overlap.

APPENDIX 2[45]

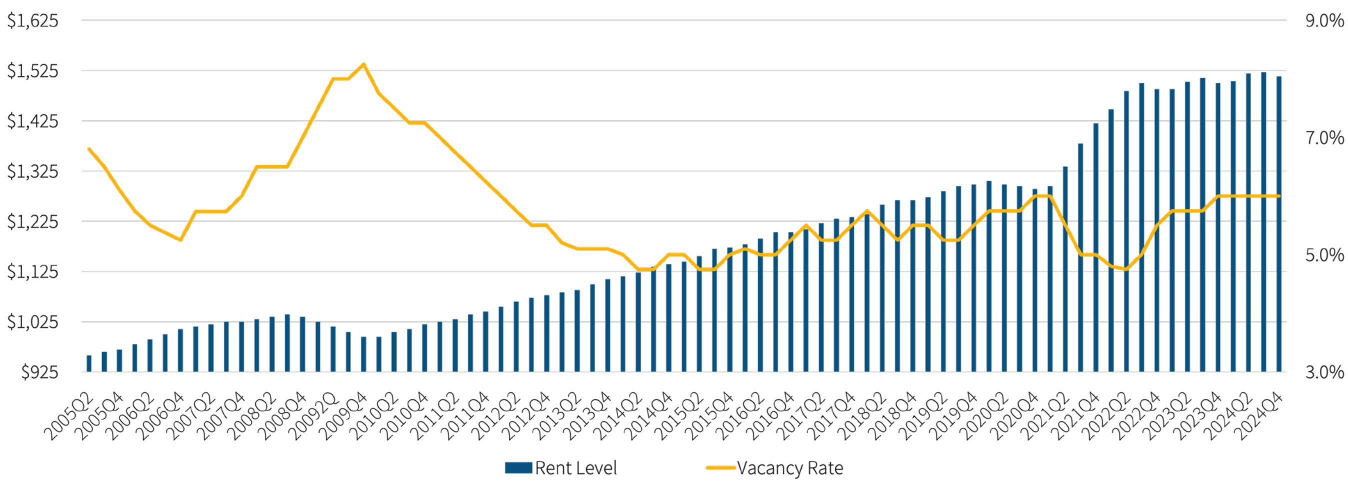
Multifamily housing market trends

Over the past decade, the U.S. multifamily sector has generally benefited from solid demand, increasing rent growth, and low vacancies, due to favorable demographic trends, ongoing job growth, and continued renter household formations.

However, that long-term trend was interrupted in late 2022. In 2024, Multifamily rental growth is estimated to have turned negative during the fourth quarter, after having been positive earlier in the year. Our prediction of instability in the multifamily market last year was correct, but we do expect it to start improving in most places in 2025. Rental demand in 2024 differed depending on the metropolitan area. Those with a lot of new supply, such as Austin, TX; Phoenix, AZ; San Antonio, TX; and Raleigh, NC have seen negative rent growth over the past year. In contrast, metro areas that are supply-constrained, such as Chicago, IL; Cleveland, OH; Cincinnati, OH; and Louisville, KY; have seen above-average rent growth, according to data from RealPage.

At a national level, rental demand remained positive for much of 2024 due to ongoing job growth and rising wages, with elevated mortgage rates and continued higher single-family housing prices keeping many tenants renting.

Estimated multifamily rent and vacancy



Source: Fannie Mae Multifamily Economics and Strategic Research

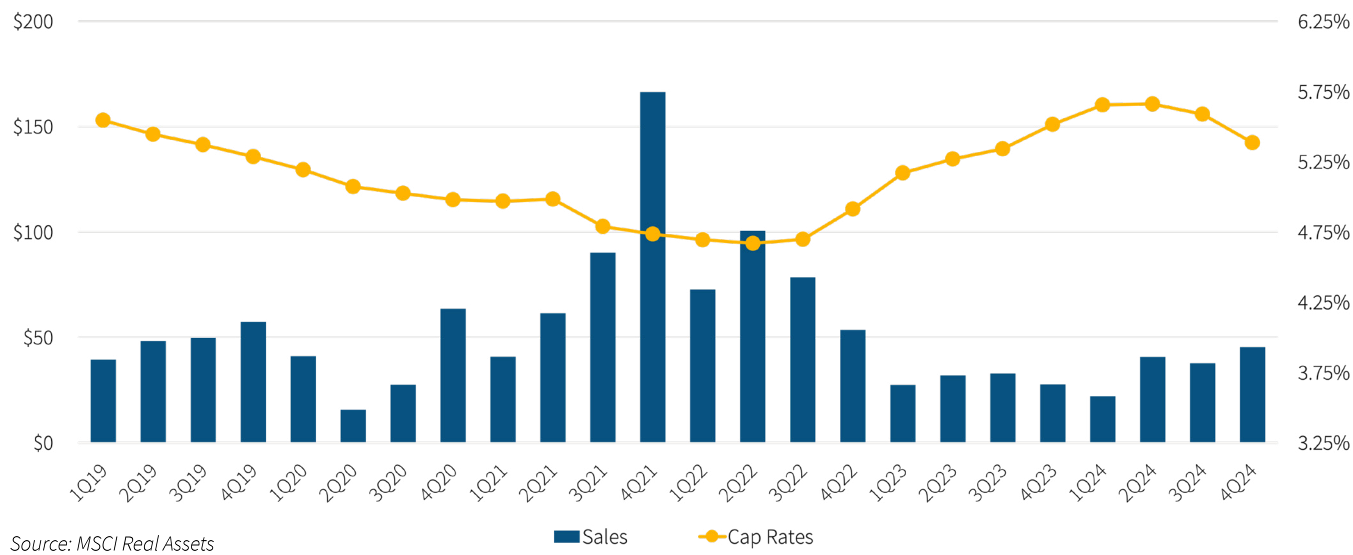
Based on preliminary third-party data, we estimate that the national multifamily vacancy rate for institutional investment-type apartment properties remained steady at 6.0% as of December 31, 2024, the same as it was as of December 31, 2023. The estimated average national multifamily vacancy rate over the last 15 years is approximately 5.8%.

We estimate that effective rents decreased approximately 0.5% during the fourth quarter of 2024, compared to increases of 0.2% in the third quarter of 2024, 1.0% during the second quarter of 2024, and 0.3% during the first quarter of 2024, but slightly less than the 0.66% decrease that occurred during the fourth quarter of 2023. We believe that the amount of new supply delivered in 2024, as well as what is expected in 2025, will likely keep rent growth subdued during the first quarter. We then expect it to increase over the remainder of 2025, with rent growth expected to be between 2.0% and 2.5%.

Multifamily construction underway remains elevated. There are more than 850,000 units underway, and an estimated 613,000 multifamily rental units were completed and delivered in 2024. We expect new deliveries in 2025 will remain elevated at between 450,000 and 500,000 units.

[45] 12 U.S.C. § 1723a(n)(2)(H): "describe trends in both the primary and secondary multifamily housing mortgage markets, including a description of the progress made, and any factors impeding progress toward standardization and securitization of mortgage products for multifamily housing."

Estimated national apartment sales volume and capitalization rates



Source: MSCI Real Assets

According to the most recent data from MSCI Real Assets, sales of multifamily properties valued at $2.5 million or greater totaled an estimated $146 billion during 2024, a meaningful 21.6% increase from the $120.1 billion in sales that took place during the prior year. However, deal activity is still reasonably muted compared to the pre-pandemic average of $168.8 billion between 2015 – 2019. Nevertheless, total multifamily transaction activity improved relative to 2023, including a few large portfolio transactions, which could signal stabilization over the short-term.

The fourth quarter volume signaled a year-over-year increase of an impressive 64%. This increase is notable as prior to the second quarter of 2024, total multifamily sales saw seven consecutive quarters of year-over-year declines. If trends continue, we can expect positive sales volume growth going into 2025, though nothing close to the elevated levels seen during the pandemic and its period of very low interest rates.

This section contains a number of forward-looking statements, including statements regarding future economic and housing conditions and the factors that will impact them. These forward-looking statements are based on the company's current assumptions regarding numerous factors, and actual outcomes may be very different, perhaps materially, as a result of macroeconomic, market, and geopolitical issues, including the factors identified in our discussion.

Opinions, analyses, estimates, forecasts, and other views of Fannie Mae's Economic and Strategic Research (ESR) group included in this section should not be construed as indicating Fannie Mae's business prospects or expected results, are based on a number of assumptions, and are subject to change without notice. How this information affects Fannie Mae will depend on many factors. Although ESR bases its opinions, analyses, estimates, forecasts, and other views on information it considers reliable, it does not guarantee that the information provided in these materials is accurate, current, or suitable for any particular purpose. Changes in the assumptions or the information underlying these views could produce materially different results. The analyses, opinions, estimates, forecasts, and other views published by ESR represent the views of that group as of the date indicated and do not necessarily represent the views of Fannie Mae or its management.

APPENDIX 3[46]

Trends in relative delinquency and default rates

The chart below reports 90-day delinquencies occurring within the first 12 months of acquisition and defaults (defined as a foreclosure sale, deed-in-lieu of foreclosure, pre-foreclosure sale, or third-party sale, at any time during the life of the loan) on loans made to low- and moderate-income borrowers compared to loans made to borrowers with incomes above the median level, by acquisition year. This analysis is based on income relative to AMI and does not control for other risk dimensions, such as LTV ratio or credit history, which may influence loan delinquency and default rates. Information regarding SDQ and default performance is based on acquisitions through December 2023 with loan performance reported through December 2024.

Relative 90-Day delinquency and default rates between single-family loans serving low- and moderate-income families and loans serving families with income above the median level, by year[47]

Acquisition Year	Income Group	Average Rate of 90-day Delinquency (%)	Percent Difference (%)	Average Rate of Default (%)	Percent Difference (%)
2012	Above Median Income	0.115		0.320	
	Low-Mod Income	0.267	132	0.918	187
2013	Above Median Income	0.108		0.302	
	Low-Mod Income	0.289	168	0.992	228
2014	Above Median Income	0.138		0.260	
	Low-Mod Income	0.329	138	0.848	226
2015	Above Median Income	0.108		0.134	
	Low-Mod Income	0.260	141	0.442	229
2016	Above Median Income	0.142		0.079	
	Low-Mod Income	0.274	94	0.305	285
2017	Above Median Income	0.423		0.084	
	Low-Mod Income	0.500	18	0.304	261
2018	Above Median Income	0.209		0.080	
	Low-Mod Income	0.420	101	0.270	239
2019	Above Median Income	2.607		0.031	
	Low-Mod Income	2.798	7	0.127	314
2020	Above Median Income	1.119		0.010	
	Low-Mod Income	1.337	19	0.047	396
2021	Above Median Income	0.325		0.013	
	Low-Mod Income	0.477	47	0.052	306
2022	Above Median Income	0.587		0.040	
	Low-Mod Income	0.685	17	0.075	86
2023	Above Median Income	0.409		0.013	
	Low-Mod Income	0.573	40	0.026	99

46 12 U.S.C. § 1723a(n)(2)(I): "describe trends in the delinquency and default rates of mortgages secured by housing for low- and moderate-income families that have been purchased by [Fannie Mae], including a comparison of such trends with delinquency and default information for mortgage products serving households with incomes above the median level that have been purchased by [Fannie Mae], and evaluate the impact of such trends on the standards and levels of risk of mortgage products serving low- and moderate-income families."

47 Sample used: unseasoned, conforming, conventional, owner-occupied, first-lien, non-reverse mortgages, excluding Growing-Equity Mortgages, Graduated Payment Mortgages, and loans missing affordability data. In addition, the likelihood of 90-day delinquency percentages shown are static and only reflect if a loan went delinquent in the first year.

Index

Charter Act Requirement	Section of Charter Act	Location in Document
Include, in aggregate form and by appropriate category, statements of the dollar volume and number of mortgages on owner-occupied and rental properties purchased which relate to each of the annual housing goals.	12 U.S.C. § 1723a(n)(2)(A)	Affordability: Our affordable housing goals
Include, in aggregate form and by appropriate category, statements of the number of families served by the corporation, the income class, race, and gender of homebuyers served, the income class of tenants of rental housing (to the extent such information is available), the characteristics of census tracts, and the geographic distribution of the housing financed.	12 U.S.C. § 1723a(n)(2)(B)	Affordability: We serve low- and moderate-income families across the country Note: Information about race and gender of homebuyers served, the characteristics of census tracts, and the geographic distribution of the housing financed can be found in the AMR tables 5A, 5B, 6, 7, 8A, 8B, 10A, and 10B.
Include a statement of the extent to which the mortgages purchased by the Corporation have been used in conjunction with public subsidy programs under Federal law.	12 U.S.C. § 1723a(n)(2)(C)	Appendix 1: We leverage public programs to provide liquidity to the market
Include statements of the proportion of mortgages on housing consisting of 1 to 4 dwelling units purchased by the corporation that have been made to first-time homebuyers, as soon as providing such data is practicable, and identifying any special programs (or revisions to conventional practices) facilitating homeownership opportunities for first-time homebuyers.	12 U.S.C. § 1723a(n)(2)(D)	Affordability: We help first-time homebuyers
Include, in aggregate form and by appropriate category, the data provided to the [Director] under subsection (m)(1)(B) [i.e., the loan-to-value ratios of purchased mortgages at the time of origination].	12 U.S.C. § 1723a(n)(2)(E)	Affordability: We help knock down barriers to housing Note: The complete distribution of single-family owner-occupied mortgage purchases by LTV category can be found in the AMR table 11.
Compare the level of securitization versus portfolio activity.	12 U.S.C. § 1723a(n)(2)(F)	Liquidity: Our business supports liquidity in mortgage markets
Assess underwriting standards, business practices, repurchase requirements, pricing, fees, and procedures that affect the purchase of mortgages for low- and moderate-income families, or that may yield disparate results based on the race of the borrower, including revisions thereto to promote affordable housing or fair lending. *[Response for this Charter Act Requirement split between Affordability and Stability]*	12 U.S.C. § 1723a(n)(2)(G)	Affordability: We help knock down barriers to housing Stability: Our responsible underwriting promotes housing stability Stability: We support stable housing for renters and borrowers

Describe trends in both the primary and secondary multifamily housing mortgage markets, including a description of the progress made, and any factors impeding progress toward standardization and securitization of mortgage products for multifamily housing. *[Response for this Charter Act Requirement split between Liquidity and the Appendix]*	12 U.S.C. § 1723a(n)(2)(H)	Liquidity: Our business supports liquidity in mortgage markets Appendix 2: Multifamily housing market trends
Describe trends in the delinquency and default rates of mortgages secured by housing for low- and moderate-income families that have been purchased by the corporation, including a comparison of such trends with delinquency and default information for mortgage products serving households with incomes above the median level that have been purchased by the corporation, and evaluate the impact of such trends on the standards and levels of risk of mortgage products serving low- and moderate-income families.	12 U.S.C. § 1723a(n)(2)(I)	Appendix 3: Trends in relative delinquency and default rates
Describe in the aggregate the seller and servicer network of the corporation, including the volume of mortgages purchased from minority-owned, women-owned, and community-oriented lenders, and any efforts to facilitate relationships with such lenders.	12 U.S.C. § 1723a(n)(2)(J)	Liquidity: We support a wide range of business partners
Describe the activities undertaken by the corporation with nonprofit and for-profit organizations and with state and local governments and housing finance agencies, including how the corporation's activities support the objectives of comprehensive housing affordable strategies under section 105 of Cranston-Gonzalez National Affordable Housing Act. *[Response for this Charter Act Requirement split between Affordability and Stability]*	12 U.S.C. § 1723a(n)(2)(K)	Affordability: We partner across the industry to expand access to affordable housing Stability: We partner across the industry to promote housing stability