



Fannie Mae Update

MBA QA Conference


October 1-2 2007

Hope Evans


Fannie Mae

VP of Underwriting and QA

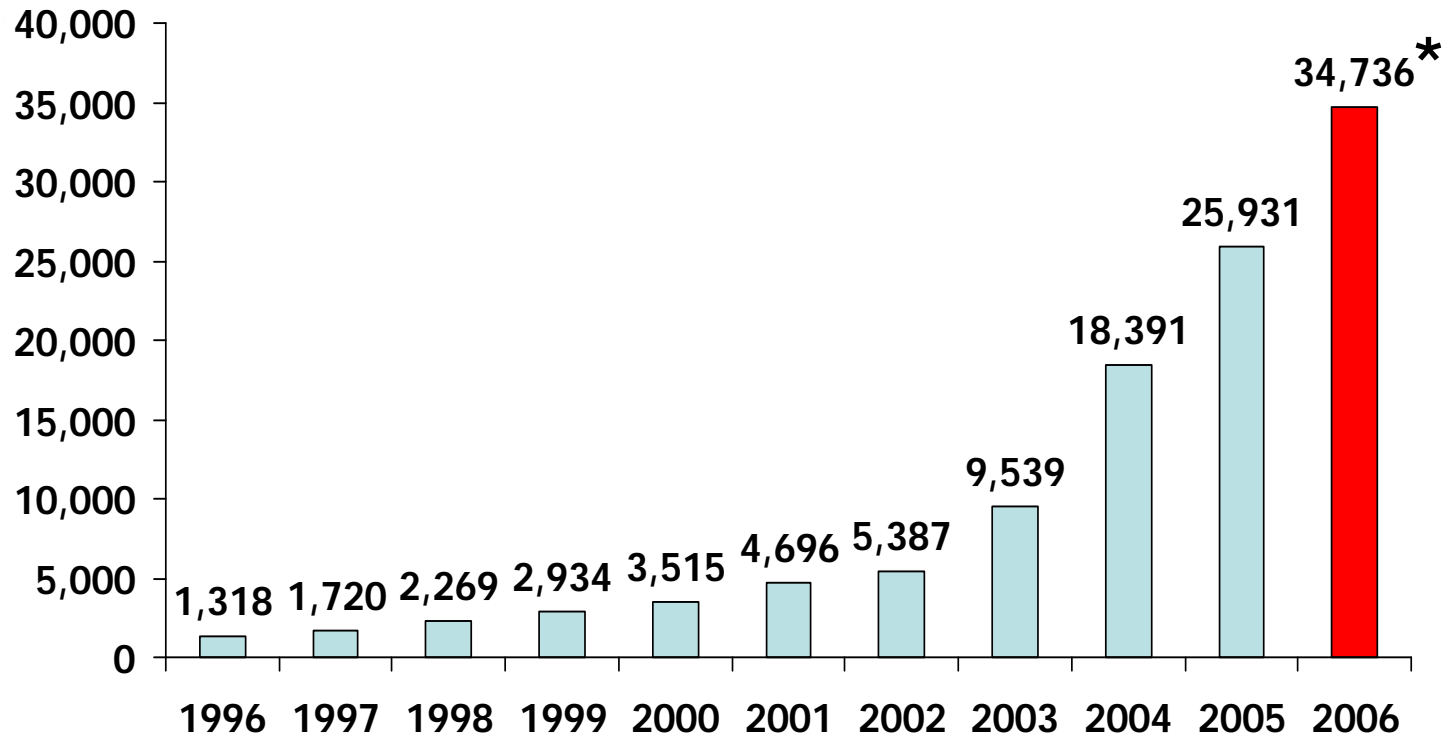
Topics

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- **Market Trends**
 - **Recent Policy Updates**
 - **Interagency Guidance Policy**
 - **Changes to DU**

Market Trends

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- **Property/Collateral Valuation**
 - **Sub prime Originations**
 - **Alt A Guidelines**
 - **Predatory Lending Compliance**
 - **Compliance to IAG**
 - **Fraud Prevention and Detection**

Depository Institution Suspicious Activity Report (SAR) Filings by Year



Source: Financial Crimes Enforcement Network (FinCEN) SAR Activity Review - By The Numbers Issue 7 (November 2006) (Section 1 Exhibit 5)

* 2006 annualized based on 17,368 reported through June 30, 2006.

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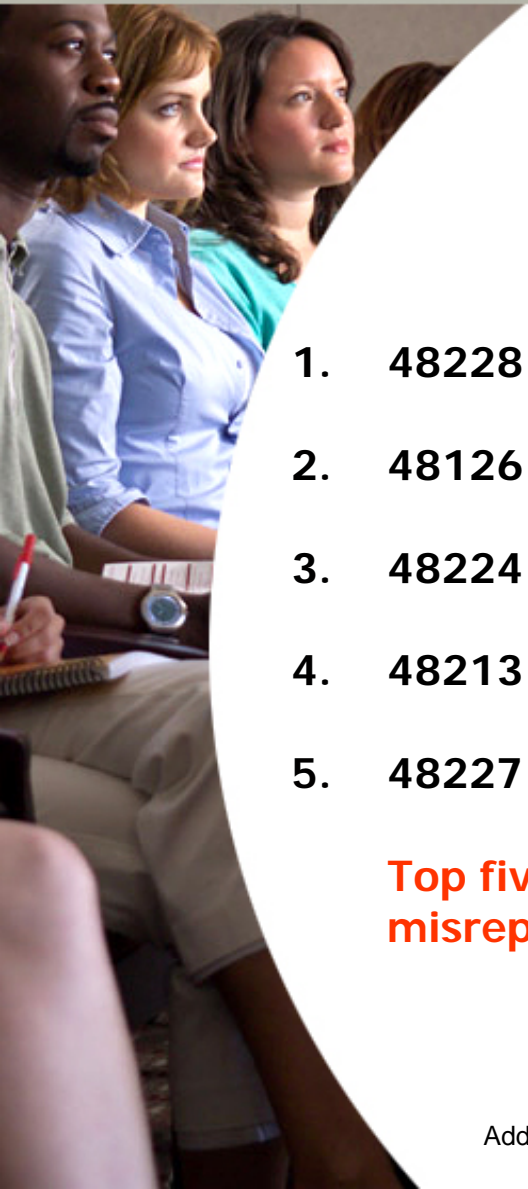
Reviews of Loans Originated in 2005-2006



1.	381 -	Memphis, TN	Property & Credit
2.	462 -	Indianapolis, IN	Property & Assets
3.	300 -	Decatur, GA	Income, Credit & Property
4.	482 -	Detroit, MI	Income, Credit & Property
5.	303 -	Atlanta, GA	Credit & Property
6.	330 -	Pompano Beach, FL	Income & Credit
7.	770 -	Houston, TX	Property & Income
8.	601 -	Elgin, IL	Credit & Income
9.	460 -	Westfield, IN	Property & Assets
10.	554 -	Minneapolis, MN	Credit/SSN

Top ten zip code areas represent 30 percent of loans with misrepresentation.

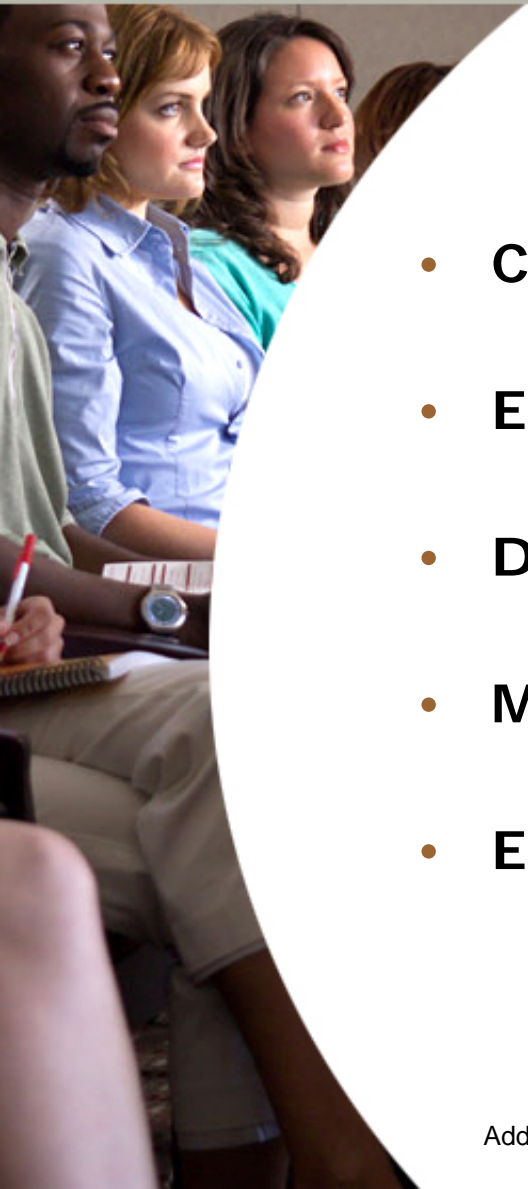
Reviews of loans originated in 2005-2006




1.	48228	Detroit	Property/Value, Income & Occupancy
2.	48126	Dearborn	Income & Property/Value
3.	48224	Detroit	Credit/Liabilities & Property/Value
4.	48213	Detroit	Income & Credit/Liabilities
5.	48227	Detroit	Income & Credit/Liabilities

Top five zip code areas represent 34 percent of Michigan's loans with misrepresentation.


Recent Policy Updates

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- **Changes to Project Acceptance Process**
 - **Eligible Condo, Coop and PUDs**
 - **Declining Markets**
 - **MyCommunityMortgage (MCM)**
 - **Expanded Approval**

Interagency Guidance Policy

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- **Announcement 07-10**
 - **Effective for applications taken on or after September 13, 2007**
 - **Underwriting Standards**
 - **Risk Management**
 - **Consumer Information**
 - **Lender Representation and Warranty**
 - **Additional Quality Control**

Changes to DU

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- **Release 5.6 – May 2007 included the following:**
 - MyCommunityMortgage (MCM) eligibility
 - Credit Standards Modified
 - Collection / Payoff Policy Modified
 - **Release 5.7 – July 2007 included the following:**
 - Collateral Valuation in Declining Markets
 - Expanded Approval
 - 2007 AMI Limits
 - Flex Mortgages and Financed Single-Premium MI
 - Community Seconds
 - Interest Only / Neg Am Mortgages
 - New / Amended Messages