

Fannie Mae's HomeStay Initiative

Providing Sustainable Homeownership Solutions

In light of the recent turmoil within the subprime market, Fannie Mae has increased our efforts to maintain stability within the mortgage market by ensuring adequate liquidity and promoting lending practices that support sustainable homeownership. To aid these efforts, we have introduced the HomeStay™ Initiative. We seek to restore the balance between prudent risk management and sustainable homeownership opportunities by offering:

- flexible mortgage products that provide options for borrowers
- underwriting guidelines that emphasize the borrower's ability to repay the debt, and
- servicing policies that emphasize keeping borrowers in their homes.

Flexible Products That Help Lenders Provide Options for Borrowers

Many homeowners with subprime mortgages can qualify for a fixed-rate prime mortgage, especially if they have a 12-month clean payment history. For example, Expanded Approval® (EA) recommendations in Desktop Underwriter® (DU®) represent a good alternative for lenders to help get a "yes" for borrowers with blemished credit. Recent enhancements to EA have made it more broadly available, and even more flexible with 40-year terms. And our Flexible 97® and Flexible 100™ products remain a viable option for borrowers with good credit who seek a low down payment.

Servicing Policies That Emphasize Keeping People in Their Homes

In 2006, we helped more than 18,000 families experiencing financial difficulty stay in their homes through long-term forbearance and repayment plans, and more than 27,000 families through loan modifications.

Borrower Information and Marketing Resources for Industry Professionals

We provide customizable borrower information and marketing resources to industry professionals including:

- Free, downloadable marketing templates in English and Spanish on eFannieMae.com
- Professionally printed marketing brochures for multicultural borrowers available to Fannie Mae lending partners for a fee
- *Know Your Mortgage* fact sheets—available soon in English and Spanish—to help industry professionals provide information on mortgage products and features.

Home-Buyer Counseling Support

In addition to a \$5 million grant to support a national foreclosure prevention initiative, we offer our free, Web-based Home Counselor Online™ (HCO) technology. HCO brings together lenders, brokers and counselors to assist consumers with preparing for homeownership and providing post-purchase support as necessary.

Keep Up-to-Date

Visit www.efanniemae.com/homestay for more information and updates. Together, we can help you provide sustainable homeownership solutions for both purchase and refinance borrowers.