# Fannie Mae & Freddie Mac

The two companies behind almost every home loan, explained in plain English

**You'll never write a check to Fannie Mae or Freddie Mac, but they're a big reason you can get an affordable home loan at all. Think of them as the two biggest recyclers in the mortgage world: they buy loans from your bank soon after closing, which frees up fresh cash for your bank to lend to the next family in line.**

## WHAT THEY ACTUALLY DO

- **They Buy Your Loan After Closing**
  Your bank usually sells your loan to Fannie or Freddie within weeks. Your payment and terms don't change — only who owns it behind the scenes.
- **They Keep Mortgage Money Flowing**
  By buying loans, they hand your bank fresh cash to lend to the next buyer, so mortgages stay available.
- **They Write the Common Rulebook**
  Because they buy so many loans, they set the shared rules lenders use — like minimum credit scores and loan size.
- **Backed by the Government, Not Run by It**
  They're private companies Congress created, with government support since 2008 — part of why home loans are so affordable here.
- **You'll Never Deal With Them Directly**
  No paperwork, no phone calls, no payments to Fannie or Freddie. Your lender is the only one you talk to.

## GOOD TO KNOW

- **What the Names Mean**
  "Fannie Mae" and "Freddie Mac" are nicknames for two mortgage companies — nobody uses their long formal names out loud.
- **How Old They Are**
  Fannie Mae started in 1938; Freddie Mac followed in 1970 to give Fannie some competition.
- **Who Watches Over Them**
  A federal regulator called the FHFA has closely overseen both since 2008.
- **Their Status Right Now**
  Still under close government oversight since the 2008 housing crash; a 2026 plan aims to eventually loosen that.
- **Are They "The Government"?**
  Not exactly — private companies with a government safety net underneath, an unusual hybrid by design.

## A Quick Timeline

| 1938 | 1968 | 1970 | 2008 |
|---|---|---|---|
| Fannie Mae is created to help more Americans get home loans | Fannie Mae becomes a private company owned by shareholders | Freddie Mac is created to give Fannie Mae some competition | A housing crash forces the government to step in and closely oversee both |

## Words You'll Hear, in Plain English

| You'll Hear... | It Simply Means... |
|---|---|
| “Conventional loan” | A regular home loan that follows Fannie or Freddie's rules — the most common type of loan |
| “Loan limit” | The most you can borrow on a normal loan before it's considered oversized, or “jumbo” ($832,750 in most places for 2026) |
| “Credit score requirement” | The minimum score your lender needs, which is often set by what Fannie or Freddie will accept |
| “Debt-to-income ratio” | A simple math check: how much of your monthly income already goes toward bills and debt |
| “3% down payment program” | Special programs (HomeReady, Home Possible) that let qualifying buyers put down very little cash |

Fannie and Freddie do almost the same job and compete with each other — your lender decides which one buys your loan. You won't notice a difference either way.

## The Bottom Line for You

- **You'll likely never notice them.** Your loan may get sold to Fannie or Freddie, but your payment, your servicer's customer service, and your loan terms stay the same.
- **Their rules shape what your lender can offer you.** Most of the requirements your lender quotes — credit score, down payment, income documents — trace back to Fannie or Freddie's rulebook.
- **Rules do change over time.** A program you didn't qualify for last year might work today, or vice versa — it's always worth asking again.
- **When in doubt, just ask.** "Is this a conventional loan?" is a simple question that tells you whether Fannie or Freddie's standard rules apply to your loan.

**SOURCE:** Federal Housing Finance Agency (fhfa.gov) — "About Fannie Mae & Freddie Mac," "History of Fannie Mae and Freddie Mac Conservatorships," and FHFA 2026 Conforming Loan Limit values.

**EFFECTIVE DATE OF DATA:** Conservatorship status, conforming loan limits, and program details current as of August 2026. Conservatorship-exit plans announced by Treasury/FHFA in 2026 remain in progress and could change over time — confirm current status before relying on this sheet.

**DISCLAIMER: This fact sheet is for general information only and is not exhaustive. The author is not a licensed mortgage lender or financial advisor. Consult a mortgage lender or licensed mortgage professional for guidance specific to your situation.**