

MPF Announcement:

2020-66

Date:

October 6, 2020

Alert:**Clarification**

New Policy
Policy Update
Reminder
Training Information

Audience:

Compliance/Legal
Program Management
Origination
Quality Control
Servicing
Underwriting

Product:

MPF Direct
MPF Government MBS
MPF Traditional
MPF Xtra[®]

Effective Date:

December 1, 2020

MPF Xtra Selling Guide Updates

On September 24, 2020 Fannie Mae issued an update to the previously announced [Lender Letter LL-2020-12](#), clarifying the refinance exception to the new LLPA applies to loans with an original principal amount less than or equal to \$125,000.

The updated terms of this LLPA are described below:

Effective Date:

Please note, that the LLPAs outlined in the Lender Letter now apply to existing and future MPF Xtra Delivery Commitments funded on or after 12/1/2020.

Transactions:

- Limited cash-out refinances
- Cash-out refinances

Exceptions:

- Refinance loans with an original principal amount of less than **or equal to** \$125,000,
- Single-closing construction-to-permanent loans with Special Feature Code 151, and
- HomeReady loans with Special Feature Code 900 that are processed and delivered as a refinance are not subject to this LLPA.

Loan Level Price Adjustment (LLPA):

- 50 basis points (0.500%)
- This LLPA is in addition to any other price adjustments that are otherwise applicable to the particular transaction. *This LLPA applies to HomeReady refinances without regard to the cap that otherwise applies to those transactions.*

As a reminder, it is important to be aware of the distinction between funding requests and the date of actual funding; the Lender Letter is referencing the date of funding by Fannie Mae and not the date of funding request to MPF.

Reference

[Fannie Mae Lender Letter LL-2020-12](#)

Please note you can access the [MPF Guides](#) and [MPF Announcements](#) on our [MPF Website](#).

Visit the MPF Website to review and register for upcoming complimentary [MPF Webinars](#).

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Please work with the MPF Service Center to ensure that loans are submitted for funding request **by 11/27/2020** for funding by Fannie Mae on 11/30/2020. **Any loans that cannot be funded prior to 12/1/2020 will be assessed the 50 BP fee.**

To gain a full understanding of these topics, PFIs should review the entire Fannie Mae Announcement and any applicable Fannie Mae Selling Guide chapters, forms, or exhibits noted in the announcements.

Lender Letter (LL-2020-12)

Updated: Sep. 24, 2020
 Aug. 27, 2020
 Aug. 12, 2020

To: All Fannie Mae Single-Family Sellers New Adverse Market Refinance Fee

This Lender Letter provides information about a new adverse market refinance fee (loan-level price adjustment) that will apply to most refinances.

- Update on Sep. 24, 2020: clarified the refinance exception applies to loans with an original principal amount less than or equal to \$125,000
- Updates on Aug. 27, 2020: changes to impacted transactions and a new effective date

In light of market and economic uncertainty resulting in higher risk and costs incurred by Fannie Mae, we are implementing a new loan-level price adjustment (LLPA). The terms of this LLPA are described below.

Criteria	Terms
Transactions	<ul style="list-style-type: none"> ▪ Limited cash-out refinances ▪ Cash-out refinances <p>Exceptions:</p> <ul style="list-style-type: none"> ▪ Refinance loans with an original principal amount of less than or equal to \$125,000, ▪ Single-closing construction-to-permanent loans with Special Feature Code 151, and ▪ HomeReady loans with Special Feature Code 900 that are processed and delivered as a refinance are not subject to this LLPA.
LLPA	<p>50 basis points (0.500%)</p> <p>This LLPA is in addition to any other price adjustments that are otherwise applicable to the particular transaction.</p> <p>NOTE: <i>This LLPA applies to high LTV refinances without regard to the cap that otherwise applies to those transactions.</i></p> <p>The Loan-level Price Adjustment (LLPA) Matrix has been updated to reflect this additional LLPA.</p>
Effective date	<ul style="list-style-type: none"> ▪ Whole loans purchased on or after Dec. 1, 2020, and ▪ Loans delivered into MBS pools with issue dates on or after Dec. 1, 2020

Lenders may contact their Fannie Mae Account Team if they have questions about this Lender Letter. Have guide questions? Get answers to all your policy questions, straight from the source. [Ask Poli.](#)