

**MPF Announcement:**

2022-04

**Date:**

January 24, 2022

**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<sup>®</sup>**

**Effective Date:**

**April 2, 2022**

## MPF Xtra Selling Guide Updates

On January 5, 2022 Fannie Mae issued Lender Letter LL-2022-01, announcing Loan Level Price Adjustments (LLPA) for Second Homes and High Balance Loans.

In addition, they will no longer charge a high-balance LLPA for loans to first-time homebuyers with income less than or equal to 100% of area median income.

**Exception:** A high-balance LLPA will not apply if any borrower on the loan is a first-time homebuyer and total qualifying income of all borrowers is less than or equal to 100% of the applicable area median income limit for the subject property's location. *Loans must be delivered with Special Feature Code 873 (in addition to SFC 808).*

**Effective Date:** Applies to existing and future MPF Xtra loans funded by the MPF Program on or after 4/2/22. Note that the 4/1/22 funding date referenced in the Lender Letter refers to the funding with Fannie Mae and **NOT** the funding with MPF Program.

Because this revised LLPA takes effect after the previously announced change in certification process that will require all MPF Xtra loans to be certified prior to funding, any MPF Xtra loan that has not obtained funding certification on or before 3/31/22 will be subject to the revised LLPA.

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.

### Reference

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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# Lender Letter (LL-2022-01)

Jan. 05, 2022

## To: All Fannie Mae Single-Family Sellers Loan-level Price Adjustments for Second Home and High-balance Loans

This Lender Letter provides information about changes to loan-level price adjustments (LLPAs) that will apply to second home and high-balance loans.

**Effective:** The updated LLPAs are effective for all whole loans purchased on or after Apr. 1, 2022 and for loans delivered into MBS pools with issue dates on or after Apr. 1, 2022.

We periodically reassess our pricing as it relates to specific products and current market conditions. Under the guidance of FHFA, and in coordination with Freddie Mac, we are revising our pricing for second home and high-balance loans. In addition, to further support our efforts with affordable housing financing, we will no longer charge a high-balance LLPA for loans to first-time homebuyers with income less than or equal to 100% of area median income. The following table reflects the pricing changes to second homes and high-balance loans. Additionally, the [Loan-level Price Adjustment \(LLPA\) Matrix](#) has been updated to reflect these changes.

LLPAs by Product Feature									
Product Feature(s)	LTV Range								
	≤60.00%	60.01-70.00%	70.01-75.00%	75.01-80.00%	80.01-85.00%	85.01-90.00%	90.01-95.00%	95.01-97.00%	>97.00%
<b>Second home</b>	1.125%	1.625%	2.125%	3.375%	4.125%	4.125%	4.125%	4.125%	4.125%
<b>High-balance</b> Purchase or limited cash-out refinance	0.500%	0.750%	0.750%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%
<b>High-balance</b> Cash-out refinance	1.250%	1.500%	1.500%	1.750%	N/A	N/A	N/A	N/A	N/A
<b>High-balance</b> ARM	0.750%	0.750%	0.750%	1.500%	1.500%	1.500%	1.750%	1.750%	1.750%

**NOTE:** A high-balance LLPA will not apply if any borrower on the loan is a first-time homebuyer and total qualifying income of all borrowers is less than or equal to 100% of the applicable area median income limit for the subject property's location. Loans must be delivered with Special Feature Code 873 (in addition to SFC 808).

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.](#)

**Let your voice be heard!** We want your feedback on our policy communications to help us improve the clarity of new and updated policy and understand any implications to borrowers. Click right to take a short survey regarding this Lender Letter.

