

MPF Announcement:

2024-18

Date:

March 21, 2024

Alert:

Clarification

New Policy

Policy Update

Reminder

Training Information

Audience:

Compliance/Legal

Program Management

Origination

Quality Control

Servicing

Underwriting

Product:

MPF Government MBS

MPF Traditional

MPF Xtra[®]**Effective Date:**

Immediately (*unless otherwise noted*)

Reference

[Fannie Mae Lender Letter LL-2024-01](#)

[HomeReady Loans – Enhanced Best Efforts Commitments](#)

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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MPF Xtra – HomeReady Product Enhancements

Fannie Mae published Lender Letter [LL-2024-01](#), announcing a temporary enhancement to their HomeReady product. This enhancement includes a \$2,500 loan-level price adjustment credit for very low-income purchase borrowers (VLIP) that can be used for down payment and closing costs.

Originators must provide the \$2,500 credit to the borrower, the full amount of the credit must be provided directly to the borrower through the transaction, such as being applied to down payment and closing costs, including escrows and mortgage insurance premiums.

The credit will be reimbursed through the standard LLPA credit process on the MPF Funding Date.

Originators must ensure:

- the Borrower and loan meets the eligibility requirements outlined in the Lender Letter and Selling Guide, such as:
 - The loan must be an eligible HomeReady purchase loan (underwritten in Desktop Underwriter[®] (DU[®]) or manually underwritten).
 - The borrower(s) must have total qualifying income less than or equal to 50% of the applicable area median income (AMI) limit for the subject property's location.
- the loan must be delivered using the following Special Feature Codes:
 - 900 HomeReady loan, and
 - 884 HomeReady VLIP LLPA Credit.
 - For additional DU and delivery instructions, refer to the [HomeReady VLIP LLPA Credit Job Aid](#).

Effective: This credit will be effective for loans delivered on or after March 1, 2024 to February 28, 2025.

Fannie Mae also announced enhancements to their Best Efforts Commitments for HomeReady loans. PFIs are reminded they must refer to eMPF[®] to view the pricing and should use the MPF Xtra Best Efforts FX 30 - Fixed 30 Yr HomeReady product.

To gain a full understanding of these topics, PFIs should review the entire Fannie Mae Lender Letter plus any applicable Fannie Mae Selling Guide chapters, forms, or exhibits noted in the announcement.

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Lender Letter (LL-2024-01)

Jan. 24, 2024

To: All Fannie Mae Single-Family Sellers HomeReady Product Enhancement

To continue to support homeownership opportunities for creditworthy very low-income borrowers, we are announcing a temporary enhancement to our HomeReady® product. This enhancement includes a \$2,500 loan-level price adjustment credit for very low-income purchase borrowers (VLIP) that can be used for down payment and closing costs.

Effective: This credit will be effective for whole loans purchased (“Purchase Ready” status in Loan Delivery) on or after Mar. 1, 2024 to Feb. 28, 2025 and for loans delivered into MBS with issue dates on or after Mar. 1, 2024 to Feb. 1, 2025.

\$2,500 credit for very low-income purchase HomeReady borrowers

To address some of the barriers to entry for very low-income borrowers, we are temporarily offering a \$2,500 LLPA credit to certain eligible HomeReady borrowers. The following requirements apply:

Borrower and Loan Eligibility Requirements	
Underwriting requirements	<ul style="list-style-type: none"> ▪ The loan must be an eligible HomeReady purchase loan (underwritten in Desktop Underwriter® (DU®) or manually underwritten). ▪ The borrower(s) must have total qualifying income less than or equal to 50% of the applicable area median income (AMI) limit for the subject property’s location.
Minimum borrower contribution	<ul style="list-style-type: none"> ▪ The full amount of the credit must be provided directly to the borrower through the transaction, such as being applied to down payment and closing costs, including escrows and mortgage insurance premiums. ▪ The credit may be used to satisfy the 3% minimum contribution for all loans secured by one-unit properties or loans secured by two- to four-unit properties with LTV ratios less than or equal to 80% – all additional funds must comply with the <i>Selling Guide</i> requirements for source of funds. For loans secured by two- to four-unit properties with LTV ratios greater than 80%, the credit may be applied to down payment after the 5% minimum contribution is met in accordance with our Guide.
Loan Delivery and Pricing Requirements	
Delivery requirements	<ul style="list-style-type: none"> ▪ The loan must be delivered with the following Special Feature Codes: <ul style="list-style-type: none"> • 900 HomeReady loan, and • 884 HomeReady VLIP LLPA Credit. ▪ Instructions for how to reflect the funds in DU and delivery systems can be found in the HomeReady VLIP LLPA Credit Job Aid.
Pricing	<ul style="list-style-type: none"> ▪ The lender must provide the \$2,500 credit to the borrower, which we will then reimburse to the lender through the standard LLPA credit process.



	<ul style="list-style-type: none">▪ The standard LLPA waiver for HomeReady loans continues to apply in addition to this new credit. For additional information see the LLPA Matrix.▪ This new LLPA credit will not apply to certain negotiated programs.
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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](#).