



Announcement 08-36

December 18, 2008

Amends these Guides: Selling

MBS Pool Delivery Limitations

Introduction

This Announcement clarifies Fannie Mae's requirements regarding MBS delivery limitations for certain product characteristics (including new requirements for high-balance mortgage loans) as they relate to Fannie Majors[®] multiple lender pools.

MBS Delivery Limitations for "Non-Standard" Mortgage Loans

Selling Guide, Part II, Section 207.07: Delivery Limitations for Certain Product Characteristics

The above referenced section of the *Selling Guide* establishes certain MBS pooling limitations pursuant to the Securities Industry and Financial Markets Association (SIFMA) guidelines for "good delivery" of pools eligible to be traded in the "to be announced" (TBA) market for MBS. The pooling limitations apply to what SIFMA defines as "non-standard" loans and stipulates that they may not exceed certain de minimis thresholds for each TBA-eligible MBS pool.

These pooling limitations apply to mortgage loans with the following non-standard characteristics 1) significant interest rate buydowns, 2) restricted relocation, and 3) cooperative share properties. These non-standard characteristics are each limited to 10 percent of an MBS pool, calculated based on the issue date unpaid principal balance (UPB) of such pool, and are limited to 15 percent of an MBS pool if two or more non-standard characteristics are included in the pool.

SIFMA has announced that beginning with January 2009 MBS issuances, high-balance mortgage loans (originated on or after October 1, 2008) may be included in TBA-eligible MBS pools up to a de minimus limit of 10 percent of a pool, calculated based on the issue

date UPB of the pool. Such limitations will apply to Fannie Mae 10-, 15-, 20- and 30-year fixed-rate MBS TBA-eligible pool prefixes.

If a high-balance mortgage loan also has one of the non-standard characteristics, it will count against both 10 percent de minimis limitations. However, the 10 percent limitation for high-balance mortgage loans will not be included in the 15 percent limit described above for non-standard characteristics. For example, a TBA-eligible MBS pool may contain 10 percent high-balance mortgage loans and 10 percent cooperative share loans.

Note: With this Announcement, Fannie Mae will be modifying the *Selling Guide* to adopt SIFMA's terminology pertaining to "non-standard loans/characteristics" (in lieu of Fannie Mae's current terminology "certain product characteristics").

Fannie Majors TBA MBS Pools

Lenders may deliver loans with the non-standard characteristics described above into Fannie Majors MBS pools meeting the following requirements. Each discrete delivery the lender makes under a given Fannie Majors TBA MBS pool will be subject to the de minimis limitations that apply to a single TBA MBS pool. The delivered UPB of mortgages with significant interest rate buydowns, restricted relocation mortgages, and cooperative share loans may not exceed 10 percent individually, or 15 percent of the total UPB of that lender's delivery if two or more non-standard characteristics are included in the pool. Additionally, high-balance mortgage loans may not exceed 10 percent of the total UPB for that lender delivery. For example, if a lender makes three separate deliveries into a January 2009, 30-year, 5.5 percent coupon Fannie Majors TBA MBS pool, each of the three deliveries must satisfy the delivery limitations for non-standard characteristics and for high-balance mortgage loans.

Lenders who have questions about Announcement 08-36 should contact their Customer Account Team.

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