



Announcement 08-38

December 29, 2008

Amends these Guides: Selling

Updated Flow Business Pricing Requirements

Introduction

Fannie Mae is announcing updates to the standard pricing requirements for mortgage loans with certain risk characteristics. The following summarizes the updated and new loan-level price adjustments (LLPAs) that are outlined in this Announcement.

- **Updated LLPAs will apply to**
 - a number of loan-to-value (LTV) ratios combined with certain representative credit scores,
 - certain cash-out refinance transactions,
 - mortgage loans secured by two-unit properties, and
 - mortgage loans with subordinate financing.

- **New LLPAs will apply to**
 - mortgage loans with an interest-only feature, and
 - mortgage loans secured by condominium and cooperative properties.

Effective Date

The following LLPA grids replace the grids that became effective October 16, 2008. The updated grids are effective for whole loans purchased on or after April 1, 2009, and for mortgage loans delivered into MBS with issue dates on or after April 1, 2009.

Fannie Mae has updated the *Loan-Level Price Adjustment (LLPA) Matrix and Adverse Market Delivery Charge Information* (LLPA Matrix), which is available on eFannieMae.com, with the LLPAs in this Announcement. Lenders are reminded that all LLPAs are cumulative, unless otherwise noted. LLPAs and the Adverse Market Delivery Charge are incorporated by reference into the *Selling Guide* and are binding on lenders as provided by the Mortgage Selling and Servicing Contract.

Note: Lenders should rely on the LLPA Matrix for complete information about how the LLPAs are applied. The LLPA Matrix also identifies (in bold print) the specific changes to individual LLPAs.

LLPAs by Credit Score/LTV¹

	≤ 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%	97.01 – 100%
≥ 740	-0.250%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
720 – 739	-0.250%	0.000%	0.000%	0.250%	0.000%	0.000%	0.000%	0.000%	0.000%
700 – 719	-0.250%	0.500%	0.500%	0.750%	0.500%	0.500%	0.500%	0.500%	0.500%
680 – 699	0.000%	0.500%	1.000%	1.500%	1.000%	0.750%	0.750%	0.500%	0.500%
660 – 679	0.000%	1.000%	2.000%	2.500%	2.250%	1.750%	1.750%	1.250%	1.250%
640 – 659	0.500%	1.250%	2.500%	3.000%	2.750%	2.250%	2.250%	1.750%	1.750%
620 – 639	0.500%	1.500%	3.000%	3.000%	3.000%	2.750%	2.750%	2.500%	2.500%
< 620	0.500%	1.500%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%

LLPAs for Cash-Out Refinances²

	≤ 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%	97.01 – 100%
≥ 740	0.000%	0.250%	0.250%	0.500%	0.625%	0.625%	N/A	N/A	N/A
720 – 739	0.000%	0.625%	0.625%	0.750%	1.500%	1.000%	N/A	N/A	N/A
700 – 719	0.000%	0.625%	0.625%	0.750%	1.500%	1.000%	N/A	N/A	N/A
680 – 699	0.000%	0.750%	0.750%	1.375%	2.500%	2.000%	N/A	N/A	N/A
660 – 679	0.250%	0.750%	0.750%	1.500%	2.500%	2.000%	N/A	N/A	N/A
640 – 659	0.250%	1.250%	1.250%	2.250%	3.000%	2.500%	N/A	N/A	N/A
620 – 639	0.250%	1.250%	1.250%	2.750%	3.000%	2.500%	N/A	N/A	N/A
< 620	1.250%	2.250%	2.250%	2.750%	3.000%	3.000%	N/A	N/A	N/A

LLPAs for 2-Unit Properties²

	≤ 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%	97.01 – 100%
	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	N/A	N/A

LLPAs for Subordinate Financing³ (Excluding MCM and Flexible Mortgages)

LTV Range	CLTV Range	Non Interest-Only LLPA		Interest-Only LLPA	
		Credit Score < 720	Credit Score ≥ 720	Credit Score < 720	Credit Score ≥ 720
65.01% – 75.00%	90.01% – 95.00%	0.500%	0.250%	0.750%	0.500%
75.01% – 95.00%	90.01% – 95.00%	0.500%	0.250%	0.750%	0.500%
75.01% – 90.00%	76.01% – 90.00%	0.250%	0.000%	0.500%	0.250%

LLPAs for Interest Only Mortgages²

	≤ 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%	97.01 – 100%
All IO FRM	0.750%	0.750%	0.750%	0.750%	0.750%	0.750%	1.000%	1.000%	N/A
All IO ARM	0.250%	0.250%	0.250%	0.250%	0.250%	0.250%	0.500%	0.500%	N/A

LLPAs for Condominium and Cooperative Properties¹

	≤ 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%	97.01 – 100%
	0.000%	0.000%	0.000%	0.750%	0.750%	0.750%	0.750%	0.750%	0.750%

¹ These LLPAs do not apply to loans with amortization terms of 15 years or less, MyCommunityMortgage®, and most government loans.

² These LLPAs do not apply to MyCommunityMortgage, and most government loans.

³ These LLPAs do not apply to government loans. If the subordinate financing is a Community Seconds® loan, these LLPAs do not apply and the lender must use SFC 118.

Lenders who have questions about Announcement 08-38 should contact their Customer Account Team.

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