

Announcement 09-28

August 21, 2009

Amends these Guides: Selling

Retirement of HomeStyle[®] Construction-to-Permanent

Introduction

HomeStyle Construction-to-Permanent was created as a pilot in 1999 and has been available on a negotiated basis since 2002 to lenders with appropriate construction lending experience and adequate controls for interim construction cost disbursements. Because the product has not achieved substantial volume traction, coupled with the increased operational costs and risks associated with this product, Fannie Mae will be retiring the HomeStyle Construction-to-Permanent mortgage product.

Retiring HomeStyle Construction-to-Permanent

Selling Guide, B5-2.3, HomeStyle Construction-to-Permanent Loans

Although Fannie Mae is retiring the HomeStyle Construction-to-Permanent mortgage product, the standard *Selling Guide* parameters related to construction-to-permanent financing remain in place. The requirements related to loans acquired by Fannie Mae after construction is completed are detailed in the *Selling Guide*, Section B5-2.1, Conversion of Construction-to-Permanent Financing, as recently revised in Announcement 09-19, *Miscellaneous Underwriting, Eligibility, and Property-Related Updates*.

Effective Dates

Effective immediately, lender applications for HomeStyle Construction-to-Permanent approval will no longer be accepted. Closed HomeStyle Construction-to-Permanent loans must be purchased by Fannie Mae from existing approved lenders by November 30, 2009. (eCommitting[™] pricing will be available to commit existing loans in the lender's pipeline until October 30, 2009, subject to the November 30, 2009 purchase deadline). Construction-phase servicing of HomeStyle Construction-to-Permanent loans must continue as prescribed in the *Selling Guide*, Section B5-2.3, HomeStyle Construction-to-Permanent Loans, until all construction is completed and all loans have been converted to the permanent, fully amortizing phase.

Lenders who have questions about Announcement 09-28 should contact their Customer Account Team.

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