

High-Balance Loan Feature

As updated by *Selling Guide* [Announcement SEL-2015-10](#) and Desktop Underwriter® (DU®) [Version 9.3](#), effective the weekend of December 12, 2015. (For eligibility prior to the December 12 update, refer to the [June 30, 2015 Eligibility Matrix](#); see page 6).

Eligibility and Underwriting	Maximum Loan Amount, Applicable Limits	<p>High-balance mortgage loans (HBLs) are subject to high-cost area loan limits set annually by the Federal Housing Finance Agency (FHFA). Refer to the <i>Selling Guide</i> and to Fannie Mae's website for eligible areas and loan limits for each area (see the Loan Limits page).</p> <p>Note: Regarding refinances of existing Fannie Mae loans, the refinance loan must meet the loan limits applicable at the time of sale of the refinanced loan to Fannie Mae, regardless of whether higher limits might have applied to the existing loan being refinanced.</p>
	Loan Purposes	Purchase, limited cash-out refinance (LCOR), or cash-out refinance (COR)
	Eligible Products	Standard fixed-rate mortgages (FRMs) and adjustable-rate mortgages (ARMs) are eligible. HBLs are eligible as both the existing and new loans under Refi Plus™ or Desktop Underwriter® (DU®) Refi Plus™.
	Applicable Limits	<p>For loans originated with note dates on or after October 1, 2011, and acquired by Fannie Mae in 2011, the permanent high-cost area loan limits established by the Housing Economic Recovery Act of 2008 (HERA) apply.</p> <p>For loans with note dates on or after July 1, 2007, and on or before September 30, 2011, the temporary high-cost area limits provided under the Economic Stimulus Act of 2008. (ESA) apply. (See the Loan Limits page for loan limits applicable to these loans.)</p>
	Property Types	One- to four-unit, including condos, co-ops, and manufactured housing.
	Underwriting Method	Underwriting with DU; the loan casefile must receive an "Approve" recommendation.

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Eligibility and Underwriting (Cont'd)	Mortgage Insurance	<ul style="list-style-type: none"> Lenders should contact their mortgage insurance (MI) providers to confirm the eligibility and underwriting criteria for HBLs. Borrower-paid MI and lender-paid MI options are permitted, as are monthly, single, and split premium plan options. Minimum MI coverage options (with loan-level price adjustment [LLPA]) is also permitted. Financed MI is permitted, but LTV may not increase above the maximum LTV that is otherwise permitted. 																																							
	Appraisal Requirements	Standard appraisal requirements apply, except <i>One-Unit Residential Appraisal Field Review Report (Form 2000)</i> also is required if the property value is \geq \$1 million and LTV/CLTV/HCLTV > 75%. Use the lower of original appraised value, Field Review value, or sales price (for purchases) to calculate LTV.																																							
	Maximum LTV/CLTV/HCLTV and Minimum Credit Scores	<p>See the Eligibility Matrix on Fannie Mae's website.</p> <p>All borrowers must have traditional credit.</p> <p>Eligibility is subject to minimum 620 credit score that applies to all DU loans.</p>																																							
Pricing	LLPAs	<p>Specific loan-level price adjustments (LLPAs) apply to HBLs, whether delivered under whole loan commitments or MBS contracts:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #d3d3d3;"> <th rowspan="2">Product Type or Loan Purpose</th> <th colspan="7">LTV Range</th> </tr> <tr style="background-color: #d3d3d3;"> <th>\leq60%</th> <th>60.01-70%</th> <th>70.01-75%</th> <th>75.01-80%</th> <th>80.01-85%</th> <th>85.01-90%</th> <th>90.01-95%</th> </tr> </thead> <tbody> <tr> <td>Purchase/LCOR (on or after 9/1/2015)</td> <td>0.25%</td> <td>0.25%</td> <td>0.25%</td> <td>0.25%</td> <td>0.25%</td> <td>0.25%</td> <td>0.25%</td> </tr> <tr> <td>Cash-Out Refinance</td> <td>1.00%</td> <td>1.00%</td> <td>1.00%</td> <td>1.00%</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>ARM (based on higher of LTV or CLTV ratio)</td> <td>0.75%</td> <td>0.75%</td> <td>0.75%</td> <td>1.50%</td> <td>1.50%</td> <td>1.50%</td> <td>N/A</td> </tr> </tbody> </table> <p>HBLs are also subject to all other applicable LLPAs per the <i>Selling Guide</i>. All price adjustments are cumulative. See the LLPA Matrix for details.</p>	Product Type or Loan Purpose	LTV Range							\leq 60%	60.01-70%	70.01-75%	75.01-80%	80.01-85%	85.01-90%	90.01-95%	Purchase/LCOR (on or after 9/1/2015)	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	Cash-Out Refinance	1.00%	1.00%	1.00%	1.00%	N/A	N/A	N/A	ARM (based on higher of LTV or CLTV ratio)	0.75%	0.75%	0.75%	1.50%	1.50%	1.50%	N/A
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	Whole Loan	Live whole-loan pricing is available in Fannie Mae's whole loan committing application.
	MBS	Lender base guaranty fee per MBS contract
Committing, Delivery, and Servicing	Whole Loan Committing and Delivery	<p>Committing is available in Fannie Mae's whole loan committing application. Certain limitations apply in order to align with MBS pooling guidelines:</p> <ul style="list-style-type: none"> • For mandatory commitments in the whole loan committing application, high-balance 10-, 15-, and 30-year FRMs may be delivered under standard whole loan commitments, with mortgage loans meeting Fannie Mae's general loan limits, as long as the HBLs comprise no more than 10% of the aggregate unpaid principal balance of the commitment and have mortgage note dates on or after October 1, 2008. • If the delivery of an HBL would cause the lender to exceed the 10% limitation, the lender must deliver the mortgage loan against an HBL whole loan commitment. <ul style="list-style-type: none"> ○ Specific 15- and 30-year HBL products are available in the whole loan committing application to accommodate commitments with the > 10% HBLs. ○ 10- or 20-year loans may be delivered under the 15- and 30- year HBL product commitments, respectively, in the whole loan committing application. • For mandatory commitments in the whole loan committing application, non-TBA-eligible products are not subject to the 10% limitation and the October 1, 2008, note date restrictions that apply strictly to TBA-eligible products. (Our requirements for TBA- and non-TBA-eligible products for whole loan delivery mirror those for MBS delivery.) • For best efforts commitments in the whole loan committing application, HBLs with 10- and 20-year FRM terms and non-TBA products are not currently accommodated.

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Committing, Delivery, and Servicing (Cont'd)	MBS Pooling and MBS Prefixes	<ul style="list-style-type: none"> • High-balance 10-, 15-, 20-, and 30-year FRMs may be commingled in TBA-eligible (10-, 15-, 20-, and 30-year FRM) pools, with mortgage loans meeting Fannie Mae’s general loan limits, as long as the HBLs comprise no more than 10% of the aggregate issue date unpaid principal balance of the pool and have mortgage note dates on or after October 1, 2008. • For non-TBA-eligible products, the 10% limitation does not apply; standard conforming prefixes apply without regard to mortgage note date. <ul style="list-style-type: none"> ○ For FRM pools with > 10% concentrations and for pools with any HBLs originated before October 1, 2008, special prefixes apply: <ul style="list-style-type: none"> ▪ 15-year FRM: CJ ▪ 30-year FRM: CK ▪ 10-year HBL FRMs may be comingled under 15-year prefix for single-issuer and Majors pools ▪ 20-year HBL FRMs may be comingled under 30-year prefix for single-issuer pools ○ For pools with < 10% concentrations of FRM HBLs with note dates on or after October 1, 2008, standard conforming FRM prefixes apply: <ul style="list-style-type: none"> ▪ 10-year FRM: CN ▪ 15-year FRM: CI ▪ 20-year FRM: CT ▪ 30-year FRM: CL ▪ 10-year HBL FRMs may be comingled under 15-year prefix for single-issuer and Majors pools ▪ 20-year HBL FRMs may be comingled under 30-year prefix single-issuer and Majors pools
	MBS Execution Options	<ul style="list-style-type: none"> • Fannie Majors® (subject to the 10% de minimis restriction for TBA-eligible products) • Whole loan-backed REMICs • Flash MBS® processing
	Delivery Data Requirements	<ul style="list-style-type: none"> • “Date of Mortgage Note” field • Special feature code (SFC) 808 (in addition to any other required SFCs)
	Servicing	<ul style="list-style-type: none"> • No unique servicing requirements; follow the <i>Servicing Guide</i> • Minimum retained servicing fee: 0.25%

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