

## MBS Prefix CQ – Summary

July 1, 2009

Fannie Mae’s MBS prefix CQ largely mirrors its prefix CL, but CQ pools consist entirely of Fannie Mae to Fannie Mae refinances with loan-to-value ratios (LTVs) from 105.01 to 125% and are *not eligible* to be traded in the “to be announced” (TBA) market.

Prefix CQ Program Scope/Details	
<b>Prefix Definition</b>	Conventional Long-Term, Level-Payment Mortgages; Single-Family; maturing or due in 30 years or less. The pool is comprised entirely of mortgages with loan-to-value ratios greater than 105 percent and less than or equal to 125 percent.
<b>Loan Description</b>	Existing Fannie Mae loan refinanced into a standard fully amortizing fixed-rate 30-year mortgage (specifically terms greater than 15 years up to 30 years)
<b>LTV</b>	105.01 – 125%
<b>Timing</b>	Available for September 1, 2009 MBS issuances. (Fannie Mae has no plans to sunset the program. However, the current flexibility regarding mortgage insurance coverage on loans with LTVs over 80 percent, as directed by the Federal Housing Finance Agency under the Home Affordable Refinance Program, is scheduled to end on June 10, 2010.)
<b>Pooling Eligibility<sup>1</sup></b>	<ul style="list-style-type: none"> <li>• MBS</li> <li>• <i>Fannie Majors</i><sup>®</sup></li> <li>• <i>Fannie Megas</i><sup>®</sup></li> <li>• <i>REMICS</i></li> </ul>
<b>Loan Delivery Eligibility<sup>2</sup></b>	Manual underwriting per Refi Plus™ requirements, which include: refinance transaction originated by the servicer of the borrower’s existing loan; acceptable mortgage payment history on existing loan; new appraisal or exterior-only inspection; employment verification; and transfer of any existing mortgage insurance coverage (for details, see <a href="#">Selling Guide Announcements 09-04, 09-13, 09-15, and 09-23</a> )

<sup>1</sup> Fannie Mae will determine whether/when to include prefix CQ in such issuances as the program develops. Prefixes may not be commingled in a pool.

<sup>2</sup> We are evaluating potential solutions for LTVs over 105% in Desktop Underwriter<sup>®</sup> (DU<sup>®</sup>).

### Prefix CQ Largely Mirrors Prefix CL

	CL	CQ
<b>TBA Eligible</b>	Yes	No
<b>Original Loan LTV</b>	≤ 105%	105.01 – 125%
<b>De Minimis Limits</b> (non-standard products including high-balance loans)	Yes	No
<b>Loan Type/Term</b>	Standard fully amortizing fixed-rate 30-year mortgage (specifically terms greater than 15 years up to 30 years)	
<b>Prepayment Penalties</b>	None	
<b>Assumable</b>	No	
<b>Minimum Servicing Fee</b>	25 bps	
<b>Investor Properties</b>	Eligible	
<b>Modified Loan Limits</b>	Hawaii, Alaska, Guam, U.S. Virgin Islands	