Lender Letter LL-2014-04

August 25, 2014

To: All Fannie Mae Single-Family Sellers

Fannie Mae Quality Control Related to the Home Ownership and Equity Protection Act (HOEPA)

The *Selling Guide* states that a mortgage loan that is subject to the Home Ownership and Equity Protection Act of 1994 (HOEPA), as described in Section 32 of Regulation Z, is not eligible for delivery to Fannie Mae. A mortgage loan secured by a borrower's principal residence that has either an annual percentage rate or total points and fees payable by the borrower that exceeds the applicable thresholds under HOEPA is therefore not eligible. As part of its quality control process, Fannie Mae verifies the HOEPA status of certain mortgage loans selected for review.

In Lender Letter LL-2013-07, *Quality Control and Additional Information Related to the Ability to Repay and Qualified Mortgage Requirements*, Fannie Mae indicated that it would continue its current anti-predatory lending review measures for selected loans, including as to compliance with Fannie Mae's policy on "high-cost mortgages" under the HOEPA provisions of Regulation Z.

If a mortgage loan is selected by Fannie Mae for an anti-predatory lending and HOEPA compliance review, the lender must provide requested information regarding that loan's points and fees and other relevant information. To assist lenders in providing this information, Fannie Mae has prepared a worksheet (available on Fannie Mae's website) that may be completed and submitted with the loan file or on request by Fannie Mae. Use of this worksheet is optional, and any alternative documentation that contains the same information may be provided by the lender in lieu of the worksheet.

For additional information, see the following topics in the *Selling Guide*:

- A3-2-02, Responsible Lending Practices; and
- B2-1.4-02, Mortgage Loan Eligibility.

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Lenders who have questions about this Lender Letter should contact their Account Team.

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