



Lender Letter (LL-2020-12)

Updated: Sep. 24, 2020
Aug. 27, 2020
Aug. 12, 2020

To: All Fannie Mae Single-Family Sellers New Adverse Market Refinance Fee

This Lender Letter provides information about a new adverse market refinance fee (loan-level price adjustment) that will apply to most refinances.

- Update on Sep. 24, 2020: clarified the refinance exception applies to loans with an original principal amount less than or equal to \$125,000
- Updates on Aug. 27, 2020: changes to impacted transactions and a new effective date

In light of market and economic uncertainty resulting in higher risk and costs incurred by Fannie Mae, we are implementing a new loan-level price adjustment (LLPA). The terms of this LLPA are described below.

Criteria	Terms
Transactions	<ul style="list-style-type: none"> ▪ Limited cash-out refinances ▪ Cash-out refinances <p>Exceptions:</p> <ul style="list-style-type: none"> ▪ Refinance loans with an original principal amount of less than or equal to \$125,000, ▪ Single-closing construction-to-permanent loans with Special Feature Code 151, and ▪ HomeReady loans with Special Feature Code 900 that are processed and delivered as a refinance are not subject to this LLPA.
LLPA	<p>50 basis points (0.500%)</p> <p>This LLPA is in addition to any other price adjustments that are otherwise applicable to the particular transaction.</p> <p>NOTE: <i>This LLPA applies to high LTV refinances without regard to the cap that otherwise applies to those transactions.</i></p> <p>The Loan-level Price Adjustment (LLPA) Matrix has been updated to reflect this additional LLPA.</p>
Effective date	<ul style="list-style-type: none"> ▪ Whole loans purchased on or after Dec. 1, 2020, and ▪ Loans delivered into MBS pools with issue dates on or after Dec. 1, 2020

Lenders may contact their Fannie Mae Account Team if they have questions about this Lender Letter. Have guide questions? Get answers to all your policy questions, straight from the source. [Ask Poli.](#)