

Lender Letter (LL-2023-01)

Updated: March 22, 2023

To: All Fannie Mae Single-Family Sellers New Loan-level Price Adjustment Framework

This Lender Letter provides information about future changes to loan-level price adjustments (LLPAs) and an overall redesign of the LLPA matrix. These changes are at the direction of FHFA and in alignment with Freddie Mac.

March 22

We postponed the effective date for the DTI ratio-based LLPAs.

Effective: The updated LLPAs will be effective for all whole loans purchased (“Purchase Ready” status in Loan Delivery) on or after May 1, 2023, and for loans delivered into MBS with issue dates on or after May 1, 2023, with the exception of the DTI ratio LLPA, which will be effective Aug. 1, 2023.

In addition, lenders will not be subject to post-purchase price adjustments related to the DTI ratio LLPA for loans acquired, or for loans delivered into MBS pools with issue dates, on or after Aug. 1, 2023, through Dec. 31, 2023. This temporary price adjustment exception will not alter any other quality control review decisions.

New Framework

Last year, we announced changes to our pricing for second homes, high-balance loans, and cash-out refinances, and we introduced LLPA waivers for certain borrowers and affordable mortgage products. We are implementing additional changes to our LLPA framework that represent the next step in our effort to increase support for borrowers historically underserved by the housing finance market while ensuring a level playing field for small and large lenders, fostering capital accumulation, and achieving viable returns on capital.

In addition, we are introducing a revamped LLPA Matrix that differentiates pricing by loan purpose. By capturing all LLPAs associated with each loan purpose on one page, we believe the new matrix is concise and comprehensive. The redesigned LLPA Matrix includes stand-alone, base price grids for purchase loans, limited cash-out refinance loans, and cash-out refinance loans, along with additional LLPAs by loan attribute. The modernized matrix supports pricing model durability through market cycles and conditions.

Many of the LLPAs are changing. Some other notable changes include new delineation of credit score and LTV ratio buckets and the inclusion of an additional LLPA attribute related to DTI ratio, which may be subject to an applicable waiver. For complete details, see the [Loan-Level Price Adjustment \(LLPA\) Matrix](#).

NOTE: *Until the effective date(s) provided in this Lender Letter, the LLPAs provided in this [Matrix](#) will continue to apply.*

Along with the support of FHFA, we will continue to review national pricing levels to ensure we operate in a safe and sound manner and we are positioned to fulfill our mission of providing stability and liquidity to the mortgage market.

Lenders may also 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](#).