

# Required Net Yield Retirement Overview

## Overview

On June 3, 2024, Fannie Mae will stop posting the required net yield (RNY) and the Historical Daily RNY website will be retired. The RNY was previously used in the pricing of whole loans and as a reference index for when borrowers exercised their conversion to fixed-rate option on convertible ARMs and 7yr Balloon loans. Fannie Mae no longer purchases convertible ARM or 7-year balloon loans and previously originated loans leveraging this optionality are beyond their exercise period. Additionally, whole loan pricing has since evolved to a premium/discount pricing structure where each approved seller can access their own whole loan pricing through either the Pricing and Execution – Whole Loan® (PEWL) or MarketPoint® applications.

The RNY has been a reference index and not indicative of where originators are able to sell loans to Fannie Mae. Some sellers may be incorrectly leveraging the RNY as a foundation in setting their rate sheets. This can lead to inaccuracies and added risk. When determining what origination rates to offer, lenders should likely consider their actual viable market execution(s) that they have at their disposal. A 6-month lead time is being given prior to the actual retirement so that users of the data can develop alternative processes.

## FAQs

### **Q1. What is the Required Net Yield (RNY)?**

Years ago, the RNY had been used by approved Fannie Mae sellers to help determine their whole loan execution back when a par-yield execution was being leveraged. The RNY was also used as a reference index for 7yr Balloon and Convertible ARMs products when the conversion to a fixed rate option was exercised by the borrower.

### **Q2. Why is RNY being retired?**

The 7yr Balloon and Convertible ARMs products are no longer eligible for sale and any previously originated loans are past their conversion option. Additionally, whole loan pricing has since evolved to a premium/discount pricing structure where each approved seller can access their own whole loan pricing through either the Pricing and Execution – Whole Loan® (PEWL) or MarketPoint® applications.

### **Q3. What can I do if I have integrated or leveraged the RNY into the pricing of products?**

If Fannie Mae sellers have been using the RNY to help set their posted rates, they should consider using their live premium/discount pricing on PEWL or MarketPoint, as they represent an actual viable execution.

### **Q4. When will the retirement go into effect?**

June 3, 2024.

Questions? For sellers and servicers, please contact the Capital Markets Sales Desk at (800)752-0257. Any non-seller/ servicers can contact [Investor Relations](#).