Understanding Duplicate Price Adjustments

October 2020

Fannie Mae

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Fannie Mae will charge a lender a duplicate price adjustment (DPA) when:

- the lender enters into a commitment to sell Fannie Mae an identified loan

- the loan falls out of the delivery commitment, and

- the lender then re-commits to deliver that same loan to Fannie Mae within 30 days of fallout.

DPAs also will be charged when a lender enters into a new Fannie Mae loan delivery commitment for a loan that is already subject to an existing Fannie Mae delivery commitment.

Fannie Mae charges lenders DPAs based on a number of factors, including market movements from the original commitment date, execution changes (*e.g.*, if a re-commitment is executed as a mandatory commitment), and after-hours adjustments (as applicable).
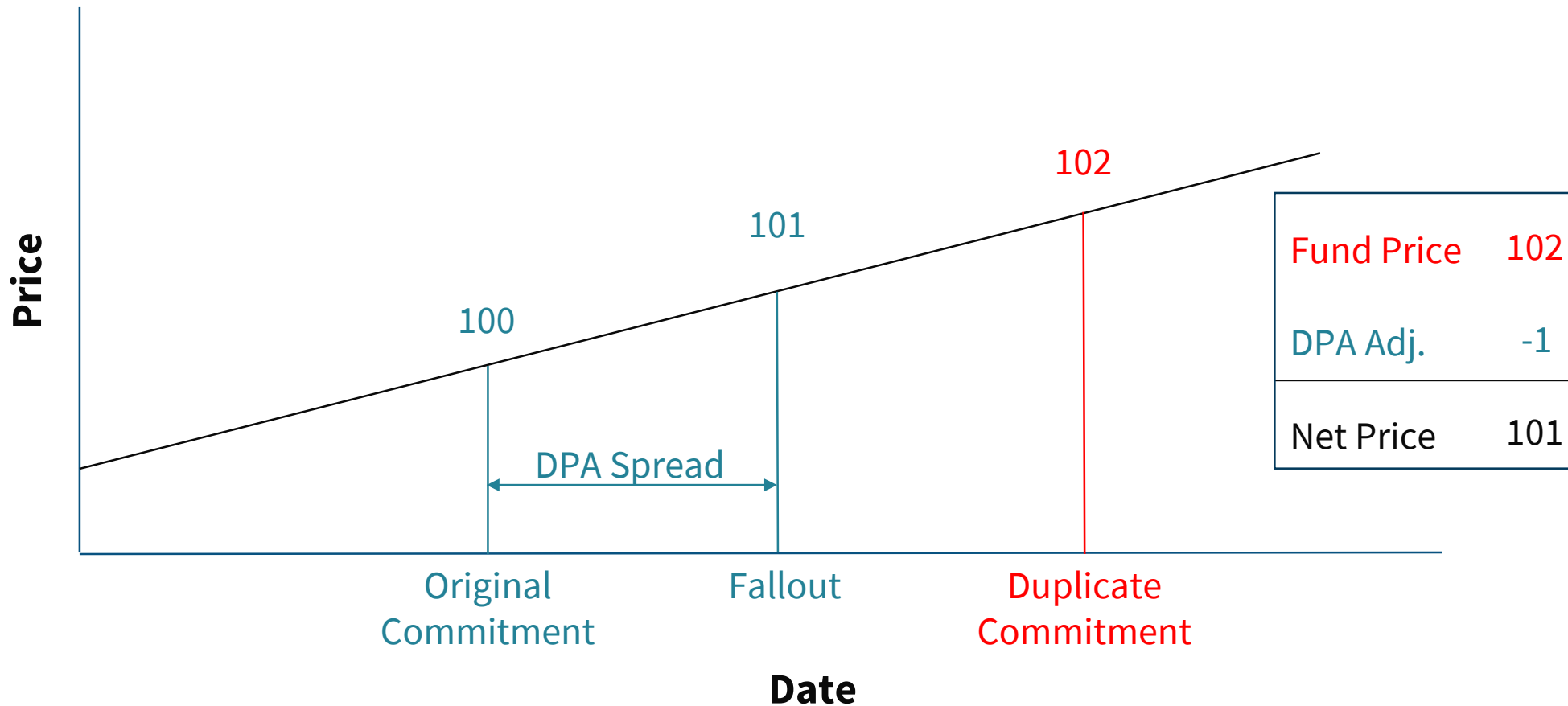
Fannie Mae strongly encourages lenders to meet their original loan delivery commitment obligations, whenever possible, in order to avoid adverse charges and fees. If a lender is having issues closing and delivering a loan to satisfy an open loan delivery commitment, there may be opportunities to adjust or extend the loan commitment without the adverse consequences of loan fallout, re-commitment, and charged DPAs. Lenders should also bear in mind that Fannie Mae will charge DPAs for executing a new loan delivery commitment for a loan that is already subject to an existing, open loan delivery commitment.

The following slides contain various hypothetical market scenarios that highlight some of the risks associated entering the same loan into multiple commitments. These hypothetical examples are provided for illustrative purposes only, and the actual fees and adjustments charged by Fannie Mae to a lender in similar circumstances may be more or less than those identified in the hypothetical scenarios.
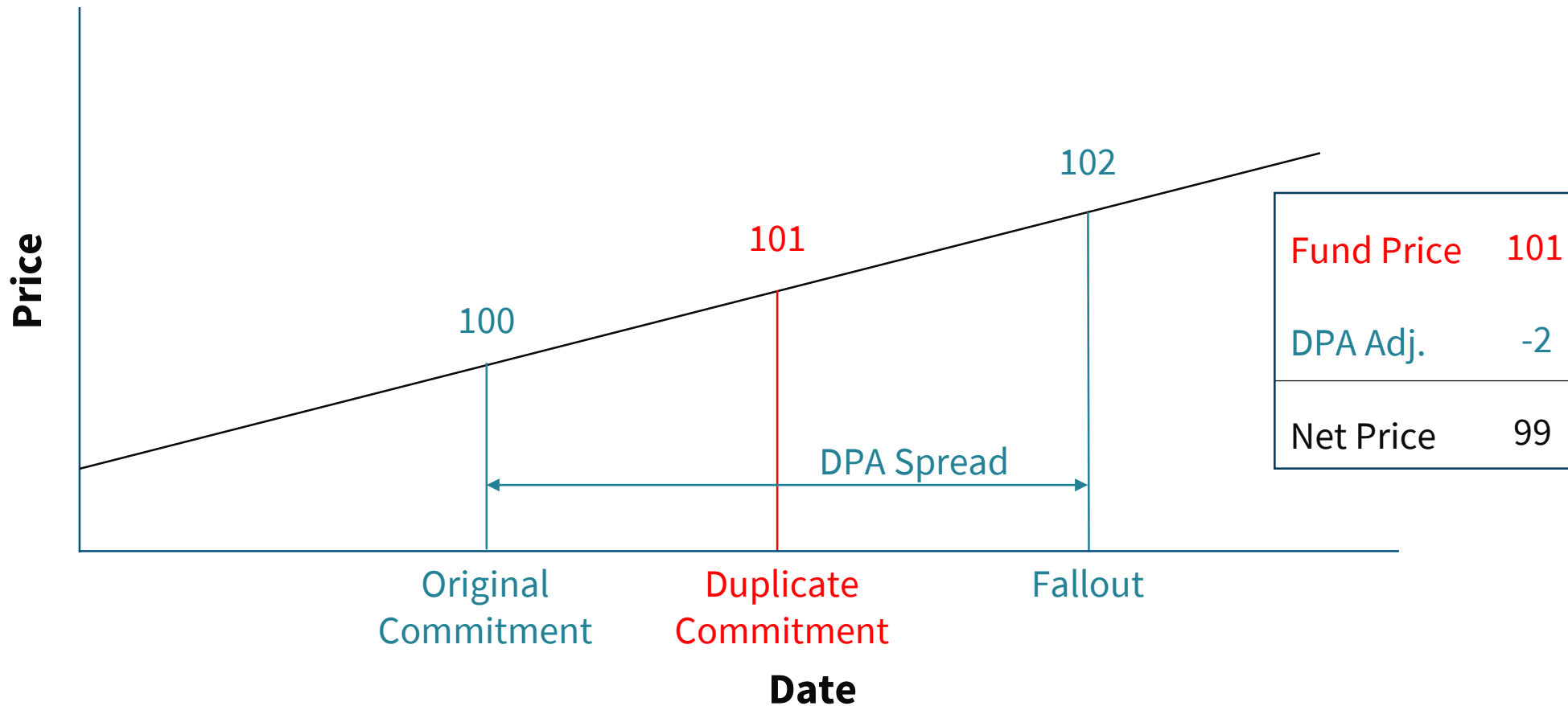
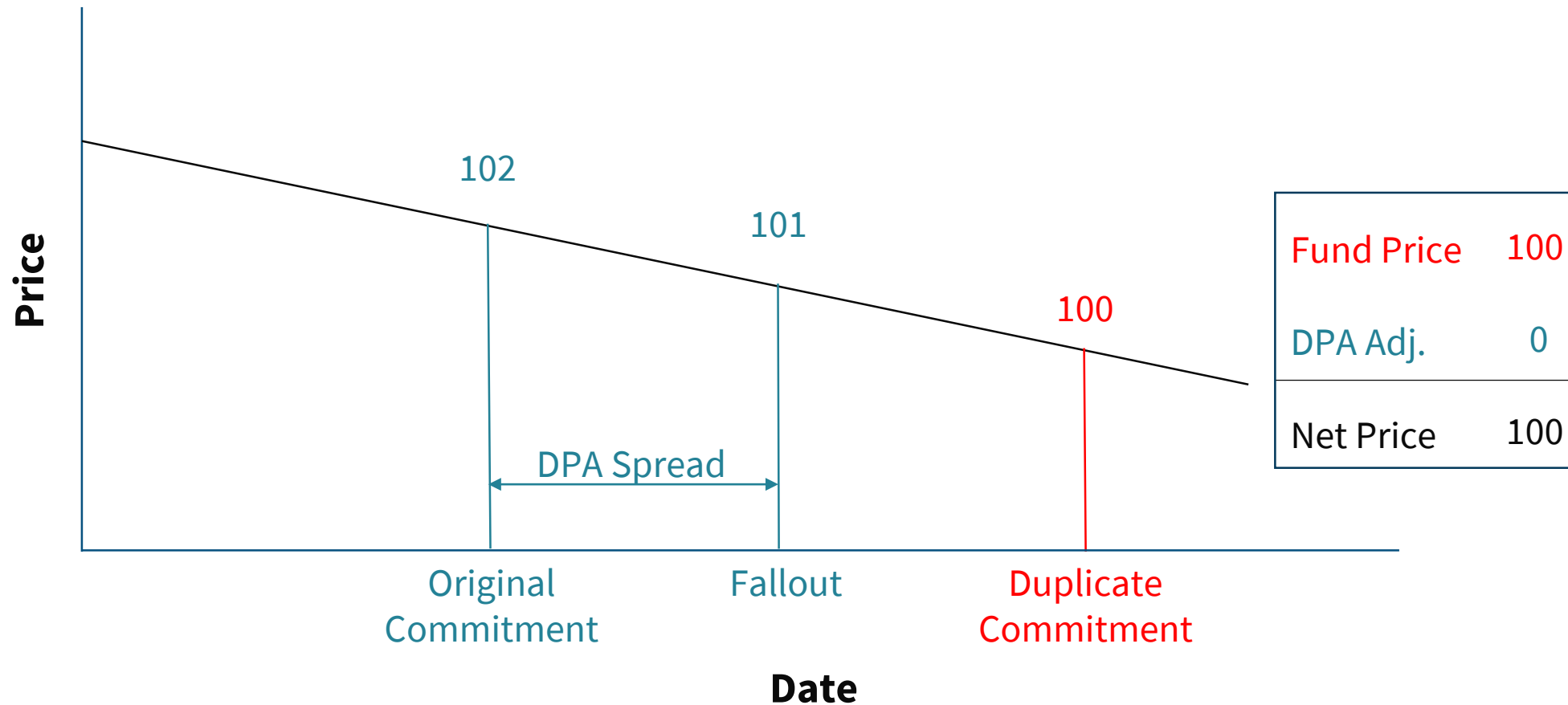Questions? Please contact the Fannie Mae Pricing & Sales Desk 800-752-0257
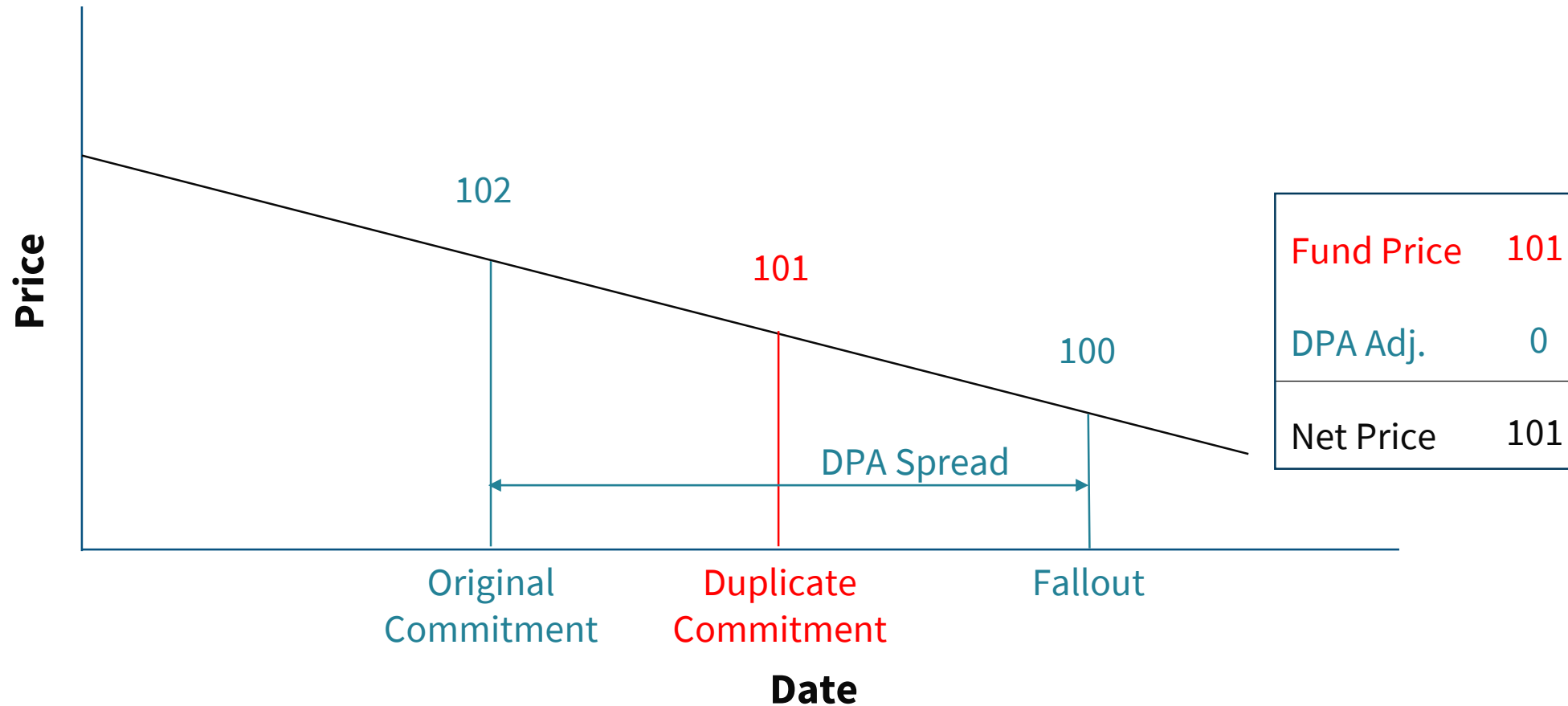
Duplicate after fallout during market rally

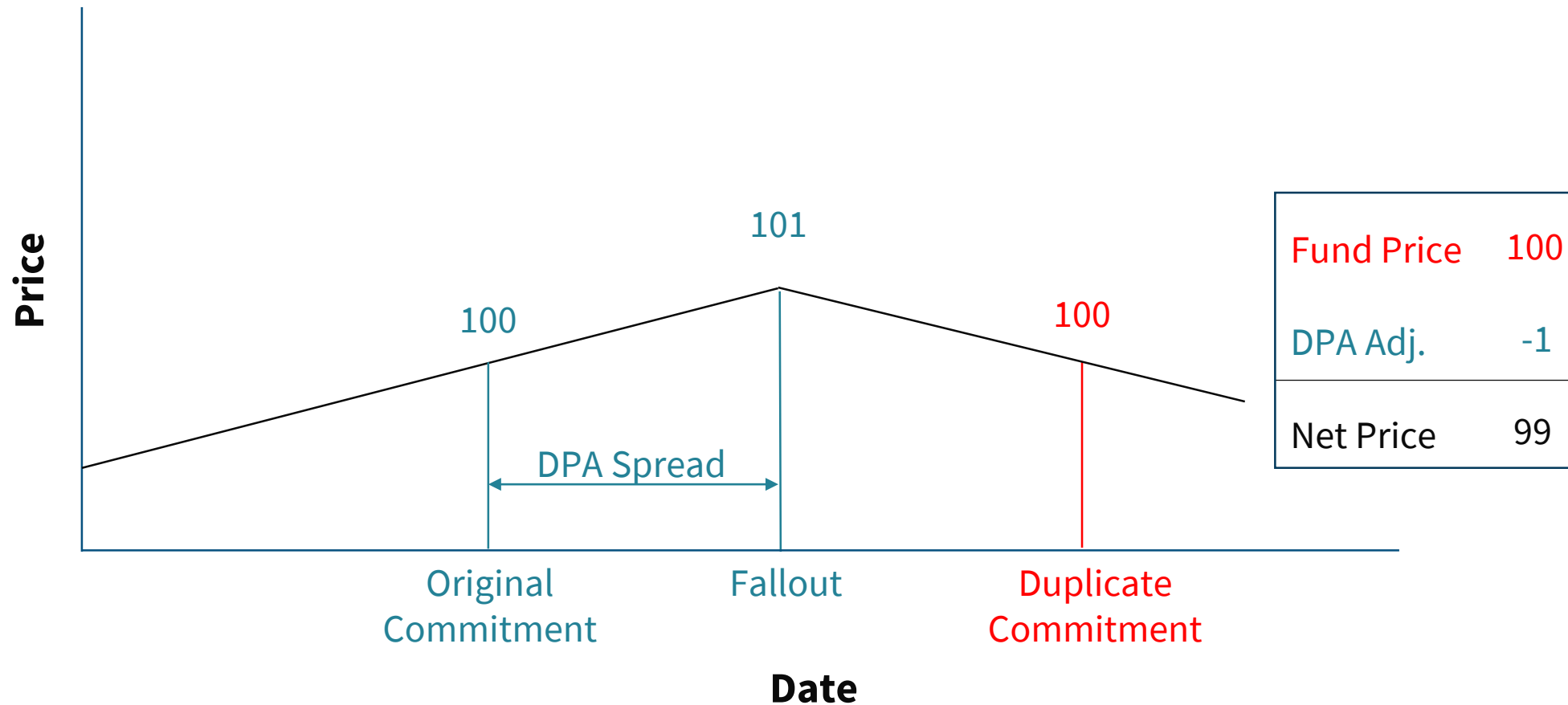# Duplicate before fallout during market rally

Duplicate after fallout during market decline

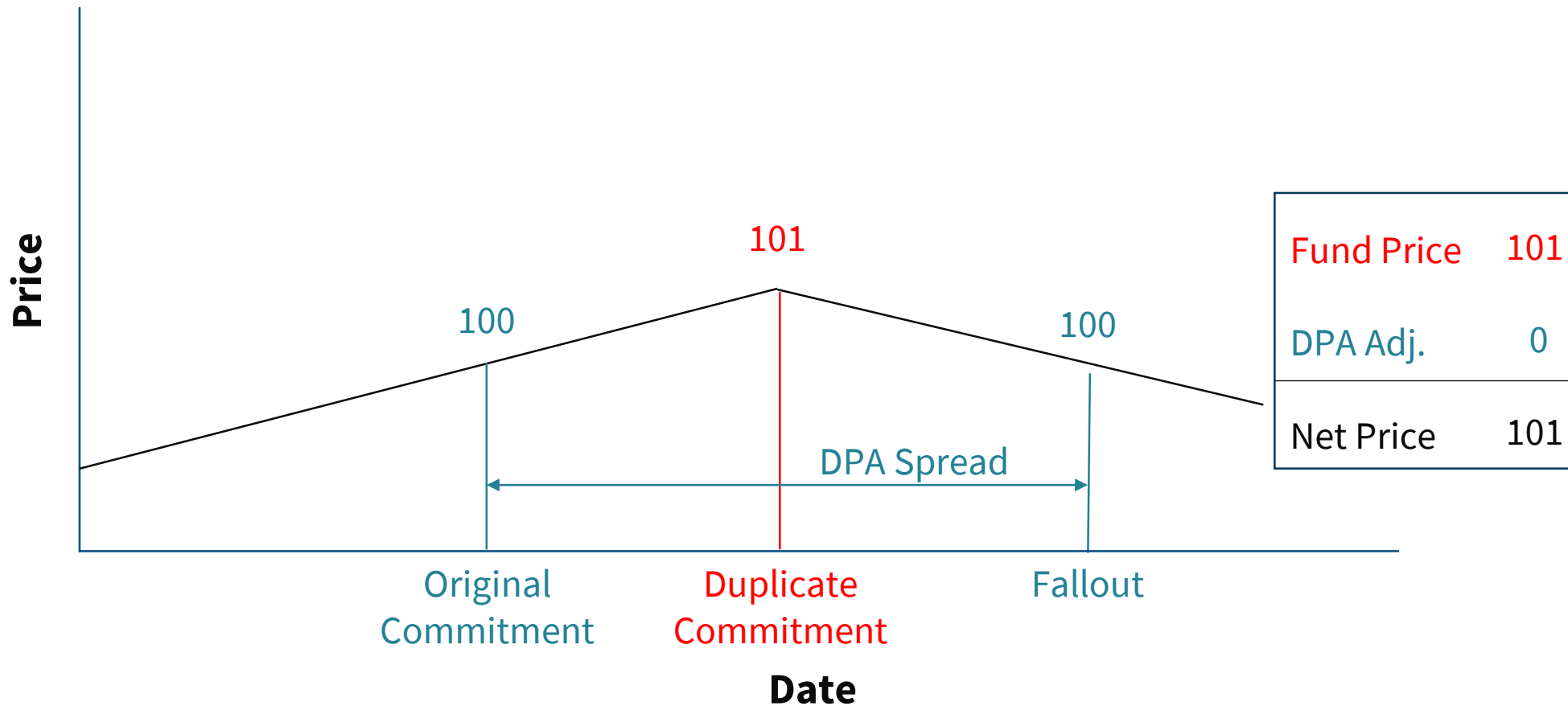
102

101

100

Fund Price	100
DPA Adj.	0
Net Price	100

DPA Spread

Price

Date

Original Commitment

Fallout

Duplicate Commitment

Duplicate before fallout during market decline

Fund Price	101
DPA Adj.	0
Net Price	101

Price

102

101

100

DPA Spread

Original Commitment

Duplicate Commitment

Fallout

Date

Duplicate after fallout during volatile market

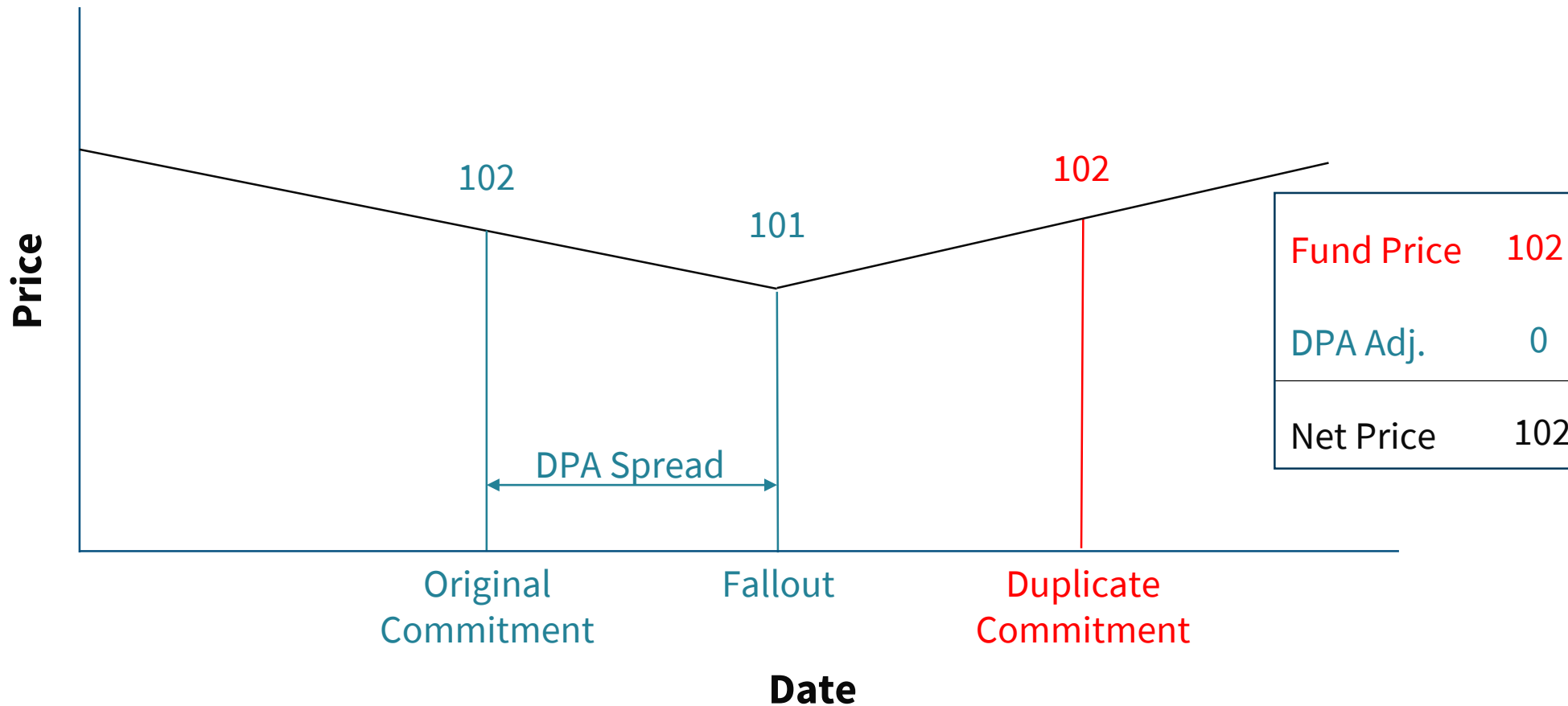Understanding Duplicate Price Adjustments

Duplicate before fallout during volatile market

Duplicate after fallout during volatile market

Duplicate before fallout during volatile market

Price

102   102
        101

DPA Spread

Original Commitment   Duplicate Commitment   Fallout

Date

Fund Price	101
DPA Adj.	0
Net Price	101