Federal Housing Finance Agency

Fannie Mae and Freddie Mac Guarantee Fees: Request for Input

On December 9, 2013, the Federal Housing Finance Agency (FHFA) announced proposed increases to guarantee fees (g-fees) that Fannie Mae and Freddie Mac (the Enterprises) charge lenders. The Enterprises receive these fees in return for providing a credit guarantee to ensure the timely payment of principal and interest to investors in Mortgage Backed Securities (MBS) if the borrower fails to pay. The MBS, in turn, are backed by mortgages that lenders sell to the Enterprises.

The proposed changes included an across-the-board 10 basis point increase, an adjustment of up-front fees charged to borrowers in different risk categories and elimination of the 25 basis point Adverse Market Charge for all but four states. On January 8, 2014, Director Melvin L. Watt suspended implementation of these changes pending further review.

I. LEGAL AUTHORITY FOR CHARGING GUARANTEE FEES

Each Enterprise's charter act authorizes it to impose fees and, based on that authority, each Enterprise has historically set fees for the guarantees provided for timely payment of principal and interest on securities issued.[1] While the Enterprise charter acts do not specifically mention guarantee fees, the Enterprises' setting of guarantee fees is an essential element of their business and the key revenue component in determining economic returns earned from the credit guarantee business.

With the Enterprises operating in conservatorships, FHFA has the authority of the board, management, and shareholders. While FHFA has generally delegated the day-to-day operations to the Enterprises, it has used its authority as conservator to direct certain guarantee fee increases since establishment of the conservatorships. The reasons for these previous increases have included: safety and soundness concerns related to the underpricing of mortgage credit risk observed prior to the financial crisis, equalizing guarantee fee charges among lenders of different sizes, and attracting private capital.

HERA also addresses the issue of returns as part of the Enterprises' established purpose; that

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[1] 12 U.S.C. § 1452(c) (Freddie Mac "shall have power . . . (5) to prescribe and impose fees and charges for services [it] perform[s]"); and § 1718(b)(1) (Fannie Mae "may impose charges or fees, which may be regarded as elements of pricing, with the objective that all costs and expenses of the operations of [Fannie Mae] should be within its income derived from such operations and that such operations should be fully self-supporting.")

"…the operations and activities of each regulated entity foster liquid, efficient, competitive, and resilient national housing finance markets (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities)…."

In addition, the Housing and Economic Recovery Act of 2008 (HERA) requires FHFA to ensure that "each regulated entity operates in a safe and sound manner…" Consistent with FHFA's safety and soundness responsibilities, an area of focus is ensuring that Enterprise guarantee fee pricing is appropriate for the risk of the credit guarantees that are provided, taking into consideration the amount of capital that an Enterprise would be required to hold against that risk.

In a legislative action directly related to Enterprise guarantee fees, Congress passed the Temporary Payroll Tax Cut Continuation Act of 2011 (TCCA), which required the Enterprises to raise guarantee fees by not less than 10 basis points as a means of covering the projected tax revenue losses associated with the payroll tax cut. This increase is not retained by the Enterprises but is passed through to the U.S. Department of the Treasury. The TCCA does not guide the setting of g-fees in general, but in implementing this 10 basis point increase, required FHFA to (1) appropriately reflect the risk of loss and the cost of capital allocated to similar assets held by other fully private regulated financial institutions; (2) provide for uniform pricing among lenders; (3) provide for adjustments in pricing based on risk levels; and (4) take into consideration conditions in financial markets. By setting the 10 basis point g-fee increase on April 1, 2012 and continuing to require that the increase be collected on loans acquired by the Enterprises through October 1, 2021 when the TCCA expires, FHFA fully complies with this statutory mandate.

In summary, FHFA has direct authority as conservator to change guarantee fees, and general supervisory authority over the Enterprises to ensure their safe and sound operations, including the adequacy of guarantee fees in relation to credit risk.

II. OVERVIEW OF GUARANTEE FEES

There are two types of g-fees: ongoing and upfront. Ongoing fees are collected each month over the life of a loan. Upfront fees are one-time payments made by lenders when a loan is acquired by an Enterprise. Fannie Mae refers to upfront fees as loan level pricing adjustments (LLPAs) and Freddie Mac refers to them as delivery fees. Both ongoing and upfront types of fees serve the purpose of compensating the Enterprise for providing a credit guarantee. The Enterprises have relied primarily on upfront fees to reflect differences in risk. Alternatively, the Enterprises could charge risk-based ongoing fees. The preference for charging lenders upfront fees is based primarily on operational considerations, as upfront fees are easier to implement. Very frequently, upfront fees are converted by the lender to an ongoing equivalent and reflected in the mortgage rate paid by borrowers.

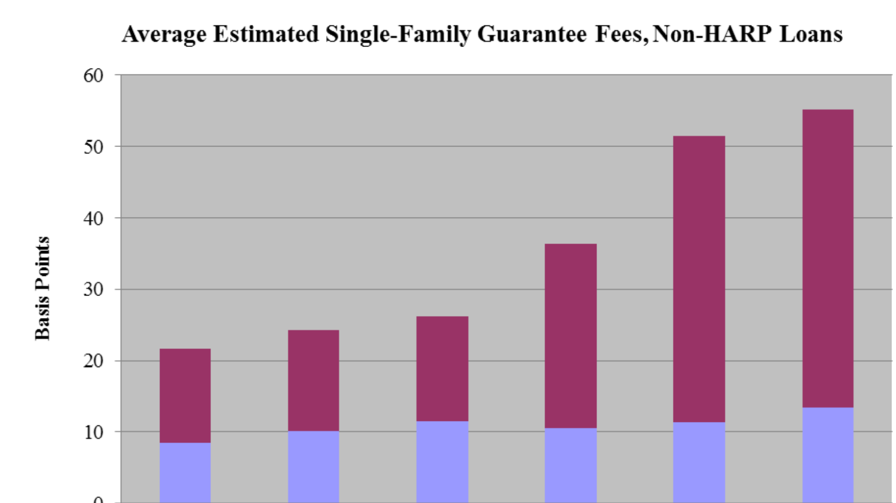
The Enterprises charge g-fees to cover three types of costs that they expect to incur in providing their guarantee: (1) the costs that the Enterprises expect to bear, on average, as a result of failure of borrowers to make their payments; (2) the costs of holding economic capital to protect against potentially much larger, unexpected losses as a result of failure of borrowers to make their payments; and (3) general and administrative (G&A) expenses. Collectively these three costs are the estimated cost of providing the credit guarantee.[2]

Of these three components, cost of capital is the most significant and the most challenging to estimate. A firm bearing mortgage credit risk needs enough capital to survive an exceptionally bad credit environment, such as the recent housing market crash. While the Enterprises do not currently have material equity capital, FHFA has asked them to estimate g-fee levels consistent with the amount of capital they would need to support this business if they were financially healthy and retained capital.

Since the conservatorships and as set forth in FHFA's 2012 Strategic Plan for Enterprise Conservatorships, FHFA has followed a course of gradual g-fee increases, as demonstrated below. Figure 1 shows a history of average g-fees since 2009, the first full year following establishment of the Enterprise conservatorships. The figure shows ongoing fees, and upfront fees converted to an ongoing equivalent. The g-fees are averaged across both Enterprises. The g-fees have increased by a factor of two and one half, up from an average of 22 basis points in 2009 to 55 basis points in 2013. The changes over time result from FHFA directives, changes initiated by the Enterprises, and changes in the mix of loans purchased and guaranteed by the Enterprises that are subject to different upfront fees based on risk characteristics.

[2] Estimated costs reflect the benefit of private mortgage insurance where applicable.

Figure 1



	2009	2010	2011	2012	2013	4Q2013
Total Fee	22	24	26	36	51	55
Ongoing Fee	13	14	15	26	40	42
Upfront Fee	9	10	12	11	11	13

Notes: The upfront fee is converted to an ongoing equivalent. Ongoing fees include the TCCA 10 basis point fee. This increase is not retained by the Enterprises but is passed through to the U.S. Department of the Treasury. Rounding errors may be present.

In addition to increasing average g-fees, one of FHFA's policy goals has been to provide for more uniform pricing among lenders. To fulfill this goal, FHFA directed the Enterprises to make changes to ongoing g-fees in 2012. Recent analysis indicates that large and small lenders have reached approximate parity. It is noteworthy that the volume of loans sold to the Enterprise by a lender is not a consideration in setting g-fees.

Figure 2 shows illustrative g-fees, on an annualized basis, for various amounts of capital and required return on capital. The portion of g-fee required to compensate the Enterprise for its cost of capital is the product of the required return on capital and the amount of capital required. The figure shows that the capital portion of the g-fee is by far the largest of the three components. For example, expected average credit-related losses are shown to be 4 basis points and G&A expenses 7 basis points, while the cost of holding capital ranges from 28 to 115 basis points. Several examples of the required amount of capital and the after-tax required return on that capital illustrate the g-fee sensitivities.

In Figure 2, the capital requirement is varied to represent different levels of capital that might be held against a portfolio of representative loans currently acquired by the Enterprises. For banks, these levels may be determined by regulatory requirements or by their own internal capital models and, for capital markets investors, by their internal modeling and decision making process.

It is important to note that expected credit-related losses vary at the loan level based on factors such as borrower's credit score and loan-to-value (LTV) ratios as well as other factors, which, based on historical data, are predictive of rates of borrower default and loss given default. The estimated average expected credit related losses based on the recent mix of guaranteed loans is 4 basis points. The average expected credit-related losses can easily vary by several basis points depending on the mix of loans guaranteed.

Figure 2

Illustrative G-Fee Computation

Lower Return on Capital

	Capital Related Requirements	Alternative Estimates		
(A)	Required After-Tax Return on Capital (percent)	9%	9%	9%
(B)	Capital Requirement (basis points)	200	400	500
	G-Fee Components			
(1/.65)*(A)*(B)	To achieve target (pre-tax) return on capital (basis points)	28	55	69
	To cover expected credit related losses (basis points)	4	4	4
	To cover general and administrative expenses (basis points)	7	7	7
	Subtotal (Estimated Costs)	39	66	80
	TCCA 10 basis point increase*	10	10	10
	Total Required G-Fee	49	76	90

Higher Target Return on Capital

(A)	Required After-Tax Return on Capital (percent)	15%	15%	15%
(B)	Capital Requirement (basis points)	200	400	500
	G-Fee Components			
(1/.65)*(A)*(B)	To achieve target (pre-tax) return on capital (basis points)	46	92	115
	To cover expected credit related losses (basis points)	4	4	4
	To cover general and administrative expenses (basis points)	7	7	7
	Subtotal (Estimated Costs)	57	103	126
	TCCA 10 basis point increase*	10	10	10
	Total Required G-Fee	67	113	136

*Since the TCCA 10 basis point fee is passed on to the Department of the Treasury, the required g-fee must be increased by 10 basis points to provide the required return on capital.

III. COVERING ESTIMATED COSTS OF PROVIDING A CREDIT GUARANTEE

In order to protect taxpayers from losses, FHFA has sought to adjust g-fees such that, at a minimum, they cover estimated costs to the Enterprises of providing a credit guarantee. To support the analysis required to implement this policy, each Enterprise calculates gaps. A positive gap represents the profit that the Enterprise expects to make on a given loan above its target rate of return on capital. Gaps are calculated by subtracting estimated costs from charged g-fees and are expressed on an annual basis as a percent (in basis points) of outstanding loan balance. The estimated cost is the sum of the three components discussed above: estimated expected credit losses on the loan, the estimated cost of holding economic capital required to be held against unexpected credit losses, and estimated general and administrative expenses. The charged g-fee is the sum of the ongoing fee and the upfront fee adjusted to an ongoing fee equivalent collected over the expected life of the loans.

It is important to note that a negative gap does not necessarily mean that an Enterprise expects to incur a loss on a set of loans, but rather that it expects, according to its model, to earn less than its targeted return on capital (assuming the Enterprises held that amount of capital). In addition, a projected gap is very dependent on each Enterprise's proprietary costing model in place at the time of loan acquisition and the assumptions used; the gap represents the Enterprises' forward-looking views at that time. These Enterprise models are based on historical loan performance over many economic environments. Each Enterprise's model includes a number of assumptions: the key ones are the amount of economic capital that the Enterprises estimate should be held against unexpected losses on the loans, their target return on this capital, the level and volatility of future interest rates and worst-case and expected house price appreciation. FHFA's 2012 Annual G-Fee Report provides a more extensive discussion of gaps and their estimation.[3]

Credit Risk Pricing

Figure 3 provides a grid of nine LTV and credit score buckets that shows the average g-fee currently charged by both Enterprises and the percent of total 1Q2014 loan deliveries accounted for by the bucket in question. The grid also combines somewhat differing assumptions currently used by Fannie Mae and Freddie Mac regarding the average amount of capital required for each of the nine risk buckets, the target return on this capital, and the average estimated cost of providing the guarantee, including the benefit of private mortgage insurance where applicable. The figure shows that the amount of capital required by the Enterprises' pricing methodology increases with higher LTVs and lower credit scores, as the magnitude of unexpected losses are projected to increase. Overall estimated costs of providing the guarantee follow the same pattern. This is as expected, since the cost of capital is the primary driver of estimated costs. Estimated credit-related costs to the Enterprises of borrowers failing to make payments (not shown) also act in the same direction, but with a smaller impact than the cost of capital. Even in buckets where the estimated cost exceeds the charged g-fee, the Enterprises earn a positive return on economic capital, although less than their target return.

[3] Federal Housing Finance Agency, Fannie Mae and Freddie Mac Single-Family Guarantee Fees in 2012. (Link)

Figure 3

Credit and LTV Breakdown, 1st Quarter 2014

Credit Score/LTV	0-60		61-80		81-97	
740+	% of UPB	12.2%	% of UPB	36.5%	% of UPB	14.6%
	Amount of Capital	83	Amount of Capital	218	Amount of Capital	320
	Charged G-Fee	48	Charged G-Fee	57	Charged G-Fee	56
	Estimated Cost	29	Estimated Cost	54	Estimated Cost	73
700-739	% of UPB	3.2%	% of UPB	11.6%	% of UPB	5.5%
	Amount of Capital	118	Amount of Capital	392	Amount of Capital	520
	Charged G-Fee	50	Charged G-Fee	65	Charged G-Fee	64
	Estimated Cost	36	Estimated Cost	89	Estimated Cost	112
620-699	% of UPB	3.3%	% of UPB	9.8%	% of UPB	3.3%
	Amount of Capital	182	Amount of Capital	642	Amount of Capital	712
	Charged G-Fee	55	Charged G-Fee	82	Charged G-Fee	80
	Estimated Cost	50	Estimated Cost	139	Estimated Cost	152

Notes: Amount of capital, charged-fee and estimated cost are all expressed in basis points of UPB. Data represent all 1Q2014 deliveries excluding HARP>80 LTV ratios and are averaged across both Enterprises. Estimated Cost includes the incremental 10 basis points for the TCCA. As previously noted, estimated costs that are greater than the charged g-fee (resulting in a negative estimated gap) do not necessarily imply a loss. In fact, for each bucket where estimated cost is greater than charged g-fee, the return on capital is positive, though less than the targeted return.

Finally, it is noteworthy that increases in g-fees on higher-risk loans may result in originators insuring/securitizing some of these loans with Federal Housing Administration (FHA)/Ginnie Mae rather than one of the Enterprises. While this substitution would reduce the Enterprises' footprint in the mortgage markets, it would not reduce the federal government's overall footprint. On the other hand, increases in g-fees for lower-risk loans may make it more profitable for banks or other private market participants to retain these loans rather than selling them to the Enterprises.

IV. QUESTIONS

FHFA seeks input on the following questions related to g-fee policy and implementation. FHFA also invites additional comments on these topics that are not directly responsive to these questions. Input must be received within 60 days or no later than August 4, 2014. Input should be submitted to the Federal Housing Finance Agency, Office of Policy Analysis and Research, 400 7th St., SW, Ninth Floor, Washington, DC 20024 or via FHFA.gov. Contact Joe Prendergast, Manager of Policy Research, with any additional questions at 202-649-3143 or Joseph.Prendergast@FHFA.gov.

1. Are there factors other than those described in section III – expected losses, unexpected losses, and general and administrative expenses that FHFA and the Enterprises should consider in setting g-fees? What goals should FHFA further in setting g-fees?

2. Risk to the Enterprises increases if the proportion of higher-risk loans increases relative to the proportion of lower-risk loans. This change in mix can occur if lower-risk loans

are retained on bank balance sheets instead of being sold to the Enterprises , if more higher-risk loans are sold to the Enterprises, or if the overall mix of originated loans changes. What alternatives, other than risk-based pricing, should be considered? What are the pros and cons of each alternative?

3. Currently, target return on capital and the amount of capital largely determine required g-fees. What factors should FHFA and the Enterprises consider in setting target return on capital and amount of capital required? How should the Enterprises allocate capital across risk buckets?

4. At what g-fee level would private-label securities (PLS) investors find it profitable to enter the market or would depository institutions be willing to use their own balance sheets to hold loans? Are these levels the same? Is it desirable to set g-fees at PLS or depository price levels to shrink the Enterprises' footprints, even if this causes g-fees to be set higher than required to compensate taxpayers for bearing mortgage credit risk and results in higher costs to borrowers?

5. If the Enterprises continue to raise g-fees, will overall loan originations decrease? That is, will Enterprise loans decline without a commensurate increase in private capital?

6. Is it desirable for the Enterprises to charge higher g-fees on low credit score/high LTV loans if it causes these loans to be insured/securitized through FHA/Ginnie Mae rather than through the Enterprises?

7. Is it desirable for the Enterprises to (a) charge higher g-fees on high credit score/low LTV loans if it causes these loans to be insured/securitized through PLS or (b) held on depository balance sheets, rather than guaranteed by the Enterprises?

8. What approaches or alternatives should FHFA consider in balancing increased use of risk-based pricing with the HERA mission requirements of (1) liquid national housing markets and (2) acceptability of lower returns on loans made for low- and moderate-income housing?

9. Are the ranges of credit score and LTV cells in the proposed credit score/LTV grids used to set upfront delivery-fees and loan level pricing adjustments appropriate? Should any of the ranges be broader or narrower and, if so, why?

10. Should risk-based pricing be uniform across the Enterprises or should each Enterprise manage its own pricing?

11. Taking into consideration that FHFA has previously received input on state-level pricing adjustments, do the g-fee changes proposed in December 2013 have any additional

implications that should be considered in deciding whether to price for the length of state foreclosure timelines, unable to market periods or eviction timelines? Are there interactions with other pricing components under consideration that FHFA should consider in making decisions on the state-level adjustments?

12. Are there interactions with the Consumer Financial Protection Bureau's Qualified Mortgage definition that FHFA should consider in determining g-fee changes?

The Fannie Mae and Freddie Mac upfront fee grids **proposed** in December 2013, which have not been implemented, are attached to this Request for reference.

Selling Guide Announcement SEL-2013-09

December 16, 2013

Pricing Update

The Federal Housing Finance Agency (FHFA), in its *Strategic Plan for Enterprise Conservatorships* published in February 2012, set forth a plan for Fannie Mae and Freddie Mac to implement gradual increases in guaranty fees in order to move their pricing closer to the level one would expect to see if mortgage credit risk were borne solely by private capital. Such an initiative meets the conservatorship goal of preserving and conserving the assets of both government-sponsored enterprises.

FHFA is directing Fannie Mae to raise all ongoing single-family guaranty fees by 10 basis points for all maturities. The increase will apply to both whole loan and MBS deliveries. The increase will also apply to the standby purchase fee applicable to loans committed under long-term standby purchase commitments or any other negotiated guaranty transactions on or after April 1, 2014.

In addition, FHFA is directing Fannie Mae to

- implement certain changes to the loan-level price adjustments (LLPAs) for single-family loans with original maturities greater than 15 years, as reflected in the "LLPA by Credit Score/LTV" table in the LLPA matrices noted below;
- remove the Adverse Market Delivery Charge (AMDC) for all states except as noted below; and
- maintain the AMDC for the States of Connecticut, Florida, New Jersey, and New York in the current amount of 25 basis points for all maturities.

This Announcement serves as written notice of pricing increases that may be required by the terms of a lender's Master Agreement, and further serves to document the pricing changes, effective as provided below, whether or not an amendment to any existing Master Agreement or MBS contract is executed. In the event there is any conflict between these provisions and any terms contained in a lender's Master Agreement or other contract with Fannie Mae, the terms of this Announcement will control.

Updated LLPA Matrices

Both the *Loan-Level Price Adjustment (LLPA) Matrix and Adverse Market Delivery Charge (AMDC) Information* and the *Refi Plus™ Mortgages Only Loan-Level Price Adjustment (LLPA) Matrix and Adverse Market Delivery Charge (AMDC) Information* have been updated and posted on Fannie Mae's website. Refer to the Change Tracking Log in each matrix for a list of the changes made.

Effective Dates

The pricing changes noted above are effective as follows:

Pricing Change	Whole Loans	MBS Issue Dates
10 basis point increase in guaranty fee	Commitments on and after March 1, 2014	April 1, 2014
National LLPA changes	Purchased by Fannie Mae on and after April 1, 2014	April 1, 2014
Discontinuance of AMDC for states other than Connecticut, Florida, New Jersey, and New York		

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

Carlos T. Perez
Vice President and
Chief Credit Officer for Single-Family

FannieMae

Loan-Level Price Adjustment (LLPA) Matrix and Adverse Market Delivery Charge (AMDC) Information

This document provides the LLPAs applicable to loans delivered to Fannie Mae and provides details of the AMDC. LLPAs are assessed based upon certain eligibility or other loan features, such as credit score, loan purpose, occupancy, number of units, product type, etc. Special feature codes (SFCs) that are required when delivering loans with these features are listed next to the applicable LLPAs. Not all loans will be eligible for the features described in this Matrix and unless otherwise noted, FHA, VA, Rural Development (RD) Section 502 Mortgages, HUD 184 Native American Mortgages, matured balloon mortgages (refinanced or modified, per *Servicing Guide* requirements) redelivered as fixed-rate mortgages (FRMs), and reverse mortgages are excluded from these LLPAs. **Refer to the *Selling Guide* and your contracts with Fannie Mae to determine loan eligibility.**

Pricing Guidelines for LLPAs and AMDC (AMDCs are drafted in the same way as LLPAs):

- All LLPAs and AMDC are cumulative. The LLPAs apply to all loans that meet the stated criteria for the LLPA, unless otherwise noted or excluded. The AMDC applies to all loans.
- Credit score requirements are based on the "representative" score as defined in the *Selling Guide*. Loans delivered without a credit score will be charged under the lowest credit score range shown in each of the applicable LLPA tables (however, Fannie Mae does not waive any rights by accepting such loans and charging the applicable LLPA).
- All applicable LLPAs and the AMDC for MBS transactions will be drafted from the lender's account. All applicable LLPAs and the AMDC for whole loan transactions will be deducted from the loan net proceeds, as set forth in the *Selling Guide*. For certain whole loan deliveries, including interest-only loans and loans with 40-year terms, the product-specific LLPAs are reflected in the commitment price available via eCommitting™ and eCommitOne™; any additional LLPAs applicable to loan features will be deducted from purchase proceeds.
- Footnotes and expiration/effective dates are important guides to the correct application and accumulation of LLPAs.
- Mortgages are subject to all applicable SFCs, in addition to any that may be indicated below.
- For loans with financed mortgage insurance, applicable LLPAs and AMDC are applied based on gross LTV, which is calculated after the inclusion of financed mortgage insurance.

Table of Contents

Table 1: Adverse Market Delivery Charge *

For whole loans purchased on or before March 31, 2014, and loans delivered into MBS pools with issue dates of March 1, 2014 or earlier
0.250%
For whole loans purchased on or after April 1, 2014, and loans delivered into MBS pools with issue dates on or after April 1, 2014
0.000%

*** Applicable to all mortgages delivered to Fannie Mae, including FHA, VA, Rural Development 502 Mortgages, HUD 184 Native American Mortgages, matured balloon mortgages (refinanced or modified, per *Servicing Guide* requirements) redelivered as FRMs, and reverse mortgages.**

Table 2: All Eligible Mortgages (Excluding MCM): LLPA by Credit Score/LTV

PRODUCT FEATURE	LLPAs by LTV Range								
	≤ 60.00%	60.01 – 70.00%	70.01 – 75.00%	75.01 – 80.00%	80.01 – 85.00%	85.01 – 90.00%	90.01 – 95.00%	95.01 – 97.00% (2)	SFC
Representative Credit Score	**Applicable for all mortgages with terms greater than 15 years**								
	For whole loans purchased on or before March 31, 2014, and loans delivered into MBS pools with issue dates of March 1, 2014 or earlier								
≥ 740	-0.250%	0.000%	0.000%	0.250%	0.250%	0.250%	0.250%	0.250%	N/A
720 – 739	-0.250%	0.000%	0.250%	0.500%	0.500%	0.500%	0.500%	0.500%	N/A
700 – 719	-0.250%	0.500%	0.750%	1.000%	1.000%	1.000%	1.000%	1.000%	N/A
680 – 699	0.000%	0.500%	1.250%	1.750%	1.500%	1.250%	1.250%	1.000%	N/A
660 – 679	0.000%	1.000%	2.000%	2.500%	2.750%	2.250%	2.250%	1.750%	N/A
640 – 659	0.500%	1.250%	2.500%	3.000%	3.250%	2.750%	2.750%	2.250%	N/A
620 – 639	0.500%	1.500%	3.000%	3.000%	3.250%	3.250%	3.250%	3.000%	N/A
< 620 (1)	0.500%	1.500%	3.000%	3.000%	3.250%	3.250%	3.250%	3.250%	N/A
	For whole loans purchased on or after April 1, 2014, and loans delivered into MBS pools with issue dates on or after April 1, 2014								
>=800	0.000%	0.250%	0.250%	0.500%	0.750%	0.750%	0.750%	0.500%	N/A
780-799	0.000%	0.250%	0.250%	0.500%	0.750%	0.750%	0.750%	0.500%	N/A
760-779	0.000%	0.250%	0.250%	0.750%	1.000%	1.000%	1.000%	0.500%	N/A
740-759	0.000%	0.250%	0.500%	0.750%	1.500%	1.500%	1.500%	0.500%	N/A
720-739	0.000%	0.250%	1.000%	1.250%	1.500%	2.000%	2.000%	0.750%	N/A
700-719	0.000%	0.750%	1.500%	1.750%	2.000%	2.250%	2.250%	1.250%	N/A

680-699	0.250%	0.750%	2.250%	2.500%	2.500%	2.500%	2.500%	1.250%	N/A
660-679	0.250%	1.250%	2.250%	2.750%	3.250%	2.750%	2.750%	2.000%	N/A
640-659	0.750%	1.500%	2.750%	3.250%	3.500%	3.000%	3.000%	2.500%	N/A
620-639	0.750%	1.750%	3.250%	3.250%	3.500%	3.500%	3.500%	3.250%	N/A
<620[1]	0.750%	1.750%	3.250%	3.250%	3.500%	3.500%	3.500%	3.500%	N/A

(1) A minimum required credit score of 620 applies to all mortgage loans delivered to Fannie Mae in accordance with the *Selling Guide*; exceptions to this requirement are limited to loans in which any borrower has nontraditional credit and those originated in accordance with Refi Plus™ or DU Refi Plus (see the Refi Plus Pricing Matrix).

(2) Eligibility and pricing for LTV 95.01 – 97.00% only applies to loan casefiles underwritten with a version of DU that preceded Version 9.1.

Table 3: All Eligible Mortgages (Excluding MCM unless otherwise noted): LLPA by Product Feature

PRODUCT FEATURE	LTV Range								
	≤ 60.00%	60.01 – 70.00%	70.01 – 75.00%	75.01 – 80.00%	80.01 – 85.00%	85.01 – 90.00%	90.01 – 95.00%	95.01 – 97.00% [2]	SFC
High LTV[2,3]	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.500%	N/A
40-year term (MBS only)[4,5]	0.125%	0.125%	0.125%	0.125%	0.125%	0.125%	0.125%	0.125%	N/A
All FRM IO loans[5]	0.750%	0.750%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
All ARM IO loans[5]	0.250%	0.250%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Manufactured home	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	N/A	235
Investment property	1.750%	1.750%	1.750%	3.000%	3.750%	N/A	N/A	N/A	N/A
Investment property – matured balloon mortgages (refinanced or modified) redelivered as FRM	1.750%								236
Cash-out refinance Representative Credit Score									
≥ 740	0.000%	0.250%	0.250%	0.500%	0.625%	N/A	N/A	N/A	003
720 – 739	0.000%	0.625%	0.625%	0.750%	1.500%	N/A	N/A	N/A	003
700 – 719	0.000%	0.625%	0.625%	0.750%	1.500%	N/A	N/A	N/A	003
680 – 699	0.000%	0.750%	0.750%	1.375%	2.500%	N/A	N/A	N/A	003
660 – 679	0.250%	0.750%	0.750%	1.500%	2.500%	N/A	N/A	N/A	003
640 – 659	0.250%	1.250%	1.250%	2.250%	3.000%	N/A	N/A	N/A	003
620 – 639	0.250%	1.250%	1.250%	2.750%	3.000%	N/A	N/A	N/A	003

< 620 [1]	1.250%	2.250%	2.250%	2.750%	3.000%	N/A	N/A	N/A	003
Energy Improvement Feature	-$250								375

(3) Not applicable to loans with financed MI with SFC 281.
(4) The LLPA for 40-year terms is not applicable for interest-only loans.
(5) Fannie Mae has announced the retirement of loan terms in excess of 30 years and loans with an interest-only feature, effective for loans with application dates on or after January 10, 2014. See Announcement SEL-2013-06 for more eligibility and delivery information.

Table 3 (cont'd): All Eligible Mortgages (Excluding MCM unless otherwise noted): LLPA by Product Feature

PRODUCT FEATURE	LTV Range								
	≤ 60.00%	60.01 – 70.00%	70.01 – 75.00%	75.01 – 80.00%	80.01 – 85.00%	85.01 – 90.00%	90.01 – 95.00%	95.01 – 97.00% [2]	SFC
High-balance mortgage loans [6]									
ARM (pricing based on higher of LTV/CLTV)	0.750%	0.750%	0.750%	N/A	N/A	N/A	N/A	N/A	808
Cash-out refinance	1.000%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	808
Multiple-Unit Properties									
2-unit property	1.000%	1.000%	1.000%	1.000%	1.000%	N/A	N/A	N/A	N/A
3-4 unit property	1.000%	1.000%	1.000%	N/A	N/A	N/A	N/A	N/A	N/A
Condominiums (excluding cooperatives; excluding detached condominium loans delivered with SFC 588)	**Applicable for all mortgages with terms greater than 15 years**								
	0.000%	0.000%	0.000%	0.750%	0.750%	0.750%	0.750%	0.750%	N/A

(6) LLPAs for general loan limits per this Matrix also apply. High-balance mortgage loans delivered as MCM are subject to these LLPAs, in addition to the MCM LLPAs per Table 6 below.

Table 4: Mortgages with Subordinate Financing [7] (Excluding MCM)

LTV Range	CLTV Range	Non Interest-Only LLPA		SFC
		Credit Score <720	Credit Score ≥ 720	
≤ 65.00%	80.01% – 95.00%	0.500%	0.250%	N/A
65.01% – 75.00%	80.01% – 95.00%	0.750%	0.500%	N/A

75.01% – 95.00%	90.01% – 95.00%	1.000%	0.750%	N/A
75.01% – 90.00%	76.01% – 90.00%	1.000%	0.750%	N/A
≤ 95.00%	95.01 – 97% [2]	1.50%		N/A

(7) If the subordinate financing is a Community Seconds® loan, these LLPAs do **not** apply and the lender must use SFC 118. Refer to the *Selling Guide* for maximum CLTVs for loans with Community Seconds.

Table 5: Minimum Mortgage Insurance Coverage Option (Excluding MCM)

	Amortization terms > 20 years and all Manufactured Housing loans		All amortization terms	
	LTV Range		LTV Range	
Credit Score	80.01 – 85.00%	85.01 – 90.00%	90.01 – 95.00%	95.01 – 97.00% [2]
≥ 740	0.125%	0.375%	0.500%	1.000%
720 - 739	0.125%	0.625%	0.875%	1.250%
700 – 719	0.125%	0.750%	0.875%	1.250%
680 – 699	0.125%	0.750%	0.875%	1.750%
660 – 679	0.750%	1.250%	1.750%	2.125%
640 – 659	1.250%	1.750%	2.000%	2.375%
620 – 639	1.750%	2.000%	2.250%	2.750%
< 620 [1]	2.000%	2.250%	2.500%	3.000%

Table 6: MyCommunityMortgage (MCM) (AMDC under Table 1 and High-Balance Mortgage Loans under Table 3 also apply to MCM and are cumulative to the LLPAs in this table)

Product Feature	LLPAs	SFC
All MCM loans	0.750%	460
Subordinate-financing (non-Community Seconds)	0.500% [7]	460
40-year term (MBS only) [5]	0.125%	460

Table 7: State-Based Adverse Market Charge

For whole loans purchased on or after April 1, 2014, and loans delivered into MBS pools with issue dates on or after April 1, 2014	
For mortgage loans secured by properties located in the following states: Connecticut, Florida, New Jersey, New York	0.250%

LLPA Matrix and AMDC Information Change Tracking Log

The information in the table below summarizes major changes only, and may not represent a comprehensive description of all changes made to the Matrix. In addition, the information below is provided as a convenience only, and should not be relied on for the purposes of obtaining actual LLPA values. Always refer to the related Announcement or Lender Letter for the explanation and details of the particular change.

Summary of Changes

Date	Announcement/ Lender Letter	Changes Made
01/07/10	Formatting/Correction	• Added clarification to high-balance mortgage loan pricing for ARMs in Table 3 to indicate pricing is based on LTV, CLTV or HCLTV, whichever is higher.
4/30/10	Announcement 09-29	• Added information about the application of LLPAs for loans with financed mortgage insurance (Introduction). • Deleted "Table 5a. "Lower-Cost MI Coverage Option for Loans Underwritten with DU," and related Footnotes 4 and 5, due to retirement of this mortgage insurance option. • Removed Flexible mortgage options, and related Footnotes 6 and 7, based on different mortgage insurance coverage levels which are no longer offered (Table 6). • Removed EA specific LLPAs that were retired effective with the implementation of DU Version 8.0 (Table 7). • Removed MCM SFCs applicable to deliveries prior to January 1, 2010 (Table 8).
	Announcement SVC-2010-05	• Added conditional refinanced or conditional modified balloon mortgages redelivered as FRM to list of products that are excluded from LLPAs unless otherwise noted (Introduction, Table 1, Table 3). • Added conditional refinanced or conditional modified balloon mortgages redelivered as FRM Investor LLPA (Table 3). • Changed Example 3 due to IO eligibility changes to a conditional refinanced balloon redelivered as FRM (Examples section).
	Announcement SEL-2010-06	• Added eligibility changes effective September 1, 2010 to 7-year balloons and IO products (Table 3, Table 8). • Added N/A LTV buckets to ARM high-balance mortgage loans, 2- to 3-unit properties, and investment property (Table 3).
	Formatting	• Renumbered Table of Contents. • Renumbered footnotes throughout Matrix based on the addition of Footnote 1 and the deletion of other various footnotes.
9/20/10	Announcement 09-29	• Removed remaining information on EA based on the elimination of any EA-specific LLPAs (Deleted Table 7 "Expanded Approval" and Footnote 5).
	Announcement SVC-2010-05	• Removed note relating to pricing effective date for investment property – matured balloon mortgages (refinanced or modified) redelivered as FRMs (Table 3).
	Announcement SEL-2010-06	• Removed notes concerning interest-only purchase requirements (Table 3, Table 7). • Added "N/A" buckets for certain IO LLPAs (Table 3). • Removed interest-only price point (Table 7). • Removed 7-year balloon pricing based on removal of balloons as standard product (Table of Contents, Table 2, Table 3).
	Announcement SEL-2010-13	• Added high-LTV pricing (Table 3). • Removed reference to Flexible mortgages in the ≤ 95.00% LTV bucket (Table 4). • Added language to describe the discontinuance of the Flexible mortgage product (Table 6).
	Formatting/ Clarification	• Renumbered Table of Contents. • Renumbered footnotes throughout Matrix based on the addition of Footnote 2 (added for clarification purposes) and the deletion of Footnote 5. • Renumbered "MyCommunityMortgage (MCM)" as Table 7 (due to deletion of former Table 7 "Expanded Approval"). • Removed information in Change Tracking Log pertaining to 2009.

12/1/10	Announcement SEL-2010-15	• Added Energy Improvement Feature (to Table 3).
	Formatting/Correction	• Added N/A to HBL cash-out to reflect a maximum allowable 60% LTV (Table 3) Announcement 09-08R. • Removed IO Subordinate Financing LLPAs to reflect a maximum allowable 70% LTV/CLT (Table 4) Announcement SEL-2010-06. • Removed Footnote 6 to reflect IO ineligibility for MCM Announcement SE-2010-06
12/23/10	Announcement SEL-2010-17	• Added revised pricing to Table 2: All Eligible Mortgages (Excluding MCM): LLPA by Credit Score/LTV. • Added revised pricing to Table 4: Mortgages with Subordinate Financing.
	Formatting/Correction	• Revised table of contents. Added revised pricing to Table 2: All Eligible Mortgages (Excluding MCM): LLPA by Credit Score/LTV.
		• Added revised pricing to Table 4: Mortgages with Subordinate Financing. • Moved positions of Energy Improvement Feature and Condominiums terms for clarity in Table 3. • Revised Examples of Loan Transactions showing Total LLPAs and AMDC.
12/23/10 (1/5/11)	Formatting/Correction (Note: Date of matrix did not change as a result of these corrections)	• Corrected formatting errors. • In Table 3, restored missing footnote (4) reference to "High-balance mortgage loans" section.
3/24/11	Formatting/Correction	• Removed HCLTV from Table 3, High-balance mortgage loans ARM product feature.
9/22/11	Formatting	• Removed pricing to Table 2: All Eligible Mortgages (Excluding MCM): LLPA by Credit Score/LTV for loans delivered before April 1, 2011. • Removed pricing effective date in Table 3: All Eligible Mortgages for High LTV loans. • Removed pricing to Table 4: Mortgages with Subordinate Financing for loans delivered before April 1, 2011. • Removed Table 6: Flexible Mortgages and renamed Table 6 as MyCommunityMortgage • Renumbered "MyCommunityMortgage (MCM)" as Table 6 (due to deletion of former Table 6: Flexible Mortgages. • Updated table of contents.
12/19/11	Announcement SEL-2011-13	• Removed SFC in Table 4: Mortgages with Subordinate Financing
9/20/12	Announcement SEL-2012-07	• Removed pricing effective date in Table 2 and Table 4 • Noted that per SEL-2012-07, maximum ARM LTV ratio will be 90% as of October 2012 Effective Date • Added 1.00% LLPA for 2-unit property, 80.01% - 85.00% LTV.
11/12/13	Announcement SEL-2013-07, SEL-2013-06	• Noted that per SEL-2013-06, loans with terms in excess of 30 years and loans with an interest-only feature will be retired for applications on or after January 10, 2014. • Noted that per SEL-2013-07, maximum LTV ratio will be 95% for loans underwritten in DU Version 9.1. • Removed reference to ARM pricing in Table 3, because the previously charged LLPAs are for loans no longer eligible for delivery to Fannie Mae • Added a clarification to Table 5 that the LLPAs for minimum mortgage insurance coverage include all manufactured housing loans, aligning the LLPA Matrix to the *Selling Guide*.

12/12/13	Announcement SEL-2013-09	• Added revised pricing to Table 1: AMDC and Table 2: All Eligible Mortgages: LLPA by Credit Score/LTV. • Added Table 7: State-Based Adverse Market Charge. • Removed the Example page.

FannieMae

Refi Plus™ Mortgages Only

Loan-Level Price Adjustment (LLPA) Matrix and Adverse Market Delivery Charge (AMDC) Information

This document provides the LLPAs applicable to loans delivered to Fannie Mae under the DU Refi Plus™ and Refi Plus (manual underwriting) guidelines (together "Refi Plus Mortgages"), and provides details of the AMDC. These LLPAs are in lieu of (and not in addition to) the LLPAs specified in the standard *Loan-Level Price Adjustment (LLPA) Matrix and Adverse Market Delivery Charge (AMDC) Information* posted on Fannie Mae's website (the "Standard LLPA Matrix"). **Only specified refinances of existing Fannie Mae loans as defined in the Refi Plus Mortgages requirements per the *Selling Guide* are eligible for the LLPAs in this document.** LLPAs are assessed based upon certain eligibility or other loan features, such as credit score, loan purpose, occupancy, number of units, product type, etc. Special Feature Codes (SFCs) that are required when delivering loans with these features are listed next to the applicable LLPAs. Refer to the *Selling Guide* and your contracts with Fannie Mae to determine loan eligibility.

Pricing Guidelines for LLPAs and AMDC (AMDCs are drafted in the same way as LLPAs):

- **Refi Plus Mortgages MUST be identified by either SFC 147 for DU Refi Plus or SFC 288 for Refi Plus (manual underwriting)**. Mortgages are subject to all other applicable SFCs, in addition to any that may be indicated below.
- All LLPAs and AMDC are cumulative. The LLPAs apply to all loans that meet the stated criteria for the LLPA, unless otherwise noted or excluded. The AMDC applies to all loans.
- Credit score requirements are based on the "representative" score as defined in the *Selling Guide*. Loans delivered without a credit score will be charged under the lowest credit score range available in each of the applicable LLPA tables (however Fannie Mae does not waive any rights by accepting such loans and charging the applicable LLPA).
- All applicable LLPAs and the AMDC for MBS transactions will be drafted from the lender's account. All applicable LLPAs and the AMDC for whole loan transactions will be deducted from the loan net proceeds**,** as set forth in the *Selling Guide*. For certain whole loan deliveries, including loans with 40-year terms, the product-specific LLPAs are reflected in the commitment price available via eCommitting™ and eCommitOne™; any additional LLPAs applicable to loan features will be deducted from purchase proceeds.
- Footnotes and expiration/effective dates are important guides to the correct application and accumulation of LLPAs.

Table of Contents

Refi Plus Mortgages Only

Table 1: Adverse Market Delivery Charge
For whole loans purchased on or before March 31, 2014, and loans delivered into MBS pools with issue dates of March 1, 2014 or earlier
0.250%
For whole loans purchased on or after April 1, 2014, and loans delivered into MBS pools with issue dates on or after April 1, 2014
0.000%

Table 2: Cumulative LLPA and AMDC Cap		
Principal Residences with LTVs > 80.00%		
	For Refi Plus Mortgages, if the sum of all applicable LLPAs plus the AMDC exceeds the caps listed below, the excess will be waived **at delivery**	
Amortization Term	**LTV > 80.00%**	
>20 Years	0.75%	
≤ 20 Years	0.00%	
All Other Refi Plus		
	For Refi Plus Mortgages, if the sum of all applicable LLPAs plus the AMDC exceeds the caps listed below, the excess will be waived **at delivery**	
Amortization Term	**LTV ≤ 105.00%**	**LTV > 105.00%**
> 30 Years up to ≤ 40 Years(1)	2.00%	N/A
> 25 Years up to ≤ 30 Years	2.00%	2.00%
≤ 25 Years	2.00%	1.50%

(1) Fannie Mae has announced the retirement of loan terms in excess of 30 years and loans with an interest-only feature, effective for loans with application dates on or after January 10, 2014. See Announcement SEL-2013-06 for more eligibility and delivery information.

Table 3: All Eligible Refi Plus Mortgages – LLPA by Credit Score/LTV											
Representative Credit Score	**Applicable for all mortgages with greater than 15 year terms**										
	≤ 60.00%	**60.01 – 70.00%**	**70.01 – 75.00%**	**75.01 – 80.00%**	**80.01 – 85.00%**	**85.01 – 90.00%**	**90.01 – 95.00%**	**95.01 – 97.00%**	**97.01 – 105.00%**	**>105.00%**	**SFC**
	For whole loans purchased on or before March 31, 2014, and loans delivered into MBS pools with issue dates of March 1, 2014 or earlier										
≥ 740	-0.250%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	288 or 147
720 – 739	-0.250%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	288 or 147
700 – 719	-0.250%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	288 or 147

Refi Plus Mortgages Only

680 – 699	0.000%	0.500%	0.750%	0.750%	0.750%	0.750%	0.750%	0.500%	0.500%	0.500%	288 or 147
660 – 679	0.000%	1.000%	1.500%	1.750%	1.750%	1.750%	1.750%	1.250%	1.250%	1.250%	288 or 147
640 – 659	0.500%	1.250%	2.000%	2.250%	2.250%	2.250%	2.250%	1.750%	1.750%	1.750%	288 or 147
620 – 639	0.500%	1.500%	2.500%	2.750%	2.750%	2.750%	2.750%	2.500%	2.500%	2.500%	288 or 147
< 620	0.500%	1.500%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	288 or 147
	For whole loans purchased on or after April 1, 2014, and loans delivered into MBS pools with issue dates on or after April 1, 2014										
>=800	0.000%	0.250%	0.250%	0.250%	0.500%	0.500%	0.500%	0.250%	0.250%	0.250%	288 or 147
780-799	0.000%	0.250%	0.250%	0.250%	0.500%	0.500%	0.500%	0.250%	0.250%	0.250%	288 or 147
760-779	0.000%	0.250%	0.250%	0.500%	0.750%	0.750%	0.750%	0.250%	0.250%	0.250%	288 or 147
740-759	0.000%	0.250%	0.500%	0.500%	1.250%	1.250%	1.250%	0.250%	0.250%	0.250%	288 or 147
720-739	0.000%	0.250%	0.750%	0.750%	1.000%	1.500%	1.500%	0.250%	0.250%	0.250%	288 or 147
700-719	0.000%	0.750%	1.250%	1.250%	1.500%	1.750%	1.750%	0.750%	0.750%	0.750%	288 or 147
680-699	0.250%	0.750%	1.750%	1.500%	1.750%	2.000%	2.000%	0.750%	0.750%	0.750%	288 or 147
660-679	0.250%	1.250%	1.750%	2.000%	2.250%	2.250%	2.250%	1.500%	1.500%	1.500%	288 or 147
640-659	0.750%	1.500%	2.250%	2.500%	2.500%	2.500%	2.500%	2.000%	2.000%	2.000%	288 or 147
620-639	0.750%	1.750%	2.750%	3.000%	3.000%	3.000%	3.000%	2.750%	2.750%	2.750%	288 or 147
<620	0.750%	1.750%	3.250%	3.250%	3.250%	3.250%	3.250%	3.250%	3.250%	3.250%	288 or 147

Refi Plus Mortgages Only

Table 4: All Eligible Refi Plus Mortgages – LLPA by Product Feature

PRODUCT FEATURE	LTV Range										
	≤ 60.00%	60.01 – 70.00%	70.01 – 75.00%	75.01 – 80.00%	80.01 – 85.00%	85.01 – 90.00%	90.01 – 95.00%	95.01 – 97.00%	97.01 – 105.00%	>105.00%	SFC
ARM	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.250%	0.250%	0.250%	N/A	N/A
High Balance ARM (based on LTV or CLTV if higher)	0.750%	0.750%	0.750%	1.500%	1.500%	1.500%	1.500%	1.500%	1.500%	N/A	808
40-year term (MBS only)(1)	0.125%	0.125%	0.125%	0.125%	0.125%	0.125%	0.125%	0.125%	0.125%	N/A	N/A
Manufactured home	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	235
Condominiums (2)	0.000%	0.000%	0.000%	0.750%	0.750%	0.750%	0.750%	0.750%	0.750%	0.750%	N/A
Investment property	1.750%	1.750%	1.750%	3.000%	3.750%	3.750%	3.750%	3.750%	3.750%	3.750%	N/A
Multiple-Unit Properties											
2 unit property	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	N/A
3-4 unit property	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	N/A
High LTV											
> 30 Years up to ≤ 40 Years(1)	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.500%	1.000%	N/A	
> 25 Years up to ≤ 30 Years	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.500%	1.000%	1.000%	N/A
> 15 Years up to ≤ 25 Years	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.500%	1.000%	0.500%	N/A
≤ 15 Years	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.500%	1.000%	0.500%	N/A

(2) Not applicable to Refi Plus Mortgages with terms of 15 years or less, cooperatives or detached condominiums (identified by SFC 588).

Table 5: Refi Plus Mortgages with Subordinate Financing (3)

LTV Range	CLTV Range	LLPA		SFC
		Credit Score < 720	Credit Score ≥ 720	
65.01% – 75.00%	90.01% – 95.00%	0.500%	0.250%	N/A
75.01% – 95.00%	90.01% – 95.00%	0.500%	0.250%	N/A
75.01% – 90.00%	76.01% – 90.00%	0.250%	0.000%	N/A
Any	>95.00%	1.500%		

(3) If the subordinate financing is a Community Seconds® loan, these LLPAs do **not** apply and the lender must use SFC 118.

Refi Plus Mortgages Only

Table 6: Expanded Approval – DU Refi Plus Only
0.00% SFC 062 required at delivery for DU EA loans

Table 7: State-Based Adverse Market Charge	
For whole loans purchased on or after April 1, 2014, and loans delivered into MBS pools with issue dates on or after April 1, 2014	
For mortgages secured by properties located in the following states: Connecticut, Florida, New Jersey, New York	0.250%

Refi Plus LLPA Matrix Information Change Tracking Log

The information in the table below summarizes major changes only, and may not represent a comprehensive description of all changes made to the Matrix. In addition, the information below is provided as a convenience only, and should not be relied on for the purposes of obtaining actual LLPA values. Always refer to the related Announcement or Lender Letter for the explanation and details of the particular change.

Summary of Changes

Date	Announcement/ Lender Letter	Changes Made
02/19/13	Formatting/Update	• Removed HARP/Non-HARP from titles in Table 2: Cumulative LLPA and AMDC Cap. Removed section for loans purchased before January 1, 2012, and loans delivered into MBS with issue dates before January 1, 2012 from Table 2: Cumulative LLPA and AMDC Cap. Updated the footnote 1 on page 3 by removing Refi Plus Mortgages with terms 15 years or less.
03/07/13	Clarification	• Updated the footnote 1 on page 3 to add back Refi Plus Mortgages with terms 15 years or less.
12/16/13	Announcement SEL-2013-09	• Added revised pricing in Table 1: AMDC and Table 2: All Eligible Mortgages: LLPA by Credit Score/LTV. • Added Table 7: State-Based Adverse Market Charge.

Freddie Mac
We make home possible®

TO: Freddie Mac Sellers December 16, 2013 | 2013-26

SUBJECT: CHANGES TO POSTSETTLEMENT DELIVERY FEES

On December 9, 2013, the Federal Housing Finance Agency (FHFA) directed Freddie Mac to:

- Raise its guarantee fees by 10 basis points for all single-family Mortgages
- Increase certain risk-based postsettlement delivery fees ("delivery fees") on single-family Mortgages
- Eliminate the 25 basis point Market Condition delivery fee, except in four States

Sellers can review the press release issued by FHFA announcing these changes at: **FHFA Takes Further Steps to Advance Conservatorship Strategic Plan by Announcing an Increase in Guarantee Fees**

As a result, this *Single-Family Seller/Servicer Guide* ("Guide") Bulletin announces:

- The elimination of the Market Condition delivery fee, except for Mortgages secured by Mortgaged Premises located in the States of Connecticut, Florida, New Jersey and New York
- An increase in Indicator Score/Loan-to-Value (IS/LTV) delivery fee rates

The 10 basis point guarantee fee adjustment will be handled through individual contract amendments with our Sellers. We will implement a commensurate change in our Cash program pricing.

Additionally, we are making several changes to our buyup and buydown terms.

EFFECTIVE DATES

The changes announced in this Bulletin are effective for Mortgages with Settlement Dates on or after **April 1, 2014**, except for the guarantee fee changes.

The guarantee fee changes are effective for Guarantor and Multilender settlements on or after **April 1, 2014** and the commensurate price change for Mortgages delivered under the Cash program is effective for commitments entered into on or after **March 1, 2014**.

MARKET CONDITION DELIVERY FEE

We are eliminating the Market Condition delivery fee for Mortgages we purchase, except for Mortgages secured by Mortgaged Premises located in Connecticut, Florida, New Jersey and New York.

Guide Section 23.4, *Maximum LTV, TLTV and HTLTV Ratios*, and Guide Exhibit 19, *Postsettlement Delivery Fees*, have been updated as a result of this change.

INDICATOR SCORE/LOAN-TO-VALUE DELIVERY FEE

We are increasing IS/LTV delivery fee rates by varying amounts, ranging from no change to 150 basis points. These delivery fee rate changes will apply to all Mortgages subject to IS/LTV delivery fees, including Freddie Mac Relief Refinance Mortgages℠, which continue to be subject to the Relief Refinance Mortgage Delivery Fee Cap specified in Exhibit 19.

We are also modifying the IS/LTV grids to add specific cells covering the following ranges:

- LTV ratios that are:
  - Greater than 85% and less than or equal to 90%
  - Greater than 90% and less than or equal to 95%
  - Greater than 95% (Relief Refinance Mortgages only)
- Credit scores that are:
  - Equal to or greater than 740 and less than 760
  - Equal to or greater than 760 and less than 780
  - Equal to or greater than 780 and less than 800
  - Equal to or greater than or 800

The grid below reflects the revised delivery fee rates for specific credit score and LTV ratio combinations for Mortgages other than Relief Refinance Mortgages. The added cell ranges are highlighted.

INDICATOR SCORE / LOAN-TO-VALUE FOR MORTGAGES OTHER THAN RELIEF REFINANCE MORTGAGES
Effective for Settlements on or after April 1, 2014

Product	Credit Score	LTV Ratios						
		All Eligible						
		≤ 60%	> 60% & ≤ 70%	> 70% & ≤ 75%	> 75% & ≤ 80%	> 80% & ≤ 85%	> 85% & ≤ 90%	> 90% & ≤ 95%
All Eligible Product	≥ 800	0.00%	0.25%	0.25%	0.50%	0.75%	0.75%	0.75%
	≥ 780 & < 800	0.00%	0.25%	0.25%	0.50%	0.75%	0.75%	0.75%
	≥ 760 & < 780	0.00%	0.25%	0.25%	0.75%	1.00%	1.00%	1.00%
	≥ 740 & < 760	0.00%	0.25%	0.50%	0.75%	1.50%	1.50%	1.50%
	≥ 720 & < 740	0.00%	0.25%	1.00%	1.25%	1.50%	2.00%	2.00%
	≥ 700 & < 720	0.00%	0.75%	1.50%	1.75%	2.00%	2.25%	2.25%
	≥ 680 & < 700	0.25%	0.75%	2.25%	2.50%	2.50%	2.50%	2.50%
	≥ 660 & < 680	0.25%	1.25%	2.25%	2.75%	3.25%	2.75%	2.75%
	≥ 640 & < 660	0.75%	1.50%	2.75%	3.25%	3.50%	3.00%	3.00%
	≥ 620 & < 640	0.75%	1.75%	3.25%	3.25%	3.50%	3.50%	3.50%
	< 620	0.75%	1.75%	3.25%	3.25%	3.50%	3.50%	3.50%

The grid below reflects the revised delivery fee rates for specific credit score and LTV ratio combinations for Relief Refinance Mortgages. The added cell ranges are highlighted.

INDICATOR SCORE / LOAN-TO-VALUE FOR RELIEF REFINANCE MORTGAGES Effective for Settlements on or after April 1, 2014										
Product	Credit Score	LTV Ratios								
		All Eligible								
		≤ 60%	> 60% & ≤ 70%	> 70% & ≤ 75%	> 75% & ≤ 80%	> 80% & ≤ 85%	> 85% & ≤ 90%	> 90% & ≤ 95%	> 95%
All Eligible Product	≥ 800	0.00%	0.25%	0.25%	0.50%	0.50%	0.50%	0.50%	0.25%
	≥ 780 & < 800	0.00%	0.25%	0.25%	0.50%	0.50%	0.50%	0.50%	0.25%
	≥ 760 & < 780	0.00%	0.25%	0.25%	0.75%	0.75%	0.75%	0.75%	0.25%
	≥ 740 & < 760	0.00%	0.25%	0.50%	0.75%	1.25%	1.25%	1.25%	0.25%
	≥ 720 & < 740	0.00%	0.25%	1.00%	1.25%	1.00%	1.50%	1.50%	0.25%
	≥ 700 & < 720	0.00%	0.75%	1.50%	1.75%	1.50%	1.75%	1.75%	0.75%
	≥ 680 & < 700	0.25%	0.75%	2.25%	2.50%	2.00%	2.00%	2.00%	1.00%
	≥ 660 & < 680	0.25%	1.25%	2.25%	2.75%	2.75%	2.25%	2.25%	2.00%
	≥ 640 & < 660	0.75%	1.50%	2.75%	3.25%	3.00%	2.50%	2.50%	2.50%
	≥ 620 & < 640	0.75%	1.75%	3.25%	3.25%	3.00%	3.00%	3.00%	3.00%
	< 620	0.75%	1.75%	3.25%	3.25%	3.00%	3.00%	3.00%	3.00%

Exhibit 19 has been updated to reflect these changes.

BUYUP AND BUYDOWN TERMS

We are making several changes to our buyup and buydown terms and related Guide text, in part to better align with current processes and usage.

We are updating the Guide to:

- Eliminate the buyup and buydown option under the WAC ARM Guarantor Program
- Revise the maximum buydown limit to be subject to Purchase Contract terms
- Remove several outdated links to buyup/buydown grids

Sections 11.11, *Remittance and Buyup/Buydown Options*, 12.8, *Buyup, Buydown Options*, B15.10, C15.10, and D15.10, each titled *Buyup/Buydown Options*, C15.1, *Overview*, and 17.2, *Provisions for the Payment of Fees and Proceeds and Application of Delivery Fee Credits*, have been updated to reflect these changes.

REVISIONS TO THE GUIDE

The revisions included in this Bulletin impact the following:

- Chapters 11, 12, B15, C15, D15, 17 and 23
- Exhibit 19

CONCLUSION

If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call (800) FREDDIE and select “Loan Delivery.”

Sincerely,

Laurie A Redmond

Laurie Redmond
Vice President
Offerings Effectiveness