



## MFM Bulletin: 027-2022

**Date:** November 22, 2022

**Subject:** Updates to FHFA Credit Fees Cap

The Federal Housing Finance Agency (FHFA) has announced targeted changes to Fannie Mae and Freddie Mac’s guarantee fee pricing through the elimination of upfront fees for certain borrowers and affordable mortgage products ([News Release](#)). While certain fees will be eliminated, FHFA also announced the implementation of targeted increases to upfront fees for most cash-out refinance loans.

### Fannie Mae and Freddie Mac:

Effective immediately, all LLPA’s will be waived for FNMA HomeReady and FHLMC HomePossible loans. MFM has implemented system updates in Optimal Blue’s pricing engine to reflect appropriate adjustment caps to waive these fees.

FHFA also announced additional LLPA waiver eligibility for first-time home buyers (FTHB) that meet specified AMI thresholds and other requirements. LLPA waivers for loans that meet these FTHB and AMI requirements will not be implemented at this time. We are working closely with investors and systems teams to efficiently implement these updates. More details to be provided at a later date.

Fannie Mae and Freddie Mac have also provided guidance on updated LLPA’s for cash-out transactions. MFM will implement these revised cash-out adjustments on all loans locked on or after **12/1/2022**. Please be aware that MFM’s approved servicing released investors may provide guidance on implementing these updated LLPA’s prior to MFM’s implementation date; therefore, loans locked with servicing released investors that implement earlier timelines will be subject to those LLPA hits.

*The following is a comparison of current cash-out LLPA’s vs those that will be in effect on 12/1/2022:*

Table 2: All Eligible Loans – LLPA by Product Feature <i>[continued]</i>										
PRODUCT FEATURE	LTV Range									SFC
	≤ 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%	>97.00%	
Cash-out refinance <sup>3</sup> Representative Credit Score	Cash-out LLPAs valid until November 30th, 2022									
≥ 740	0.375%	0.625%	0.625%	0.875%	N/A	N/A	N/A	N/A	N/A	003
720 – 739	0.375%	1.000%	1.000%	1.125%	N/A	N/A	N/A	N/A	N/A	003
700 – 719	0.375%	1.000%	1.000%	1.125%	N/A	N/A	N/A	N/A	N/A	003
680 – 699	0.375%	1.125%	1.125%	1.750%	N/A	N/A	N/A	N/A	N/A	003
660 – 679	0.625%	1.125%	1.125%	1.875%	N/A	N/A	N/A	N/A	N/A	003
640 – 659	0.625%	1.625%	1.625%	2.625%	N/A	N/A	N/A	N/A	N/A	003
620 – 639	0.625%	1.625%	1.625%	3.125%	N/A	N/A	N/A	N/A	N/A	003
< 620 <sup>1</sup>	1.625%	2.625%	2.625%	3.125%	N/A	N/A	N/A	N/A	N/A	003
Cash-out refinance <sup>3</sup> Representative Credit Score	Cash-out LLPAs effective December 1st, 2022									
≥ 740	0.375%	0.750%	1.375%	1.875%	N/A	N/A	N/A	N/A	N/A	003
720 – 739	0.500%	1.125%	1.500%	2.000%	N/A	N/A	N/A	N/A	N/A	003
700 – 719	0.500%	1.125%	1.625%	2.000%	N/A	N/A	N/A	N/A	N/A	003
680 – 699	0.625%	1.500%	1.625%	2.000%	N/A	N/A	N/A	N/A	N/A	003
660 – 679	0.875%	1.750%	1.750%	2.000%	N/A	N/A	N/A	N/A	N/A	003
640 – 659	0.875%	1.875%	1.875%	2.125%	N/A	N/A	N/A	N/A	N/A	003
620 – 639	0.875%	1.875%	1.875%	2.125%	N/A	N/A	N/A	N/A	N/A	003
< 620 <sup>1</sup>	0.875%	1.875%	1.875%	2.125%	N/A	N/A	N/A	N/A	N/A	003