

Lender Letter (LL-2021-09)

Apr. 8, 2021

To: All Fannie Mae Single-Family Sellers Introduction of Changes to Loan Eligibility Due to the Preferred Stock Purchase Agreement and Qualified Mortgage Rule

Recent amendments to our senior preferred stock purchase agreement ([PSPA](#)) with the U.S. Department of Treasury impose additional criteria on the loans we acquire. Under the terms of the amended PSPA, we are obligated to establish a program on or before Jul. 1, 2021 that ensures that loans we acquire meet specified criteria. This Lender Letter introduces policies we will be implementing in alignment with Freddie Mac and under the guidance of FHFA.

Loans subject to the Qualified Mortgage Rule

The PSPA requires that we acquire loans that meet the revised General Qualified Mortgage (QM) loan definition in the [CFPB's rule](#)¹ that became effective Mar. 1, 2021 (Revised QM Rule). As a result, and in accordance with the dates below, we will no longer acquire loans that are GSE Patch loans that do not meet the Revised QM Rule. To be eligible for purchase, such loans must

- have application dates on or before Jun. 30, 2021, and
- be purchased as whole loans on or before Aug. 31, 2021, or in MBS pools with an issue date on or before Aug. 1, 2021.

Exception for government loans

Government loans are referenced² in the CFPB's Revised QM Rule; however, the PSPA³ prohibits our acquisition of them. FHFA is granting an exception to us to continue acquiring government loans. This means that HUD Section 184 loans and Rural Development Section 502 loans will remain eligible for sale to us per the *Selling Guide*. FHA and VA loans will continue to remain eligible on a negotiated basis (though we are not actively negotiating the purchase of these loans at this time).

Additional updates related to the Revised QM Rule

We are continuing to assess the impact of the Revised QM Rule and PSPA on our policies and operations. We anticipate additional changes in eligibility and underwriting requirements in the following areas:

- The documentation and verification requirements for loans originated under the high LTV refinance option will be updated in light of the Revised QM Rule.
- The calculation of the qualifying payment amount and annual percentage rate (APR) for ARMs with an initial fixed-rate period of five years or less will be updated to require consideration of the maximum rate that may apply in the first five years of the loan.
- All covered loans will be required to comply with the APR to average prime offer rate (APOR) spreads as required by the Revised QM Rule.

¹ In [Section 1026.43\(e\)\(2\)](#)

² In [Section 1026.43\(e\)\(4\)](#)

³ In [Section 5.14\(c\)](#) of the Jan. 2021 amendment to the PSPA



Additional details about the actual changes to our policies and implementation, including impacts to Desktop Underwriter[®], will be provided in a future lender letter.

| **NOTE:** *As a reminder, it is the lender's responsibility to determine compliance with the Revised QM Rule.*

Lenders may 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](#).