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To: Clients and Friends

From: Daniel S. Engle

Subject: Fannie Mae Announces HomeReady Product Enhancement for Very Low-Income Purchase Borrowers

On January 24 2024, Fannie Mae issued Lender Letter (LL-2024-01) ([click here](#)), which announces a temporary enhancement to Fannie Mae’s HomeReady loan program of a \$2,500 Loan-Level Price Adjustment (LLPA) credit for certain purchase borrowers. Specifically, this temporary enhancement will be available to borrowers on eligible HomeReady purchase loans whose total qualifying income is less than or equal to 50% of the applicable area median income for the subject property’s location—described as “very low-income purchase borrowers” by Fannie Mae.

The \$2,500 LLPA credit will be provided directly to the borrower such as being applied to the down payment or closing costs and can be applied towards applicable minimum contribution requirements—for example, the 3% minimum contribution for one-unit property loans. The credit will initially be provided to the borrower by the lender; the lender will later be reimbursed by Fannie Mae through the standard LLPA credit process.

This \$2,500 LLPA credit for very low-income purchase borrowers on HomeReady products is a temporary enhancement and is effective for whole loans purchased on or after March 1, 2024 through February 28, 2025 and for loans delivered into MBS with issue dates on or after March 1, 2024 through February 1, 2025.

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