



TFS Mortgage Corporation, Inc.

**Licensed Correspondent Mortgage Banker
New Jersey Department of Banking & Insurance**

These changes are being made at the agency level by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation (aka Fannie Mae and Freddie Mac.). These agencies create the rules for all conventional mortgage loans in the United States.

FHLMC & FNMA New Loan Level Delivery Fees

FHLMC & FNMA recently announced new loan level price adjustments with a wide variety of risk based features. Please see below for details on the new fee adjustments:

Mortgage Product Description	FICO Score	LTV Range	Required Fee
FICO Score	< 620 or no credit score	> 70%	2.000 pts*
	620 - 639		1.750 pts *
	640 - 659		1.250 pts *
	660 - 679		0.750 pt *
	* Fee does not apply to My Community, Home Possible Series, 10 & 15 Yr. FHLMC/FNMA Products, or A-Minus Products.		
2-Unit Property (excluding Home Possible and MCM)	All	75.01% - 95%	0.500 pt
3-4 Unit Property (excluding Home Possible and MCM)	All	LTV ≤ 80%	1.00 pt

This is more technical than many of you normally get, but this is VERY important!

These pricing "hits" will affect the wholesale cost of money to mortgage companies for borrowers with scores under 680. This **will** affect rate and fee structures available to those borrowers. These changes will go into effect immediately for most lenders and will affect all conventional lenders within the next 30 days or so. These pricing hits are called Loan Level Pricing Adjustments and they are cumulative. If there is another feature of the loan that has a pricing adjustment (Like manufactured homes, 100% LTV, or 40 year term) it will be **added** to any adjustment for credit scores. We are only showing the impact of credit scores on what it costs your mortgage company to obtain money for your loan.

For home buyers (and current home owners who wish to refinance) with modest credit scores, the effect is obvious. Loans will have higher rates and/or fees if their credit scores fall into these ranges. The credit score used is the middle score of the three national credit repositories. For couples or multiple borrowers, the lowest middle credit score is used.

Should you have any questions, please do not hesitate to contact me.