



W07-30

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Fannie Mae Moves to Risk-Based Pricing

As a result of the numerous changes in the mortgage industry over the past year, Fannie Mae has announced that it is moving to a risk-based pricing model. Risk-based pricing enables well-qualified borrowers to enjoy better pricing, and allows less-qualified borrowers to continue qualifying for loans, but at a higher cost. Freddie Mac has also moved to a risk-based pricing model.

All lenders who sell loans to Fannie Mae will implement these adjustments. Reunion Mortgage will revise our pricing to meet Fannie Mae's new model within the next few days.

FNMA LTVs of 70.01% and Above:

CREDIT SCORE

< 620 (or missing) = 2.00% loan-level price adjustment (LLPA)

620 to 639 = 1.75% LLPA

640 to 659 = 1.25% LLPA

660 to 679 = 0.75% LLPA

FNMA Loans with Subordinate Financing:

NON-INTEREST ONLY

65.01-75% LTV and 90.01-95% CLTV = 0.250% LLPA

75.01-95% LTV and 90.01-95% CLTV = 0.250% LLPA

75.01-90% LTV and 75.01-90% CLTV and credit score < 720 = 0.250% LLPA

75.01-90% LTV and 75.01-90% CLTV and credit score \geq 720 = 0.000% LLPA

INTEREST ONLY

65.01-75% LTV and 90.01-95% CLTV and credit score < 720 = 0.500% LLPA

65.01-75% LTV and 90.01-95% CLTV and credit score \geq 720 = 0.250% LLPA

75.01-95% LTV and 90.01-95% CLTV and credit score < 720 = 0.500% LLPA

75.01-95% LTV and 90.01-95% CLTV and credit score \geq 720 = 0.250% LLPA

75.01-90% LTV and 75.01-90% CLTV and credit score < 720 = 0.500% LLPA

75.01-90% LTV and 75.01-90% CLTV and credit score \geq 720 = 0.250% LLPA

If you have any questions, please contact your Account Executive or local branch.