



3900 Wisconsin Avenue, NW  
Washington, DC 20016-2892

*Announcement 06-23*

*December 5, 2006*

*Amends these Guides: Selling*

***HOEPA Mortgages and Mortgages with Excessive Fees***

Announcement 06-04, dated April 14, 2006, amended Fannie Mae's anti-predatory lending policies to include certain mortgage purchase eligibility requirements based on housing goals regulations issued by the U.S. Department of Housing and Urban Development, to which Fannie Mae is subject. That Announcement amended the Selling Guide at Part VII, Section 104.11, Maximum Allowable Points and Fees, and Part VII, Section 104.15, High-Cost/High-Risk Mortgages.

This Announcement establishes January 1, 2007 as the effective date for the amendments contained in Announcement 06-04 (instead of June 1, 2006), and further amends Part VII, Section 104.15, High-Cost/High-Risk Mortgages, which states that a mortgage loan is not eligible for purchase by Fannie Mae if it is subject to the requirements of the Home Ownership and Equity Protection Act of 1994 (HOEPA), as follows:

Fannie Mae will not purchase or securitize a mortgage loan if the "annual percentage rate" or "points and fees payable by the borrower" (as each such term is calculated under HOEPA) exceeds the maximum thresholds described under HOEPA. This prohibition applies to unsecured manufactured housing loans and all types of mortgage loans that finance owner-occupied primary residence properties, including purchase money mortgage loans, refinance transaction mortgage loans, and closed-end subordinate liens. This prohibition does not apply to mortgage loans secured by investment properties or second homes, open-end home equity lines of credit, or reverse mortgage loans.

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Lenders should contact their Customer Account Team if they have questions about this Announcement.

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