



## Freddie Mac LPA Subsidy FAQ

**\*\*Please Note\*\***

### **This change is effective with new locks/reservations on or after November 9th.**

This notification is to address inquiries arising regarding the TSAHC LPA Subsidy and its disclosure on TRID Documentation. Ultimately, Lakeview would defer originating lenders to their Compliance Departments on how to ensure their loans are compliant with all agencies, federal, state, and local regulatory guidelines. The information we are sharing should not be interpreted as legal or regulatory compliance guidance, simply a list of scenarios that Lakeview has deemed acceptable, or not, in disclosing the TSAHC LPA Subsidy on TRID documentation.

#### Acceptable

- 1) Charging borrower 1% origination and offsetting with a 93-bps credit
- 2) Charging borrower 1% origination and reflecting 7 bps paid by borrower and 93 bps paid by lender.

#### Unacceptable

- 1) Not listing the TSAHC LPA Subsidy on the Final CD
- 2) Charging the consumer > 7 bps **net** origination charge on a Freddie TSAHC Loan
  - a. "Net Charge" means the borrower can be charged 1% origination however the 93 bps **must** be disclosed on the CD to offset the 1% origination.

The scenarios above are not the entirety of what is or is not acceptable, they simply are the most relevant and frequently asked inquiries we've had, thus far. The main concepts we're reviewing are: 1) Was the borrower, overall, charged more than 7 bps in origination and 2) was the TSAHC LPA Subsidy disclosed on the Final CD. Not adhering to either of those concepts will require either a PCCD, Principal Reduction, or both.

Should you have any further questions or concerns on the specifics of fee/credit placement, we advise you to contact your internal Compliance Departments. If it's an item you believe Lakeview should opine on, do not hesitate to contact your Client Manager with Lakeview for review.

#### **Q. If the loan was reserved prior to November 9<sup>th</sup>, can I still give my buyer the .93% credit?**

A. No, this is only available on files locked on and after November 9<sup>th</sup>.

#### **Q. Can this credit be applied for Fannie Mae HFA Preferred Loans using Desktop Underwriter (DU) as well?**

A. No, this is only available on Freddie Mac HFA Advantage files run through LPA.

#### **Q. How will the .93% (93-basis points) appear on the Closing Disclosure?**

A. We defer to your internal compliance department to determine how to disclose. The maximum origination charge to the buyer should be .07% (7-basis points).

#### **Q. Why is there a condition on my conventional file in the Lender Portal?**

A. This is simply an "FYI" condition to remind you about the new credit to ensure you disclose it properly prior to closing. This will not affect your file commitment.

**Q. Does this affect the lender's SRP compensation?**

A. No, your SRP will remain at 1.5%. The .93% credit will be reimbursed to the lender by Lakeview during the loan purchase. This is as long as the buyer is not charged more than a NET .07% (7-basis points).

**Examples:**

Freddie Mac loan with new subsidy:

- $1.5\% \text{ SRP} + .07\% \text{ origination charge on CD} + .93\% \text{ Freddie subsidy (reimbursed by Lakeview)} = 2.5\% \text{ Total Lender Compensation}$
- $1.5\% \text{ SRP} + 0\% \text{ origination charge} + .93\% \text{ credit} = 2.43\% \text{ Total Lender Compensation}$  (in this scenario the lender is absorbing the .07% to allow the borrower to get the full 1% credit)
  - Again, the lender is not required to absorb the .07%, it is only welcomed.