



MEMORANDUM

DATE: October 2, 2001

TO: Reverse Mortgage Lenders

FROM: Katrina Jones
Director, Product Development

SUBJECT: Reverse Mortgage Letter 2001-5
Change in FHA HECM Margins

Fannie Mae will be changing the required margins for the FHA Home Equity Conversion Mortgages (HECM) submitted to us for purchase. Effective on October 19, 2001, all applications taken must include the new margins of 1.50% for the monthly adjusting HECM and a margin of 2.10% for the annually adjusting HECM. All applications taken prior to October 19, 2001 must be delivered to Fannie Mae for purchase prior to November 30, 2001. All loans delivered to Fannie Mae for purchase on or after November 30, 2001 must include the new margins.

The terms of this letter modify the Fannie Mae Reverse Mortgage Selling and Servicing Guide.

If you have any questions, please contact Ben Fazeli at (202) 752-2226 or email him at ben_fazeli@fanniemae.com.