

## Review APR Spread Loan Delivery Data

Fannie Mae is requesting that lenders review their loan delivery data submissions to ensure that they deliver the correct data for APR Spread.

### Overview

Fannie Mae requires that lenders provide the “APR Spread above the applicable ‘Average Prime Offer Rate’” in field 143 of the [2000-Character Loan Delivery File Format](#) on eFannieMae.com. As described in the [Field Definitions for the 2000-Character Loan Delivery File Format](#) on eFannieMae.com, this field is intended to capture the spread, or difference, between the loan’s annual percentage rate (APR) and the average prime offer rate. A recent review by Federal Housing Finance Agency (FHFA) indicates that some lenders have mistakenly entered APR rather than the required APR Spread amount, or they have entered a value in the field which should have remained blank.

Fannie Mae provides APR Spread data it receives from lenders to FHFA. By collecting similar data from lenders and Fannie Mae, FHFA is able to compare the characteristics of the loans originated by a broad cross-section of originators with the characteristics of the loans Fannie Mae purchases. Such comparisons help ensure that Fannie Mae achieves its mission of providing liquidity to the housing finance market.

If a loan’s APR is mistakenly included in the Loan Delivery field designed to accept APR Spread, it can cause striking aberrations in the data. For example, a loan with an APR of 5% might exceed the average prime offer rate by less than 1.5 percentage points. The correct submission of Home Mortgage Disclosure Act (HMDA) data in such an instance would be to leave the field blank, as HMDA does not require a lender to provide an APR Spread if the value is less than 1.5 percentage points. When a lender places the APR of 5% in the APR Spread field, it appears that the loan had an APR of the current average prime offer rate *plus* 5 percentage points.

### Action Requested

Please review your loan delivery data submitted in connection with 2010 deliveries to ensure that the APR Spread was properly calculated and delivered to Fannie Mae. In the event you determine that your company has submitted incorrect data in the APR Spread field, please let me know immediately so that we can work with you to correct the data.