



**Announcement 17-17**

**Date: April 26, 2017**

**Topic: Rural Housing Procedural Notices 494 and 495: Net Tangible Benefit and Hazard Insurance Deductible Updates**

Net Tangible Benefit (NTB)

Rural Housing requires that borrowers receive a Net Tangible Benefit on Streamlined-Assist transactions.

Previously, NTB was defined as a \$50 or greater reduction in the principal, interest, taxes and insurance (PITI) which includes the annual fee payment on the new guaranteed loan when compared to the existing PITI including the annual fee payment.

Effective immediately, PennyMac is aligning with Rural Housing's update to NTB definition. NTB is now defined as a \$50 or greater reduction in the principal, interest, and annual fee (PI+A) payment on the new guaranteed loan when compared to the existing PI+A payment.

Hazard Insurance Deductible

Previously, Rural Housing allowed a maximum hazard insurance deductible of up to 5% of the hazard policy's coverage limits.

Effective immediately, PennyMac is aligning with Rural Housing regarding hazard insurance deductibles and allowing a maximum hazard insurance deductible of the greater of \$1,000 or 1 percent of the hazard policy's coverage limits.

Please contact your Sales Representative with any questions.