



Announcement 17-25

Date: August 2, 2017

Topic: Fannie Mae Student Loan Refinance Program and ARM LTV Increases

Student Loan Refinance Program

Effective with DU version 10.1 runs dated on or after July 29, PennyMac is pleased to announce that the cash-out LLPA can now be waived on loans using Fannie Mae's Student Loan Refinance program.

Loans may be locked on or after August 7 as standard cash-out transactions. PennyMac will review and adjust the pricing once the loan is delivered. Loans must have the special feature code (SFC) 841 on the DU in order to be eligible for the LLPA waiver.

Loans must meet PennyMac's and Fannie Mae's requirements for waiving the cash-out LLPA, including all of the following guidelines:

- Only student loans may be paid off
- DU must return the Student Loan Cash-out messaging and SFC 841
- Standard cash-out LTV/CLTV/HCLTV ratios apply
- At least one student loan must be paid off with loan proceeds, meeting all of the following requirements:
 - proceeds are paid directly to the student loan provider,
 - at least one borrower must be obligated on the student loan being paid off, and
 - the student loan must be paid in full.
- Borrowers may receive up to the lesser of \$2,000 or 2% of the loan amount as incidental cash back

ARM LTV Increase

Effective with DU Version 10.1, Fannie Mae is updating the maximum allowable LTV, CLTV, and HCLTV ratios (LTV ratios) for adjustable-rate mortgages (ARM) to align with fixed-rate mortgage LTV ratios for all transaction, occupancy, and property types, up to a maximum of 95%.

Correspondents may lock loans on or after August 7, and PennyMac will begin accepting deliveries of these loans on or after August 21.

Please contact your Sales Representative with any questions.