



**Announcement 18-05**

**Date: January 28, 2018**

**Topic: FNMA SEL 2017-10: Title in an LLC and Premium Pricing**

For all DU approved conventional loans, PennyMac is aligning with the updates announced in Fannie Mae SEL 2017-10, including but not limited to the below. All updates are effective immediately.

Title Held in an LLC

Previously, Fannie Mae generally required a property to have been purchased or acquired by the individual borrower a minimum of six months prior to the disbursement date of the cash-out refinance.

Effective immediately, for all DU approved conventional loans, PennyMac is aligning with Fannie Mae's update and allowing the time title to the property was held in an LLC that is controlled or majority owned by the borrower(s) to count towards the borrower's six-month ownership requirement. In order to close the refinance transaction, ownership must be transferred out of the LLC and into the name of the individual borrower(s).

Premium Pricing

Fannie Mae recently clarified their requirements on premium pricing. PennyMac aligns and will continue to align with Fannie Mae's requirements for premium pricing on all DU approved conventional loans. As a reminder,

- The lender credit cannot be used to fund any portion of the borrower's down payment or reserves, and should not exceed the amount needed to offset the borrower's closing costs.
- A lender credit derived from premium pricing is not considered an interested party contribution even if the lender is an interested party to the transaction.

Please Fannie Mae's Seller Guide for complete details on the use of premium pricing.

Please contact your Sales Representative with any questions.