

Announcement # 26-06**Date:** January 20, 2026

Fannie Mae Updates to HomeStyle Renovation Program

Effective January 20, 2026, Pennymac is aligning with Fannie Mae Selling Guide Announcement SEL-2025-10 regarding updates to the HomeStyle Renovation program. These updates include the following:

Increased Flexibility for Initial Renovation Disbursement

- Up to 50% of the total renovation costs at closing may be funded with an initial draw. A portion of this initial draw may be used to pay for permits, architect fees, and other eligible renovation-related costs.

Clarification for HomeStyle Renovation Limited Cash-Out Refinance Transactions

- HomeStyle Renovation limited cash-out refinance transactions may be used to buy out a co-owner's interest, such as in cases of inheritance or divorce, while completing renovations.
- Borrowers may not receive any cash proceeds from these transactions, including those typically permitted under standard limited cash-out refinance eligibility requirements.

Fannie Mae will update DU to reflect these changes in a future release.

Additionally, Pennymac is making the following update to our HomeStyle Renovation product profile to allow for greater flexibility:

Update to HUD-Approved Consultant Requirements

- The threshold for requiring a HUD-approved consultant has been increased from \$15,000 to \$50,000.
- As a reminder, Pennymac requires the use of a HUD-approved consultant to assist with managing the project and draw requests when repairs or renovations exceed \$50,000, or when any structural work is required.

Refer to the Pennymac Product Profile and the Fannie Mae Selling Guide for additional information and complete requirements.

Note: As a reminder, Fannie Mae HomeStyle Renovation is available for approved clients only.

Please contact your Sales Representative with any questions.