



FNMA Changes effective immediately for DU loans only- 5-3-17

Student Loan Payment Calculation:

If a payment amount is provided on the credit report, that amount can be used for qualifying purposes. If the credit report does not identify a payment amount (or reflects \$0), the lender can use either 1% of the outstanding student loan balance, or a calculated payment that will fully amortize the loan based on the documented loan repayment terms.

Debts Paid by Others- Non-Mortgage debts:

If the lender obtains documentation that a non-mortgage debt has been satisfactorily paid by another party for the past 12 months, then the debt can be excluded from the debt-to-income ratio. This policy applies regardless of whether the other party is obligated on the debt. **This policy does not apply if the other party is an interested party to the subject transaction (such as the seller or realtor)*

Student Loan Cash-out Refinance- LLA for cash out will be waived when all requirements met

Student Loans Eligible for Payoff	<ul style="list-style-type: none"> At least one student loan must be paid off. Loan proceeds must be paid directly to the student loan servicer at closing. Only student loans for which the borrower is personally obligated can be paid through the transaction. Student loan debt must be paid in full with the proceeds – partial payments of student loan debt are not permitted. 	New policy
Eligibility	The standard cash-out refinance LTV, CLTV, and HCLTV ratios apply per the <i>Eligibility Matrix</i>	Aligns with cash-out refinance
Underwriting Method	DU only	New policy
Maximum Cash Back	Lesser of 2% or \$2k (over and above the student loan payoff)	Aligns with limited cash-out refinance
Mortgage Payoff	1st mortgage and purchase-money seconds	Aligns with limited cash-out refinance
Other Requirements	<ul style="list-style-type: none"> Property cannot be listed for sale at time of disbursement Payoff of taxes ineligible unless escrow account is established Payoff of delinquent taxes ineligible 	Aligns with limited cash-out refinance

Truncated Asset Account Numbers:

Truncated or masked account numbers for bank and portfolio or investment accounts where at least the last four digits are displayed are permissible on the loan application, in DU, and on asset documentation, including verification reports obtained through the DU validation service.

Properties Listed for Sale in the Previous Six Months:

The current policy on cash-out refinances has been updated to eliminate the additional eligibility restrictions that apply when a property has been listed for sale in the previous six months. With this update, properties that were listed for sale must have been taken off the market on or before the disbursement date of the new mortgage loan.

Project Eligibility Review Waiver for Fannie Mae to Fannie Mae Limited Cash-Out Refinances:

Waiving the project eligibility review for certain **Fannie Mae-owned** loans that are being refinanced as a limited cash-out refinance. The lender must confirm the following:

- * the loan-to-value ratio is no higher than 80% (CLTV or HCLTV ratios may be higher);
- * the project has the required project-related property and flood insurance coverage; and
- * the project is not a condo hotel or motel, houseboat project, or a timeshare or segmented ownership project.