

## WHOLESALE PRODUCT & PRICING BULLETIN 2017-04 GUIDELINE UPDATE

**Below is a summary of changes effective May 5, 2017. Please see the full guidelines for specific details regarding these changes.**

### Conventional

#### ***1.05.13 Debts Paid by Others/Contingent Liabilities***

- **DU FILES**

If documentation is obtained that a non-mortgage debt has been satisfactorily paid by another party for the past 12 months (cancelled checks, bank statements with drafts), then the debt can be excluded from the DTI. The paying party does not have to be listed as a borrower on the obligation nor is it required that the liability be a joint loan or co-signed/guaranteed obligation.

#### ***1.05.19 Student Loans***

- **FOR DU TRANSACTIONS:**

If a payment is provided on the credit report, that payment may be used for credit qualifying. If no payment is provided, a credit supplement or a creditor statement/letter providing the payment may be used. If the payment is \$0.00 or cannot be verified, then the payment must be calculated at 1% of the outstanding student loan balance OR a calculated payment that will fully amortize the loan based on documented loan repayment terms.

#### ***1.09.02.07 Special Condo Project Eligibility (DU ONLY)***

- Condo Project Eligibility and Review is not required on a Limited Cash-out Refinance when the existing loan is identified as a Fannie Mae owned loan and the following requirements are met:
  - The LTV is < 80% (CLTV, HCLTV ratios may be higher)
  - The project has the required project-related property insurance and flood insurance coverage
  - The project is not a condo hotel/motel, houseboat project or a timeshare or segmented ownership project.
  - The loan must be entered with Project Type Code V

#### ***1.09.03 Student Loan Cash-out Refinance (DU ONLY)***

The Student Loan Cash-out Refinance allows a borrower to pay off student loan debt with current home equity without paying cash-out loan level pricing adjustments.

***1.09.03.01 Eligibility and Requirements:***

- LTV, CLTV and HCLTV ratios are per the standard Cash-Out eligibility requirements.
- 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 are eligible for payoff. Partial student loan payoffs are not acceptable.
- The loan may payoff a first mortgage lien, a purchase money second and the qualifying student loans.
- The borrower is limited the lesser of 2% or \$2K cashback at closing.
- The property cannot be listed for sale at the time of disbursement
- Payoff of taxes are ineligible unless an escrow account is established.
- Payoff of delinquent taxes is ineligible.
- Loan must be delivered with Special Feature Code 841.

**1.09.04 Cash-Out Refinance**

- Properties listed for sale must have been taken off the market prior to disbursement of the new mortgage loan.

***All of these changes are reflected in the full guidelines - Version 4.10.17***