



Announcement 2017- 36

Fannie Mae Program Updates

Planet Home Lending is updating its underwriting guidelines to reflect the recent changes made by Fannie Mae.

Debt-To-Income Ratios – (Effective immediately)

Fannie has simplified the DTI ratio requirements to exclude any additional compensating factors outside of DU's standard risk assessment to support ratios > 45%. DTI's up to 50% are allowed on all Approve/Eligible recommendations based on the risk assessment. This change does not affect PHL's current policy to accept DTI with a DU Approve/Eligible or LPA Accept/Eligible Finding.

ARM Increased LTV Ratios

Fannie has aligned its ARMs LTV/CLTV/HCLTVs with the existing Fixed Rate LTV/CLTV/HCLTVs, to a maximum of 95% on all transactions, occupancy, and property types (review matrix below).

ARMs Matrix:

PURCHASE			RATE/TERM REFINANCE			CASH-OUT REFINANCE		
Occupancy	Unit	LTV/CLTV/HCLTV	Occupancy	Unit	LTV/CLTV/HCLTV	Occupancy	Unit	LTV/CLTV/HCLTV
Primary	1	95%	Primary	1	95%	Primary	1	80%
	2	85%		2	85%		2-4	75%
	3-4	75%		3-4	75%			
2 nd Home	1	90%	2 nd Home	1	90%	2 nd Home	1	75%
Investment	1	85%	Investment	1-4	75%	Investment	1	75%
	2-4	75%				Investment	2-4	70%

Disputed Tradelines - (Effective immediately)

The risk assessment and messaging for disputed tradelines has been simplified on new loan casefiles submitted to DU Version 10.1 on or after July 29, 2017. DU will assess the loan considering any disputed tradelines and determine whether or not further investigation is required. Refer to the Distributed Tradeline section in the Fannie Mae Selling Guide for complete requirement details.

Alimony Treatment - (Effective immediately)

There are now two options available with regard to alimony paid by the borrower as summarized below.

1. The borrowers monthly qualifying income can be reduced by the amount of the monthly alimony payment, or
2. Included as a monthly payment in the DTI calculation.

– Lenders utilizing option 1

- Must enter the adjusted income figure as the income amount in DU
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- Disregard the DU message requiring the inclusion of the alimony obligation as a monthly liability that is issued whenever the borrower declares on the loan application that they are obligated to pay alimony.

– Lenders utilizing option 2

- Follow the standard requirements as outlined in the *Monthly Debt Obligations* section of the Selling Guide.

Note: Lenders must continue to obtain documentation confirming the amount of the alimony obligation.

Mortgages Paid By Others – (Effective immediately)

When a borrower is obligated on a mortgage debt – but not the party who is repaying the debt – the Seller may exclude the monthly mortgage payment from the calculation of the DTI ratio when:

- The party making the payments is obligated on the mortgage debt, and
- The most recent 12-month payment history with no delinquencies is documented.

Student Loan Clarification (Effective immediately)

In addition to the ability to payoff student debt through a limited cash-out option [\(2017-01-04\)](#), an additional option to allow the lender to qualify the borrower using the \$0 payment.

If the lender obtains documentation showing evidence that the monthly payment is \$0, the lender may qualify the borrower with the \$0 payment as long as the \$0 payment is associated with an income driven repayment plan.

Employment Offers or Contracts – (Effective immediately)

Fannie Mae has added an additional option to qualifying a borrower using future employment income. Fannie will accept loans prior to the borrower starting the new employment on in the following cases:

- Employment starts within 90 days of the note date,
- 1 unit principal residence, purchase only transactions,
- Borrower must not be employed by a family member or interested party to the transaction and ,
- Borrower is qualified using only fixed base income.

Refer to the Fannie Mae Selling Guidelines for complete requirement details.

PHL will follow agency guidelines as outlined above. All documentation will be updated as applicable.

Please contact your Regional Sales Manager with additional questions.