



From the Desk of Carlos Perez
Chief Credit Officer for Single Family

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Executive Overview of *Selling Guide* Updates

In our April *Selling Guide* update, we made several policy changes related to borrowers with student loan debt. The updates are designed to make your job simpler and more efficient, and help you serve more borrowers. Below is a summary of those and other important *Selling Guide* updates:

- **Student Loan Debt Solutions.** Student loan debt impacts millions of Americans. Fannie Mae is simplifying our policies and helping lenders serve borrowers with student loan debt in the following ways:
 - *Simplifying debt-to-income (DTI) ratio calculations for student loan debt:* lenders can now accept the student loan debt payment amount listed on a credit report. If student loan debt does not appear on the report, lenders can use 1% of the outstanding debt or a manually calculated, fully amortizing payment. This simpler approach will be easier for lenders, and may allow more borrowers with student debt to qualify for a mortgage loan.
 - *Excluding debt paid by others, potentially lowering a borrower's DTI ratio:* with acceptable 12-month documentation, lenders can exclude debt paid by others (such as a parent, but it can be anyone).
 - *Offering homeowners an option to pay off student loan debt and potentially get a better interest rate:* lenders can offer borrowers with at least 20 percent equity in their home a cash-out refinance to pay off one or more of their student loans in full. We'll waive the loan-level price adjustment for a cash-out refinance.
- **Waiving Project Reviews for Fannie Mae to Fannie Mae Refinances.** For condo and PUD loans already on Fannie Mae's books, we are waiving the requirement for project eligibility reviews on limited cash-out refinances to a new Fannie Mae loan (certain restrictions apply).
- **Cash-Out Refinance Simplification.** We no longer require properties to be off the market for the past six months to qualify for a cash-out refinance.

This *Selling Guide* update contains additional changes, including improvements to our streamlined Project Eligibility Review Service process to lengthen the maximum expiration timelines, permitting truncated asset account numbers to further protect borrower data, eliminating the processing fee for Flash MBS® settlements, providing more flexibility with the Servicing Execution Tool™, and some miscellaneous updates.

See [Announcement SEL-2017-04](#) for details.

Thank you for your feedback and partnership as we work to make homeownership a reality for more borrowers and improve the way you do business with us. I look forward to continuing our innovative work with you!

Carlos Perez