



WHOLESALE BULLETIN

IMPORTANT INFORMATION: PLEASE READ IMMEDIATELY

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17W-036

Attention: Business Development Managers & Mortgage Brokers

May 2, 2017

Please take a moment to read the important information contained in this bulletin.

Included in this Bulletin: [April 2017 Fannie Mae Changes](#)

Effective immediately on all conventional loans in the pipeline and new originations, Mountain West Financial is proud to announce the following changes –

Fannie Mae Moves to Help Those With Student Loan Debt

Homebuyers burdened by student loan debt will be able to get more from new Fannie Mae policies.

Student Loan Payment Calculation

When the credit report indicates a payment amount, that payment 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.

Current Desktop Underwriter (DU) message issues when an installment debt on the loan application does not include a monthly payment will be updated in a future release to reflect this new guidance. Until then, please disregard the statement in the message specifying the previous policy and follow the new guidance.

Debts Paid by Others

Non-mortgage debt may be excluded from the debt to income ratio, provided that the debt has been satisfactorily paid by another party for the past 12 months, **regardless of whether the other party is obligated on the debt.** Documentation for the most recent 12 months must be provided showing other party paying debt. Non-mortgage debts include debt such as installment loans, student loans, etc.

Note: This does not apply if the other party is an interested party to the subject transaction (such as the seller or realtor).

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

For certain Fannie Mae-owned loans being refinanced as limited cash out refinances, the project eligibility review may be waived.

The following applies:

- Loan must be a current Fannie Mae-owned loan
- 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, a timeshare or segmented ownership project, or co-op.

DU message regarding project review requirements will be modified in a future release. Project Type Code "V" to be used and any applicable Special Feature Codes.

Properties Listed for Sale in the Previous Six Months

Cash Out Refinance – Properties that were listed for sale in the previous 6 months must have been taken off the market on or before the disbursement date of the new mortgage loan.

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.

Student Loan Rate/Term and Cash Out Refinances

Further information forthcoming at a later date.

Author: Underwriting