



Announcement 16-19

Date: May 24, 2016

Topic: Release of the USDA Rural Housing Streamlined-Assist Refinance Program

USDA Rural Housing published a Final Rule May 3, 2016, updating its refinance programs.

Effective with loan commitments issued on or after June 2, 2016, PennyMac is aligning with USDA Rural Housing's release of the Streamlined-Assist refinance program.

The Streamlined-Assist is modeled after and is replacing the Pilot program. The Streamlined-Assist program differs from traditional refinance programs in that there is no requirement for an appraisal, review of credit history, or the calculation of debt-to-income ratios. Existing Rural borrowers must be of low to moderate income and have been current on the first mortgage for the previous twelve months.

Properties located in all states will be eligible for the Streamlined-Assist program. Borrowers must receive a net tangible benefit of \$50 or greater reduction in the principal, interest, taxes and insurance (PITI) plus annual fee payment on the new guaranteed loan when compared to the existing PITI plus annual fee payment. In addition, the new interest rate may not exceed the interest rate of the loan being refinanced. Existing PennyMac overlays on the Pilot Program continue to remain in effect for the Streamlined-Assist.

Rural Housing should be updating the Technical Handbook with additional details regarding the Streamlined-Assist June 2, 2016. Additional requirements may apply.

Please contact your Sales Representative with any questions.