



# Announcement

## Announcement # 21-105

**Date:** 12/23/21

### Topic: Net Tangible Benefit Updates on FHA Streamline Refinances

Effective with case numbers assigned on or after 1/24/2022, PennyMac will be aligning with the updated FHA Streamline Refinance Net Tangible Benefit (NTB) requirements announced on 10/26/2021 in FHA Info #21-90, *FHA Publishes Updates to Single Family Housing Policy Handbook 4000.1*.

The below table provides a comparison of FHA’s current and new NTB requirements:

(Note: FHA’s options for meeting NTB without requiring a term reduction remain the same.)

Net Tangible Benefit of FHA Streamline Refinances	
Current Requirements	NEW Requirements
<p>NTB may also be met when all of the following are met:</p> <ul style="list-style-type: none"> <li>• The loan term is reduced, and               <ul style="list-style-type: none"> <li>◦ <i>Non Delegated: The remaining unpaid mortgage term is reduced by a <b>minimum of one year</b></i></li> </ul> </li> <li>• <b>On a Fixed Rate to Fixed Rate:</b> the new combined interest rate* is below the prior combined interest rate, or <b>On an ARM to a Fixed Rate:</b> the new combined interest rate is no more than two percentage points above the prior combined rate, and</li> <li>• The combined PI+MIP <i>payment</i> of the new mortgage does not exceed the combined PI+MIP of the refinanced mortgage by more than \$50.00</li> </ul>	<p>NTB may also be met when all of the following are met:</p> <ul style="list-style-type: none"> <li>• <i>The remaining unpaid mortgage term is reduced by a <b>minimum of three years</b></i>, and</li> <li>• <b>On a Fixed Rate to Fixed Rate:</b> the new combined interest rate* is below the prior combined interest rate, or <b>On an ARM to a Fixed Rate:</b> the new combined interest rate is no more than two percentage points above the prior combined rate, and</li> <li>• The combined PI+MIP <i>payment</i> of the new mortgage does not exceed the combined PI+MIP of the refinanced mortgage by more than \$50.00</li> </ul>

\*The term combined interest rate refers to the interest rate on the mortgage plus the mortgage insurance premium (MIP) rate.

Please contact your Sales Representative with any questions.