

## Announcement # 21-91

**Date:** November 4, 2021

**Topic:** November Product Highlight | FNMA Student Loan Solutions

### DID YOU KNOW?

- Student debt is the second-largest source of household debt, trailing only mortgage debt after having surpassed both auto loan and credit card debt in 2010.
- Student debt totaled nearly \$1.6 trillion in 2020, more than twice the outstanding total in 2008 of \$600 billion.
- The average interest rate was 4.12% for federal student loans and 5.8% for all student loans (federal and private), both higher than the 3.14% average rate for a 30 year fixed mortgage.<sup>1</sup>

The Fannie Mae Student Loan Cash-out is a conventional refinance mortgage product designed to assist borrowers who carry student loan debt. It is uniquely positioned to lessen the financial burden of student loan payments from homeowners by offering benefits such as:

- Consolidate an existing mortgage and student loan debt(s) into one loan, simplifying debt repayment
- Flexibility to pay off high interest rate student debt while potentially refinancing to a lower mortgage interest rate (interest rates range from 3.73% to 6.28% for Federal student loans taken out from July 2021 – July 2022 as per [Student Aid](#))
- Waive the Cash-out LLPA as long as least one student loan is paid off in full with the cash-out proceeds and appropriate program criteria are met

The Student Loan Cash-out can be a strategic refinancing option for both young professionals and for established homeowners who may have taken out student loans in their name(s) for their children.

PennyMac offers the FNMA Student Loan Cash-out for our Delegated and Non-Delegated Correspondents as part of our [Standard Fannie Mae](#) program.

Please contact your Sales Representative with any questions.

<sup>1</sup> Student loan rates as of 10/29/2021 per EducationData.org. Mortgage rate as of 10/28/2021 per Freddie Mac Primary Mortgage Market Survey.