



Announcement 18-14

Date: March 19, 2018

Topic: FNMA SEL 18-02 Updates to the HomeStyle Program

For all DU approved conventional loans, PennyMac is aligning with the updates announced in Fannie Mae SEL 2018-02, with the exception of the HomeStyle Energy updates. Updates include but are not limited to the below. Effective dates are listed below.

HomeStyle Renovation

PennyMac currently allows approved lenders to delivery HomeStyle Renovation loans.

Effective with DU runs on or after March 19, 2018, PennyMac is aligning with many of Fannie Mae's updates to the HomeStyle Renovation program. Updates include, but are not limited to:

- Maximum LTV increased to 97%.
 - Borrowers must continue to meet all other requirements for LTVs between 95.01-97%.
- The limit on eligible renovation funds increased to 75%.
- Lenders may release material draws at the beginning of the project for the purpose of acquiring materials that are identified in the project estimate - up to 50% of the total up-front material costs.
- Up to 6 mortgage payments (PITIA) may be included as part of the renovation costs and held in a separate escrow account.

Manufactured homes continue to remain ineligible for all programs, including HomeStyle Renovation. In addition, PennyMac is retaining the requirement for a contingency reserve account for all HomeStyle renovation loans. Any PennyMac overlays are indicated on the HomeStyle Product Profile with an underline.

Due to the significant number of changes, PennyMac recommends Lenders review the Fannie Mae Selling Guide for complete details.

Lenders must be specifically approved by PennyMac to deliver HomeStyle Renovation loans. Please contact your Sales Representative for information on how to be approved.

HomeStyle Energy

HomeStyle Energy loans will continue to remain ineligible for purchase due to the lack of DU support.

Please contact your Sales Representative with any questions.