

**Announcement # 23-54****Date:** August 14, 2023

## **Fannie Mae 2023-06 Updated Eligibility Requirements for Limited Cash-Out Refinances**

Pennymac is aligning with Fannie Mae's required update on the eligibility requirements for limited cash-out refinances, announced in SEL-2023-06.

Effective with loan applications on or after 9/1/2023, Fannie Mae limited cash-out refinance transactions require at least one borrower on the new loan to be an owner (on title) of the subject property at the time of the initial loan application. Exceptions are allowed with documented evidence:

- The borrower acquired the property through an inheritance or was legally awarded the property such as through a divorce, separation, or dissolution of a domestic partnership; or
- The property was previously owned by an inter vivos revocable trust and the borrower is the primary beneficiary of the trust.

*Pennymac has received confirmation from Fannie Mae that properties held in an LLC do not meet the ownership eligibility requirements, and cannot be considered as an allowable exception under SEL -2023-06. At least one borrower (individually) must be on title prior to the application date of the new loan.*

Note: DU messaging will be updated with a reminder message in a future release.

Please refer to Fannie Mae Selling Guide section B2-1.3-02 for complete details.

Please contact your Sales Representative with any questions.