

Announcement #25-76**Date:** October 06, 2025

Fannie Mae Limited Cash-Out Refinance Updates

Fannie Mae has announced updates to limited cash-out refinance transactions. The changes are effective for new loan casefiles submitted and existing casefiles resubmitted to Desktop Underwriter (DU) version 12.0 on or after the weekend of September 27, 2025. Pennymac is aligning with the changes.

Limited Cash-Out Refinance Transaction Updates

- The amount of cash back the borrower may receive in a limited cash-out refinance transaction will be increased from the lesser of 2% of the unpaid principal balance of the new mortgage or \$2,000, to the greater of 1% of the unpaid principal balance of the new mortgage or \$2,000.
- DU will be updated to reflect these new cash back limits and will require assets to be documented for liabilities being paid off with the transaction that exceed these new limits (vs. the current requirement for asset documentation for the entire amount of non-subject liabilities being paid off with the transaction).

Note: The Fannie Mae Selling Guide will be updated Oct. 1, 2025, to include this policy change.

Please refer to the Fannie Mae Desktop Underwriter/Desktop Originator September Release Notes for full details on the change.

Please contact your Sales Representative with any questions.