

Selling Guide Announcement SEL-2012-11

October 11, 2012

Updates to Eligible Existing Loan Requirements for DU Refi Plus™ Mortgage Loans

Fannie Mae is updating the eligibility requirements for mortgages with certain types of credit enhancement or mortgage insurance coverage for DU Refi Plus mortgage loans.

Existing loans with investor-paid mortgage insurance (primary or pool coverage) necessary to meet Fannie Mae's minimum credit enhancement requirements applicable to loans with LTV ratios greater than 80% are now eligible for DU Refi Plus financing. Lenders must work with the applicable mortgage insurance company to convert the existing mortgage insurance to borrower-paid or lender-paid coverage. If the coverage cannot be converted from investor-paid coverage, the existing loan will remain ineligible for refinance under DU Refi Plus.

NOTE: A small number of loans currently insured with investor-paid coverage with Triad Guaranty Insurance Corporation will continue to be ineligible for refinancing under DU Refi Plus. There are no changes for loans currently insured by Triad Guaranty Insurance Corporation with borrower-paid or lender-paid coverage – these loans remain eligible for refinancing under DU Refi Plus.

Effective Date

The DU Refi Plus database will be updated on October 13, 2012, to include existing mortgage loans with investor-paid mortgage insurance coverage (with the exception of loans insured by Triad). For DU Refi Plus loan casefiles for which the borrower is refinancing an existing loan with this type of coverage, the Desktop Underwriter® Underwriting Findings report will identify the mortgage insurance provider, the existing mortgage insurance certificate information, and the coverage amount that must be converted to borrower-paid or lender-paid mortgage insurance. This information will enable lenders to more efficiently convert the coverage with the applicable mortgage insurance provider.

Refi Plus Mortgage Loans

For Refi Plus™ mortgage loans, existing loans with investor-paid mortgage insurance (primary and pool coverage) necessary to meet Fannie Mae's minimum credit enhancement requirements applicable to loans in excess of 80% loan-to-value ratios will remain ineligible. However, Fannie Mae will continue to look for solutions for refinancing existing loans with investor-paid coverage. Additional information will be communicated when it becomes available.

This update will be reflected in the next update of the *Selling Guide*.

Lenders who have questions about this Announcement should contact their Account Team.

John Forlines
Senior Vice President
Chief Credit Officer for Single-Family