



Corporate Headquarters ■ NMLS#64524



WHOLESALE ANNOUNCEMENT 16-14

February 26, 2016

FNMA SELLING GUIDE ANNOUNCEMENT SEL-2016-02

As per FNMA Selling Guide Update [SEL-2016-02](#), Platinum Mortgage will make the following changes to the FNMA guidelines effective immediately:

Continuity of Obligation

The continuity of obligation policy is being eliminated in its entirety.

This policy was introduced during the financial crisis, to ensure borrowers who recently acquired ownership of a new property in the absence of a recorded sale of the previous property were properly qualified and it applied to all limited cash-out and cash-out refinance transactions. Since this policy was introduced, Fannie Mae has implemented a number of policy updates to improve the reliability of borrower qualification, broadened the collection of appraisal data, and developed Collateral Underwriter[®], an appraisal assessment tool. These actions collectively provide adequate controls to ensure borrower eligibility requirements and maximum LTV ratio limits are met. As a result, the continuity of obligation policy is no longer required. The elimination of this policy will simplify refinance transactions. The Desktop Underwriter[®] (DU[®]) messaging referencing continuity of obligation will be updated in a future release and may be disregarded until that time. Also, the reference to continuity of obligation on the *Eligibility Matrix* has been removed. The updated Matrix is available on Fannie Mae's website.

If you have any questions, please contact your Account Manager.