

Pennymac Correspondent AUS Jumbo Product Profile 02.23.24

Fixed Rate					
Owner Occupied					
	Units	Loan Amount	LTV/CLTV	Credit Score	Reserves Subject Property
Purchase and Rate Term	1-Unit	1,500,000	89.99%	700	Per AUS
		2,000,000		720	
		2,500,000	80%	720	18 months PITIA
		3,000,000		740	
	2-Unit	1,500,000	84.99%	720	Per AUS
		2,000,000		740	
		2,500,000	75%	720	18 months PITIA
		3,000,000		740	
Cash-Out	1-Unit	1,000,000	80%	700	Per AUS
		1,500,000		720	
		2,000,000		740	
		3,000,000	70%	740	18 months PITIA
	2-Unit	1,000,000	70%	700	Per AUS
		1,500,000		720	
		2,000,000		740	
Second Home					
Purchase and Rate Term	1-Unit	1,500,000	80%	700	Per AUS
		2,000,000		720	
		3,000,000	75%	740	18 months PITIA
Cash-Out	1-unit	1,500,000	70%	720	Per AUS
		2,000,000		740	

Fixed Rate					
Investment Property					
	Units	Loan Amount	LTV/CLTV	Credit Score	Reserves
Purchase and Rate Term	1-Unit Purchase	1,000,000	80%	700	Per AUS
		1,500,000		720	
		2,000,000		740	
		2,500,000	75%	740	18 months PITIA
	1-Unit Rate Term	1,000,000	75%	700	Per AUS
		1,500,000		720	
		2,500,000		740	18 months PITIA
	2-Units	1,000,000	70%	700	Per AUS
		1,500,000		720	
		2,500,000		740	18 months PITIA
Cash Out	1-Unit	1,500,000	70%	740	Per AUS
	2-Unit	1,500,000	65%	740	Per AUS
Follow applicable AUS agency guidelines for any issue not addressed below.					
Ability To Repay and Qualified Mortgage Rule	All loans must meet the Ability to Repay and Qualified Mortgage standards set forth in General QM Loan Definition of Reg. Z, effective April 1 2022, including the Safe Harbor Verification provisions, as codified in the official commentary to Regulation Z, comment 43(e)(2)(v)(B)-3.				
Age of Documents	<ul style="list-style-type: none"> For new and existing construction, credit documents must be no more than 4 months old (DU) or 120 days (LPA) on the date the note is signed, including credit reports and employment, income and asset documents. Preliminary Title Policies must be no more than 180 days old on the date the note is signed. 				
Appraisals	<ul style="list-style-type: none"> All appraisals must comply with applicable regulations and standards, including but not limited to USPAP, FIRREA, AIR, and HVCC compliance. One full appraisal for purchase transactions on loan amounts up to \$3,000,000 Two full appraisals for refinance transactions on loan amounts > \$2,000,000 Property inspection waivers are not eligible Unpermitted additions are not eligible Accessory units are acceptable when fully permitted and comply with zoning. Similar comps must be provided. 				
AUS	<ul style="list-style-type: none"> Loans must be underwritten through DU or LPA. Approve/Ineligible or Accept Ineligible due to loan amount only. Manual UW is not permitted. 				

Borrower Eligibility	<ul style="list-style-type: none"> • Maximum number of borrowers is four • U.S. citizens • Permanent resident aliens, with proof of lawful permanent residence • Nonpermanent resident alien immigrants with proof of lawful residence <ul style="list-style-type: none"> ○ There must be documented employment and income history including, but not limited to, two years of US tax returns, a history of visa renewals and no reason to believe employment will cease. • See Pennymac Non-US Citizen for Documentation Requirements • Foreign Nationals are not eligible • Borrowers who are a party to a lawsuit are ineligible. • All borrowers must have a valid Social Security Number • Non-occupant co-borrowers must share a relationship meeting gift donor under applicable Agency guidelines.
CEMA	<ul style="list-style-type: none"> • Refinance Only • Lost Note Affidavits (LNAs) are not allowed for prior or current notes

Credit

- Fraud Report (e.g., DataVerify or Fraudguard) required
 - Any potential findings must be satisfactorily cleared prior to close.
- No credit bureaus may be frozen. Borrowers must unfreeze all bureaus and the AUS rerun with updated credit.
- IRS Installment Agreements – must meet the following requirements:
 - IRS approved: The payment associated with the installment agreement must be included in the calculation of the borrower's debt payment-to-income ratio if there are more than 10 months of payments remaining under the agreement.
 - The loan file must include a copy of the installment agreement approved by the IRS verifying the payment terms, including the monthly payment amount and balance.
 - The loan file must contain documentation verifying that the borrower is *not* past due under the terms of the installment agreement.
 - There must be no indication, and the lender must have no knowledge that the IRS has filed a Notice of Federal Tax Lien for the taxes owed under the installment agreement.
 - Pending IRS approval: When a borrower has applied for an installment agreement and it is pending IRS approval, the following requirements must be met:
 - The application for the installment agreement reflecting the amount of taxes owed and requested payment terms must be documented in the loan file.
 - The greater of the monthly payment amount requested by the borrower or the amount of taxes owed divided by 72 must be included in the DTI ratio.
 - There must be no indication, and the lender must have no knowledge that the IRS has filed a Notice of Federal Tax Lien for the taxes owed under the installment agreement.
 - No more than two years may be on a tax repayment plan
- Contingent liabilities may only be excluded from the DTI with proof the borrower is not the primary obligor.
- Installment debt must be paid in full to be excluded. Borrowers may not pay down installment debts to less than 10 months to exclude
- Mortgage Payment History
 - Mortgages serviced by Pennymac: Utilize SSE to verify mortgage payment history for all mortgages regardless if they are the subject mortgage or other REO
 - Mortgages not serviced by Pennymac: The mortgage payment history reflected on the credit report can be used to meet mortgage payment history requirements
 - Private mortgages may be verified with cancelled checks or bank statements
 - If there is evidence the subject loan being refinanced, or any other mortgage the borrower is obligated to, is currently in forbearance the loan is ineligible (e.g., reflected on the credit report, mortgage statement, payoff statement, in SSE, etc.)
 - **For Fannie Mae DU loans only:** As a reminder, Fannie Mae requires the following: On the date of the loan application, the borrower's existing mortgage(s) must be current, which means that no more than 45 days have elapsed since the last paid installment. If the credit report does not reflect the above, proof the additional loan payments were paid on time is required. Refer to Fannie Mae Selling Guide B3-5.3-03

Second Home / Investment Properties / Non-Occupant Borrowers Current Housing Payment

- Borrowers must document their current housing expense with one of the following when they do not currently own a primary residence:
 - six months canceled checks or equivalent payment source;
 - six months bank statements reflecting a clear and consistent payment to an organization or individual
 - direct verification of rent from a management company or individual landlord; or

	<ul style="list-style-type: none"> ○ a copy of a current, fully executed lease agreement and two months canceled checks (or equivalent payment source) supporting the rental payment amount. • For second home transactions where the borrower is living rent-free, the borrower's rent-free status must be documented. A rent-free letter from a third party may be acceptable. • Non-occupant borrowers <ul style="list-style-type: none"> ○ Non-occupant co-borrowers must share a relationship meeting gift donor under applicable Agency guidelines. ○ Non-occupant co-borrowers must have a reasonable housing payment. Rent free is not acceptable.
Condominiums	<ul style="list-style-type: none"> • Condos must be Agency warrantable. Full, Limited/Streamlined reviews are acceptable • Limited Review allowed in accordance with Agency guidelines. Any reduction in LTV required for limited/streamlined review based on occupancy is applicable. • Projects in which the HOA is named as a party to pending litigation, or for which the project sponsor or developer is named as a party to pending litigation that relates to the safety, structural soundness, habitability, or functional use of the project are ineligible. • Projects with pending litigation that involves minor matters with no impact on the safety, structural soundness, habitability, or functional use of the project, may be eligible if the litigation meets applicable Agency requirements for minor matters. • Florida Condos are allowed in accordance with the underlying AUS Agency requirements. • New condos eligible with PERS approval only.
Derogatory Credit	<ul style="list-style-type: none"> • Minimum 7-year seasoning on all major derogatory credit events including bankruptcy (7, 11, 13) multiple bankruptcies, foreclosures, Deed-in-Lieu of Foreclosure, Pre-foreclosure Sale (Short Sale), Mortgage Charge-Off • Forbearance: 6 months timely consecutive payments post forbearance required. • Modifications: 6 months timely consecutive payments post forbearance required. The trial payment plan may be included in seasoning if the final modification payment is the same as the trial.
Disaster Policy	<ul style="list-style-type: none"> • Pennymac may require a post-disaster inspection when the appraisal occurred before the incident end date of the disaster. See Pennymac disaster policy located in the Seller's Guide for full details. • Non-Del Only: Disaster inspections may not be completed by the Lender. Acceptable inspection providers include, but are not limited to, the original appraiser or a post-disaster inspection company.

Documentation: Income
and Assets

- Determined by the AUS
- Follow GSE/AUS used for income and asset documentation, and verification requirements
- Handwritten verification documents including, Verification of Mortgages (VOM) or Verification of Rents (VOR), are not eligible
- Fannie Mae Day 1 Certainty or Freddie Mac Asset Income Modeler (AIM) relief is not applicable.

Income

- Capital gains income is not allowed. Capital gains losses do not need to be included.
- Income derived from the production or sale of marijuana is ineligible
- Income derived from Bitcoin and other virtual currencies is ineligible
- Non-taxable Income
 - Social Security Income (SSI)
 - Document regular receipt per requirements outlined in the Fannie Mae Selling Guide
 - 15% of Social Security Income (SSI) may be treated as non-taxable without having to provide documentation evidencing the nontaxable status. That amount can then be grossed-up by 25%

Example:

 - Social Security Benefit amount: \$1,500
 - Non-taxable amount: $\$1,500 \times 15\% = \225
 - Gross-up amount: $\$225 \times 25\% = \56 (rounded to the nearest dollar)
 - Qualifying income: $\$1,500 + \$56 = \$1,556$ (does not require additional documentation)
 - Note: If more than 15% of SSI is grossed-up, documentation to verify the income is non-taxable is required. Follow the requirements for the GSE/AUS used.
- Trust income is eligible, the following requirements apply regardless of GSE
 - If any assets from the trust are being used for down payment, closing costs, or reserves, those assets must be subtracted from the total amount before determining if the trust income meets continuity of income requirements.
 - A copy of the trust agreement or the trust's federal tax returns confirming the amount, frequency, and type of income being received (variable or fixed).
 - Follow the fixed or variable income requirements outlined in the table below

Trusts with Fixed Payments	Trusts with Variable Payments
<p>Use the fixed payment amount from the trust agreement as the borrower's qualifying income, converting it to a monthly amount, as applicable.</p> <ul style="list-style-type: none"> • One month's bank statement or other equivalent required documenting current receipt of trust income • Payments must have been received for 12 months or longer to be considered stable monthly income, unless the following requirements are met: <ul style="list-style-type: none"> ○ The trust documentation reflects fixed payments, and ○ The borrower is not the grantor, and ○ At least one payment is received prior to closing. • Document 3-year continuance after the note date. 	<p>A minimum of two years receipt is required. Determine the frequency of payments (weekly, monthly, quarterly, annually, etc.).</p> <ul style="list-style-type: none"> • A minimum 24-month history of trust income is required evidence by the borrower's signed federal income tax returns for the most recent two years, and • Current receipt of trust income with one month's bank statement or another equivalent document. • Document 3-year continuance after the note date.

	<ul style="list-style-type: none"> Fannie Mae DU: <ul style="list-style-type: none"> When using employment related assets to qualify, the net documented assets must be discounted by 30%. RSU income is eligible in accordance with Fannie Mae guidelines. Freddie Mac LPA: <ul style="list-style-type: none"> RSU income is eligible in accordance with Freddie Mac guidelines. <p>Assets</p> <ul style="list-style-type: none"> VODs are not acceptable for asset documentation. Business assets are eligible for down payment and closing costs in accordance with Agency guidelines Follow the gift requirements for the GSE/AUS used <ul style="list-style-type: none"> Gift funds are ineligible on an investment property transaction Gifts of equity are ineligible Gifts must be from a related party as defined by the applicable GSE. Wedding gifts may not be used to qualify Gift funds are ineligible if the donor is also the seller of the subject property. Assets derived from the production or sale of marijuana are ineligible Assets derived from Bitcoin and other virtual currencies are ineligible Assets held solely in the name of a non-borrowing purchaser are considered a gift and must follow gift fund requirements of the GSE/AUS used <ul style="list-style-type: none"> Large deposits sourced back to a non-borrowing purchaser are considered a gift and must follow gift fund requirements of the GSE/AUS used Follow the large deposit requirements of the GSE/AUS used <ul style="list-style-type: none"> On refinance transactions, the documentation explanation for large deposits is not required; however, any borrowed funds including any related liability must be considered <p><i>Note: Regardless of AUS documentation requirements, all documentation submitted with the loan file is subject to review and may be used for qualification purposes.</i></p>
Down Payment Assistance	<ul style="list-style-type: none"> Employer assistance is acceptable in accordance with Agency guidelines. Other forms of down payment assistance are ineligible.
Eligible and Ineligible Mortgage Products and Features	<ul style="list-style-type: none"> Fixed Rate 15 to 30 years, odd terms are allowed. LTVs > 80% are limited to a 30-year fixed rate loan term. All specialty Agency programs are not eligible, including but not limited to any renovation program, low to moderate income programs, etc. Refinance of construction financing to permanent financing is eligible. <ul style="list-style-type: none"> Pools, or other features, constructed by a third-party builder/contractor are not eligible for pay off with loan proceeds on a rate and term Overages may be included in loan pay off. If reimbursed to the borrower, proof of payment directly to builder must be provided. One Time Close transactions are not eligible All NOO cash out transactions require a use of funds attestation. Attestation must indicate whether the funds are being used for personal or business purposes. Must be signed and dated by at least one borrower. Note to first payment date may not exceed 60 days.

eMortgages & eNotarization	<ul style="list-style-type: none"> eMortgages and eNotarization are ineligible
Employment/Income Verification	<ul style="list-style-type: none"> For salaried employees the verbal verification of employment must be completed within 10 business days prior to the note date. <ul style="list-style-type: none"> YTD paystub is ineligible Written VOE (Form 1005) is ineligible Bank statement is ineligible For self-employed borrowers the verbal verification of employment must be completed within 120 days prior to the note date. For borrowers in the military, a military Leave and Earnings Statement dated within 30 days prior to the note date is acceptable in lieu of a verbal verification of employment. Any temporary COVID requirements required by the Agencies must be followed, including but not limited to additional self-employed documentation requirements.
Employment Offers or Contracts	<ul style="list-style-type: none"> Employment Offers or Contracts for future employment are not eligible.
Escrow Holdbacks	<ul style="list-style-type: none"> Escrow holdbacks are ineligible.
Escrow/Impounds	<ul style="list-style-type: none"> Escrow for taxes and insurance are required above 80% LTV, (90% in CA), or as required by applicable state law.
Financing Concessions	<ul style="list-style-type: none"> Financing concessions for primary residences and second homes must be within the following allowable percentages: <ul style="list-style-type: none"> 9% of value with LTV/CLTV ratios less than or equal to 75% 6% of value with LTV/CLTV ratios greater than 75% up to and including 90% The maximum financing concession for investment properties is 2% of value regardless of the LTV ratio Value is the lesser of the sales price or appraised value
Hazard Insurance	<ul style="list-style-type: none"> A minimum of 100% of replacement cost is required. Evidence of replacement cost may be demonstrated with <ul style="list-style-type: none"> Guaranteed replacement cost or Replacement cost, or other similar endorsement, or Replacement cost estimator. In all cases, Coverage A must meet or exceed the replacement cost indicated.
High Cost / High Priced	<ul style="list-style-type: none"> Pennymac will not purchase High-Cost Loans Higher Priced Mortgage Loans (HPML) transactions are ineligible. Higher Priced Covered Transactions (HPCT) are ineligible.

Loan Purpose:
Purchase &
Rate and Term
Refinance

- Purchase
- Rate & Term Refinance
 - At least one borrower on the new loan must be a current owner of the subject property (on title) at the time of the initial loan application. Exceptions are allowed if:
 - The borrower acquired the property through an inheritance or was legally awarded the property via a legal settlement or divorce decree, or
 - The property was previously owned by an inter vivos revocable trust and the borrower is the primary beneficiary of the trust.
 - Properties held in a Limited Liability Corporation (LLC) do not meet Fannie Mae and Freddie Mac ownership eligibility requirements. At least one borrower (individually) must be on title prior to the application date of the new loan.
 - Rate & term refinance to buy out owner's interest: Written agreement must be legible and signed/dated prior to or at application. All other Agency requirements must be met.
 - Proceeds can be used to pay off a first mortgage regardless of age
 - Proceeds can be used to pay off any junior liens related to the purchase of the subject property
 - Proceeds can be used to pay off an existing first lien mortgage that includes a deferred balance
 - A deferred balance that is a second lien is not eligible for a limited cash-out / no cash-out refinance (refer to cash-out section below)
 - Pay related closing costs and prepaid items
 - Regardless of the AUS: Disburse cash out to the Borrower in an amount not to exceed \$2,000
 - Proceeds to pay builder overages or reimbursement of borrower funds paid directly to builder

Loan Purpose:
Cash-Out Refinance

Cash-Out Refinance

- Maximum cash-out is \$500,000 which includes
 - The payoff of any unsecured debt
 - Unseasoned liens
 - Debt not secured by the subject property
 - Non-purchase money seconds secured by the property, and
 - Any cash on hand
- If the property was owned prior to closing by a limited liability corporation (LLC) that is majority-owned or controlled by the borrower(s), the time it was held by the LLC may be counted towards meeting the borrower's six-month ownership requirement. Title must be transferred from the LLC or LP into the borrower's name prior to the note date.

For Fannie Mae DU loans only:

- Fannie Mae Student Loan Cash-Out Refinances are ineligible.
- Any existing first mortgage being paid off through the transaction must be at least 12 months old as measured from the note date of the existing loan to the note date of the new loan. This requirement does **not** apply
- When buying out a co-owner pursuant to a legal agreement
- The property must have been purchased or acquired by at least one borrower for no less than 6 months prior to the disbursement date (measured from the settlement date of the existing mortgage to the disbursement date of the new mortgage)
 - There is no waiting period if the borrower acquired the property through an inheritance or was legally awarded the property (divorce, separation, or dissolution of a domestic partnership), or
 - Delayed financing requirements are met.
- A refinance transaction that is paying off an existing first mortgage lien and a second lien created due to a payment deferral is eligible subject to the above seasoning requirements

For Freddie Mac LPA loans only:

- Cash-Out Refinance Mortgage Used to Pay off a First Lien Mortgage
 - When proceeds of a cash-out refinance mortgage are used to pay off a first lien mortgage, the first lien being refinanced must be seasoned for at least 12 months (i.e., at least 12 months must have passed between the note date of the mortgage being refinanced and the note date of the cash-out refinance mortgage), as documented in the mortgage loan file (e.g., on the credit report or title commitment).
 - The requirement that the mortgage being refinanced must be seasoned for at least 12 months does **not** apply when:
 - The cash-out refinance is a special purpose loan cash-out refinance that meets the requirements in Section 4301.6 of the Freddie Mac Seller's Guide, or
 - The first lien mortgage being refinanced is a Home Equity Line of Credit (HELOC)
- A refinance transaction that is paying off an existing first mortgage lien and a second lien created due to a payment deferral is eligible subject to the above seasoning requirements
- Cash-Out Refinance Mortgage on a Property Owned Free and Clear
 - A mortgage placed on a property previously owned free and clear by the borrower is considered a cash-out refinance.
 - At least one borrower must have been on the title to the subject property for at least six months prior to the Note Date, except as specified below:
 - For cases in which title to the property is held by a limited liability company (LLC) or limited partnership (LP), the time the property was titled in the name of the LLC or LP may be included in the six-month requirement provided:
 - At least one borrower must have been the majority owner or had control of the LLC or LP since the date the property was acquired by the LLC or LP, and
 - Title must be transferred from the LLC or LP into the borrower's name prior to the note date.

	<ul style="list-style-type: none"> ○ If none of the borrowers have been on the title to the subject property for at least six months prior to the note date of the cash-out refinance, the following requirements must be met: <ul style="list-style-type: none"> ▪ At least one borrower on the refinance inherited or was legally awarded the subject property (for example, in the case of divorce, separation or dissolution of a domestic partnership) ▪ OR, all of the following requirements are met for borrowers seeking delayed financing: • Delayed financing is acceptable according to Agency guidelines. <ul style="list-style-type: none"> ○ The executed HUD-1 Settlement/Closing Disclosure Statement from the purchase transaction must reflect that no financing secured by the subject property was used to purchase the subject property ○ The preliminary title report for the refinance transaction must reflect the Borrower as the owner of the subject property and must reflect that there are no liens on the property ○ The source of funds used to purchase the subject property must be fully documented ○ If funds were borrowed to purchase the subject property: <ul style="list-style-type: none"> ▪ Cash-out proceeds must be used to pay off or pay down the borrowed funds, as reflected on the Settlement/Closing Disclosure Statement for the refinance transaction ▪ Additional cash-out is permitted only when all borrowed funds are paid in full, and ▪ The payment on any remaining outstanding balance of the borrowed funds must be included in the DTI ratio per Section 5401.2 ○ The amount of the cash-out refinance Mortgage must not exceed the sum of the original purchase price and related Closing Costs, Financing Costs and Pre-pays/Escrows as documented by the HUD-1 Settlement/Closing Disclosure Statement for the purchase transaction, less any gift funds used to purchase the subject property. ○ There must have been no affiliation or relationship between the buyer and seller of the purchase transaction • The cash-out refinance Mortgage must comply with the applicable LTV/TLTV/HTLTV ratio limits and all other Agency requirements • All refinance transactions must meet Continuity of Obligation requirements
Loan Purpose: Ineligible Transactions	<p>Intra-family purchases as a means to obtain cash-out for the seller while avoiding cash-out qualifications and pricing are not eligible transactions. These types of transactions may seem to meet Agency guidelines, they are not bonafide purchase transactions and therefore not eligible for purchase by Pennymac. Unacceptable transactions of this type may have some or all of the following characteristics:</p> <ul style="list-style-type: none"> • Gift of equity from the seller • Large amount of seller credits • Family member remaining in the home and on title after the “purchase” • Seller unable to qualify for a cash-out transaction of their own
Minimum Loan Amount	\$1 above the conforming standard or high balance limit based on the property’s location
Mortgage Insurance	Mortgage insurance is not required
Multiple Financed Properties	<ul style="list-style-type: none"> • Maximum number of 10 financed properties. • Borrowers with 7-10 financed properties use the more restrictive of 720 FICO or Jumbo AUS FICO requirement. • Loan balances \leq \$1,000,000 follow applicable Agency guidelines for reserve requirements. • Loan balances $>$ \$1,000,000: <ul style="list-style-type: none"> ○ 1-6 properties use 6 months of the monthly payment amount on each additional property. ○ 7-10 properties use 8 months of the monthly payment amount on each additional property.

Occupancy	<ul style="list-style-type: none"> • Primary residence - 1-2 units • Second homes - 1-unit only <ul style="list-style-type: none"> ◦ See Credit section for when borrowers do not currently own a primary residence. • Investment 1-2-unit and primary residence 1- 2-unit properties: <ul style="list-style-type: none"> ◦ When using rental income to qualify from a subject property, the borrower must own a primary residence (DU or LPA); or ◦ Document a reasonable current housing expense (DU only). ◦ See Credit section for when borrowers do not currently own a primary residence.
Power of Attorney (POA)	<ul style="list-style-type: none"> • Specific Power of Attorney meeting all State, Federal, Agency requirements allowed. • An individual employed by or affiliated with any party to the loan transaction e.g. title insurer, settlement agent etc. is not eligible as a POA.
Property: Eligible Types	<ul style="list-style-type: none"> • Single Family Detached Single Unit • Single Family Attached Single Unit • 2 Unit Attached/Detached • PUDs • Low-rise and High-rise condominiums (must be Agency eligible) • Rural Properties (in accordance with Agency Guidelines, properties must be residential in nature)
Property: Ineligible Types	<ul style="list-style-type: none"> • Properties with evidence of commercial production of marijuana, including but not limited to grow rooms, or hydroponic equipment, are ineligible. • Properties with solar panels that include a UCC filing or an easement on title are ineligible. • Manufactured homes. This includes on-frame modular homes built on a permanent chassis. <ul style="list-style-type: none"> ◦ Manufactured homes are eligible as accessory units if they meet the requirements per Selling Guide Section B2-3-04 and are not given any value by the appraiser. • Mobile homes • Cooperatives • New condos, unless PERS approved • Condotels • Non-warrantable condos • Hotel Condominiums • Timeshares • Working Farms and Ranches • Hobby farms • Leaseholds • Unimproved Land • Property currently in litigation • Properties with deed restrictions or resale restrictions • Geodesic or berm homes • Land Trust, including community land trusts • Condition Rating of C5/C6 or a Quality Rating of Q6 • Turn-key investment properties. See Property Turn-key Investments section for additional details. • Properties located in Lava Zone 1 or 2 • Properties zoned commercial, agricultural or mixed use

Property Flipping Policy (Properties resold within 180 days of purchase)	Properties that involve a re-sale that occurred within the last 180 days that have a non-arm's length relationship between the buyer and seller and an increase in value are prohibited. Time frame is established by seller's date of acquisition as the date of settlement on the seller's purchase of that property and the execution of a sales contract to another party
Property: Turn-key Investments	<p>Purchase or refinance transactions involving turn-key investment, or other similar arrangements, are not eligible for origination by Pennymac. Characteristics of a Turn-key property include but are not limited to:</p> <ul style="list-style-type: none"> • The property seller is an LLC (or other entity) that purchases distressed properties and re-sells to borrowers at a non-distressed valuation. • Property seller or a related entity enters into an agreement to manage the property on behalf of the buyer including marketing, tenant screening, rent collection, maintenance, etc. • Buyer frequently lives out-of-the-area from the subject property. • See Pennymac Announcement 15-43 for additional details.
Ratios	The Maximum DTI is 45% with an AUS accept
Recently Listed Properties	<ul style="list-style-type: none"> • No Cash-Out Transaction <ul style="list-style-type: none"> ◦ The subject property must not be currently listed for sale. It must be taken off the market on or before the disbursement date. Borrowers must confirm their intent to occupy the subject property (for principal residence transactions). • Cash-Out Transaction <ul style="list-style-type: none"> ◦ Properties listed for sale in the six months preceding the application date for new financing are limited to 70% LTV/CLTV. Properties that were listed for sale must be taken off the market on or before the disbursement date.
Rental Income	<ul style="list-style-type: none"> • Follow applicable Agency guidelines for rental income, including calculation and amounts eligible for use. • Borrower must own a primary residence (DU and LPA) or have a reasonable housing expense (DU only) to use rental income for qualification purposes.
Reserves	<ul style="list-style-type: none"> • Refer to the eligibility matrix on the first page of the Product Profile. • If the borrower owns other financed properties, additional reserves must be calculated and documented for financed properties other than the subject property and the borrower's principal residence (refer to Multiple Financed Properties section above). • Business assets cannot be used as reserves.
State Restrictions	<ul style="list-style-type: none"> • Illinois Land Trust Vesting's are not eligible • Texas 50 (a)(6) refinance mortgages are not eligible
Tax Transcripts	<ul style="list-style-type: none"> • Tax transcripts for the most recent one year are required for all self-employed borrowers whose income is used to qualify. If only non-self-employed income is used to qualify, transcripts are not required. • When tax transcripts are provided, they must support the income used to qualify. • A properly executed 4506-C is required for all transactions except: <ul style="list-style-type: none"> ◦ Loan file contains tax transcripts, or • If tax transcripts are not available (due to a recent filing for the current year) a copy of the IRS notice showing "No record of return filed" is required along with documented acknowledgement receipt (such as IRS officially stamped tax returns or evidence that the return was electronically received) from the IRS and transcripts from the previous year.

Temporary Interest Rate Buydowns	Not allowed
Title	<ul style="list-style-type: none">• Follow applicable AUS requirements for title• Attorney opinion letters are ineligible• UCC filings must be removed• PACE liens or other liens on title tied to energy efficient improvements must be removed. Subordination is not acceptable.
<p>Pennymac will originate in accordance with the applicable underlying Agency (Fannie Mae Single Family Selling Guide or Freddie Mac Single-Family Seller/Servicer Guide) unless otherwise noted in the Pennymac guidelines.</p> <p><i>Pennymac does not discriminate in any aspect of a credit transaction on the basis of sex, gender identity or expression, sexual orientation, marital status, familial status, race, color, ethnicity, religion, national origin, age, handicap or disability status, income derived from public assistance, military status or the good faith exercise of rights under the Consumer Credit Protection Act.</i></p>	