



Announcement 16-09

Date: March 15, 2016

Topic: Revision to Announcement 16-06: FHLMC Bulletin 2016-3: Various Updates

This announcement is intended to provide revisions to Announcement 16-06: FHLMC Bulletin 2016-3: Various Updates. See below for the original announcement with all new clarifications in yellow highlight that now supersede old verbiage in red ~~striethrough~~:

PennyMac is aligning with changes announced in Freddie Mac's Bulletin 2016-3, with the applicable effective date included in each section:

Alignment of Super Conforming to Standard Balance LTV/TLTV/HTLTV

Currently, PennyMac aligns with Freddie Mac's different LTV/TLTV/HTLTV ratios for Super Conforming and Standard Balance transactions.

Effective with conventional LP runs on or after March 28, 2016, for all LP approved conventional transactions, PennyMac is aligning the Super Conforming Balance LTV/TLTV/HTLTVs ratios with Standard Balance Transactions.

Effective for all commitments taken on or after Monday, March 28th, 2016, PennyMac is implementing an update to the 'High Balance Mortgage Loans' grid on the 'Conv LLPAs' tab. See announcement 16-09 on gopennymac.com for an attachment with changes applying to the 'Conv LLPAs' tab highlighted in Yellow.

1-Unit Investment Property Mortgages

Currently, 1-unit investment property transactions are eligible for a maximum of 85% LTV for purchases and 75% for rate and term transactions.

Effective with conventional LP runs on or after March 28, 2016, for all LP approved conventional transactions, PennyMac is aligning 1-unit investment property purchase and rate and term refinance transactions LTV/TLTV/HTLTV ratios at 85%.

Condominium Project and PUD Insurance

PennyMac is aligning with Freddie Mac's update to condominium project and PUD insurance requirements, including:

- Prohibiting mortgages to be secured by units in projects with a master or blanket policy combining coverage for multiple unaffiliated projects or PUDs.
- Fidelity or Employee Dishonesty insurance is not required when the calculated amount of insurance coverage is less than or equal to \$5,000.
- Professional management firms may be insured either a) under its own fidelity or employee coverage, with proof submitted to the condominium HOA or b) under the condominium HOA's insurance policy.

This change is effective for all LP approved conventional transactions closed as August 1, 2016, but correspondents are encouraged to implement immediately.

Please contact your Sales Representative with any questions.