



**Pennymac Correspondent
AUS Jumbo Product Profile
07.27.22**

Pennymac specific overlays to Agency guidelines are underlined. Overlays indicated as Non-Del only are specific to Non-Delegated loans only

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	<u>18 months PITIA</u>
		3,000,000		740	
	2-Unit	1,500,000	84.99%	720	Per AUS
		2,000,000		740	
		2,500,000	75%	720	<u>18 months PITIA</u>
		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	<u>18 months PITIA</u>
	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		740	
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		740	
	1-Unit Rate Term	1,000,000	75%	700	Per AUS
		1,500,000		720	
		2,500,000		740	
	2-Units	1,000,000	70%	700	Per AUS
		1,500,000		720	
2,500,000		740		<u>18 months PITIA</u>	
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.

<p>Ability To Repay and Qualified Mortgage Rule</p>	<p>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.</p>
<p>Age of Documents</p>	<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.
<p>Appraisals</p>	<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. • <u>One full appraisal for purchase transactions on loan amounts up to \$3,000,000</u> • <u>Two full appraisals for refinance transactions on loan amounts > \$2,000,000</u> • <u>Property inspection waivers are not eligible</u> • <u>Unpermitted additions are not eligible</u> • <u>Accessory units are acceptable when fully permitted and comply with zoning.</u> Similar comps must be provided. •
<p>AUS</p>	<ul style="list-style-type: none"> • <u>Loans must be underwritten through DU or LPA. Approve/Ineligible or Accept Ineligible due to loan amount only.</u> • <u>Manual UW is not permitted.</u>
<p>Borrower Eligibility</p>	<ul style="list-style-type: none"> • 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"> ○ <u>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.</u> • See Pennymac Non-US Citizen for Documentation Requirements • <u>Foreign Nationals are not eligible</u> • <u>Borrowers who are a party to a lawsuit are ineligible.</u> • <u>All borrowers must have a valid Social Security Number</u> • <u>Non-occupant co-borrowers must share a relationship meeting gift donor under applicable Agency guidelines.</u>
<p>CEMA</p>	<ul style="list-style-type: none"> • Refinance Only • 1-4 unit properties • eMortgages are ineligible • Lost Note Affidavits (LNAs) are not allowed for prior or current notes

Credit	<ul style="list-style-type: none"> • <u>Fraud Report (e.g. DataVerify or Fraudguard) required</u> <ul style="list-style-type: none"> ◦ <u>Any potential findings must be satisfactorily cleared prior to close.</u> • <u>All borrowers must have a credit score meeting the requirements in the grid at the top.</u> • <u>No credit bureaus may be frozen. Borrowers must unfreeze all bureaus and the AUS rerun with updated credit.</u> • Current Housing Payment, applicable when the payment for the primary residence for any borrower is not reported on credit (e.g., renting primary and the subject is 2nd/NOO): <ul style="list-style-type: none"> ◦ When the payment is not reported on the credit report, provide third party verification of payment amount. ◦ If living rent free, a rent free letter from landlord or person obligated on lease required. • Contingent liabilities <u>may only be excluded from the DTI with proof the borrower is not the primary obligor. Non-Del Only: Installment debt must be paid in full to be excluded. Borrowers may not pay down installment debts to less than 10 months to exclude</u>
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. • <u>New condos eligible with PERS approval only.</u>
Derogatory Credit	<ul style="list-style-type: none"> • <u>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</u> • <u>Forbearance: 6 months timely consecutive payments post forbearance required.</u> • <u>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.</u>
Disaster Policy	<ul style="list-style-type: none"> • <u>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.</u> • <u>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.</u>

Documentation:
Income and Assets

- Determined by AUS
- All income and asset documentation provided will be analyzed, regardless of what the AUS requires.
- LoanBeam income calculation is acceptable per Agency guidelines, however, R&W relief offered by the AUS is not applicable
- Non-Del: Handwritten verification documents including, Verification of Mortgages (VOM) or Verification of Rents (VOR), are not eligible
- Non-Del only: VODS are not acceptable for asset documentation
- Private mortgages may be verified with cancelled checks or bank statements
- Fannie Mae Day 1 Certainty or Freddie Mac Asset Income Modeler (AIM) relief is not applicable.
- Income or assets derived from the following sources are ineligible for qualifying:
 - The production or sale of marijuana
 - Bitcoin or other cryptocurrencies
 - Capital gains income is not allowed. Capital gains losses do not need to be included.
- Business assets are eligible for down payment and closing costs in accordance with Agency guidelines
- No more than two years may be on a tax repayment plan
- DU:
 - When using employment related assets to qualify, the net documented assets must be discounted by 30%.
 - RSU income is ineligible.
- LPA:
 - Non-taxable income must be documented as non-taxable when grossing up.
 - Gifts must be from a related party as defined by Freddie Mac. Wedding gifts may not be used to qualify.
 - RSU income eligible in accordance with Freddie Mac guidelines.

Current Housing Payment Requirement for 2nd Home/Investment Properties and Non-Occupant Borrowers
Second Home/Investment Properties

- 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
 - a copy of a current, fully executed lease agreement and two months canceled checks (or equivalent payment source) supporting the rental payment amount.

Non-Occupant Borrowers

- 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.

Down Payment
Assistance

- 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. • <u>All specialty Agency programs are not eligible, including but not limited to any renovation program, low to moderate income programs, etc.</u> • Refinance of construction financing to permanent financing is eligible. <ul style="list-style-type: none"> ○ <u>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</u> ○ Overages may be included in loan pay off. If reimbursed to the borrower, proof of payment directly to builder must be provided. ○ <u>One Time Close transactions are not eligible</u> • <u>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.</u> • Note to first payment date may not exceed 60 days.
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. • 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
Gift Funds	<ul style="list-style-type: none"> • Follow applicable Agency guidelines. • Gifts of Equity are ineligible.

Hazard Insurance	<ul style="list-style-type: none"> • <u>A minimum of 100% of replacement cost is required.</u> • <u>Evidence of replacement cost may be demonstrated with</u> <ul style="list-style-type: none"> ○ <u>Guaranteed replacement cost or</u> ○ <u>Replacement cost, or other similar endorsement, or</u> ○ <u>Replacement cost estimator.</u> • <u>In all cases, Coverage A must meet or exceed the replacement cost indicated.</u>
High Cost / High Priced	<ul style="list-style-type: none"> • <u>Pennymac will not purchase High Cost Loans</u> • <u>Higher Priced Mortgage Loans (HPML) transactions are ineligible.</u> • <u>Higher Priced Covered Transactions (HPCT) are ineligible.</u>
Loan Purpose	<ul style="list-style-type: none"> • Purchase • Limited Cash-Out/Rate & Term Refinance <ul style="list-style-type: none"> ○ RT to buy out owner's interest: Written agreement must be legible and signed/<u>dated prior to or at application.</u> 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 ○ Pay related closing costs and prepaid items ○ <u>Regardless of the AUS:</u> 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 • Cash-Out <ul style="list-style-type: none"> ○ <u>Fannie Mae Student Loan Cash-Out Refinances are ineligible.</u> ○ <u>Borrowers may not have multiple cash-out transactions within the prior 12 months on the same property. Closing Disclosures (CDs), or other supporting documentation, from all subject property refinances in the prior 12 months are required to confirm the previous transactions were no cash-out. The subject cash-out transaction is excluded if the borrower is receiving no cash in hand, or is receiving less than the incidental limit allowed by the Agency. Loans with LTV/CLTVs of 75% or less are excluded from this requirement.</u> <p style="margin-left: 40px;"><u>Notes:</u></p> <ul style="list-style-type: none"> ▪ <u>Removing or adding borrowers will not make the transaction eligible.</u> ▪ <u>When a HELOC that is less than 12 months old is paid through closing, the current transaction is only considered cash out for this requirement if the HELOC was originated with funds drawn and the current balance is greater than the original balance.</u> ▪ <u>Loan may be defined as cash-out by the Agency and be excluded from this requirement.</u> <ul style="list-style-type: none"> ○ Delayed financing is acceptable according to Agency guidelines. ○ Note for Delayed Financing: The preliminary title search or report must not reflect any existing liens on the subject property. If the source of funds to acquire the property was an unsecured loan or HELOC (secured by another property), the new CD must reflect that all cash out proceeds be used to pay down, if applicable, the loan (unsecured or secured by an asset other than the subject property) used to purchase the new property. Any payments on the balance remaining from the original loan must be included in the debt-to-income ratio calculation for the refinance transaction. Funds received as gifts and used to purchase the property may not be reimbursed with proceeds of the new mortgage loan

<p>Loan Purpose: Ineligible Transactions</p>	<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
<p>Minimum Loan Amount</p>	<p>\$1 above the conforming standard or high balance limit based on the property’s location</p>
<p>Mortgage Insurance</p>	<p><u>Mortgage insurance is not required</u></p>
<p>Multiple Financed Properties</p>	<ul style="list-style-type: none"> • <u>Maximum number of 10 financed properties.</u> • <u>Borrowers with 7-10 financed properties use the more restrictive of 720 FICO or Jumbo AUS FICO requirement.</u> • <u>Loan balances <= \$1,000,000 follow applicable Agency guidelines for reserve requirements.</u> • <u>Loan balances > \$1,000,000:</u> <ul style="list-style-type: none"> ○ <u>1-6 properties use 6 months of the monthly payment amount on each additional property.</u> ○ <u>7-10 properties use 8 months of the monthly payment amount on each additional property.</u>
<p>Occupancy</p>	<ul style="list-style-type: none"> • Primary Residence - 1-2 units • Second Homes - 1-unit only <ul style="list-style-type: none"> ○ See Documentation section for when borrowers do not currently own a primary residence. • Investment 1-2 unit and Primary Residence 2 unit properties: <ul style="list-style-type: none"> ○ When using rental income to qualify from a subject property, the borrower must own a principal residence or document a reasonable current housing expense. ○ See Documentation section for when borrowers do not currently own a primary residence.
<p>Power of Attorney (POA)</p>	<ul style="list-style-type: none"> • <u>Specific Power of Attorney meeting all State, Federal, Agency requirements allowed.</u> • <u>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.</u>
<p>Property: Eligible Types</p>	<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)

<p>Property: Ineligible Types</p>	<ul style="list-style-type: none"> • <u>Properties with evidence of commercial production of marijuana, including but not limited to grow rooms, or hydroponic equipment, are ineligible.</u> • Properties with solar panels that include a UCC filing or an easement on title are ineligible. • <u>Manufactured homes. This includes on-frame modular homes built on a permanent chassis.</u> <ul style="list-style-type: none"> ○ <u>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.</u> • <u>Mobile Homes</u> • <u>Cooperatives</u> • <u>New condos, unless PERS approved</u> • <u>Condotels</u> • Non-warrantable condos • <u>Hotel Condominiums</u> • <u>Timeshares</u> • <u>Working Farms and Ranches</u> • <u>Hobby farms</u> • <u>Leaseholds</u> • <u>Unimproved Land</u> • <u>Property currently in litigation</u> • <u>Properties with deed restrictions or resale restrictions</u> • <u>Geodesic or berm homes</u> • <u>Land Trust, including community land trusts</u> • <u>Condition Rating of C5/C6 or a Quality Rating of O6</u> • <u>Turn-key investment properties. See Property Turn-key Investments section for additional details.</u> • <u>Properties located in Lava Zone 1 or 2</u> • <u>Properties zoned commercial, agricultural or mixed use</u>
<p>Property Flipping Policy (Properties resold within 180 days of purchase)</p>	<p><u>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.</u> 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</p>
<p>Property: Turn-key Investments</p>	<p><u>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:</u></p> <ul style="list-style-type: none"> • <u>The property seller is an LLC (or other entity) that purchases distressed properties and re-sells to borrowers at a non-distressed valuation.</u> • <u>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.</u> • <u>Buyer frequently lives out-of-the-area from the subject property.</u> • <u>See Pennymac Announcement 15-43 for additional details.</u>
<p>Ratios</p>	<p><u>The Maximum DTI is 45% with an AUS accept</u></p>

<p>Recently Listed Properties</p>	<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"> ○ <u>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.</u>
<p>Rental Income Calculation</p>	<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.
<p>Reserves</p>	<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). • <u>Business assets cannot be used as reserves.</u>
<p>State Restrictions</p>	<ul style="list-style-type: none"> • Illinois Land Trust Vesting's are not eligible • <u>Texas 50 (a)(6) refinance mortgages are not eligible</u>
<p>Tax Transcripts</p>	<ul style="list-style-type: none"> • <u>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.</u> • <u>When tax transcripts are provided, they must support the income used to qualify.</u> • A properly executed 4506-C is required for all transactions except: <ul style="list-style-type: none"> ○ Loan file contains tax transcripts, or • <u>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.</u>

<p>Temporary Interest Rate Buydowns</p>	<p><u>Not allowed</u></p>
<p>Title</p>	<ul style="list-style-type: none"> • Follow applicable AUS requirements for title • <u>UCC filings must be removed</u> • <u>PACE liens or other liens on title tied to energy efficient improvements must be removed. Subordination is not acceptable.</u>
<p>Pennymac will originate in accordance with the applicable underlying Agency (Fannie Mae Single Family Selling Guide or Freddie Mac Single-Family Seller/Service Guide) unless otherwise noted in the PNMAC guidelines. <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>	