



Announcement 18-19

Date: May 3, 2018

Topic: Freddie Mac Bulletin 2018-05: LTV/TLTV Increase and Various Updates

For all Freddie Mac LPA approved loans, PennyMac is aligning with the updates announced in Freddie Mac Bulletin 2018-05, with the exception of Opinions of Title. Effective dates are included below.

LTV/TLTV/HLTV Updates

Effective immediately, PennyMac is aligning with Freddie Mac’s updates to LTV/TLTV/HLTV for purchase and rate and term refinances secured by 2 unit owner occupied primary residences or second homes.

Purchase and “no cash-out” refinance secured by:	Current maximum LTV/TLTV/HLTV ratios	Revised maximum LTV/TLTV/HLTV ratios
2-unit Primary Residence	80%	85%
Second home	85%	90%

Existing PennyMac Rate Sheets will not be impacted by this update.

Condo Updates

Freddie Mac to Freddie Mac Condo Refinance

Effective immediately, PennyMac is aligning with Freddie Mac’s update and no longer requiring Lenders to determine compliance with the project review and eligibility requirements if the condo loan being refinanced is currently owned, in whole or part, or securitized by Freddie Mac and if certain requirements are met including, but not limited to:

- Maximum 80% LTV/TLTV/HLTV ratios;
- The project is not a Condominium Hotel, houseboat project, timeshare project or project with segmented ownership;
- The project complies with all applicable property and title insurance requirements;
- Documentation confirming the loan being refinanced is owned by Freddie Mac and the Freddie Mac loan number*; and
- All other requirements in Section 5701.2(c) are met.

Additionally, Lenders will not be required to determine the existence or adequacy of the project liability insurance and/or the fidelity or employee dishonesty insurance as required in Freddie Mac's guidelines.

*PennyMac intends to begin accepting these transactions immediately. However, at this time Freddie Mac has not provided information on where to obtain the current Freddie Mac loan number. PennyMac will release additional information once it is available.

2-4 Unit Condo Warranty Review

Effective with LPA runs on or after June 28, 2018, PennyMac is aligning with Freddie Mac's update to project reviews for 2-4 unit condos. Freddie Mac has eliminated the project review type for 2- to 4-Unit Condominium Projects. Lenders will be able to choose from the following project review types for 2- to 4-Unit Condominium Projects:

- Streamlined reviews,
- Established Condominium Projects,
- New Condominium Projects, or
- Reciprocal project reviews.

Due to the extensive nature of the changes, PennyMac recommends Lenders review Freddie Mac's guidelines for complete details.

Attorney Opinion of Title

Freddie Mac updated guidelines to allow for an Opinion of Title in lieu of a title insurance for loans secured by PUD units.

PennyMac **will continue** to require a satisfactory title insurance policy for all loans.

Please contact your Sales Representative with any questions.