



This document is a summary of most of PennyMac guideline overlays to FHA and VA requirements. This document should be used as a reference tool in conjunction with the PennyMac Sellers Guide and the appropriate Government guidelines.

PennyMac Correspondent Group Overlays, May 14, 2018 X Indicates Overlay		FHA 203(B) and 203(K)	FHA Streamline	VA	VA IRRRL	Rural Housing
GOVERNMENT						
Topic	Overlay/Modification					
203(k) Specific PennyMac approval required	<ul style="list-style-type: none"> <li>Refinances: The appraiser must provide the as-is value in the body of the report. If the appraiser refuses to provide the as-is value within the as-repaired report, PennyMac will require both an as-is appraisal and as-repaired appraisal. The existing debt plus fees may not be used to determine the Adjusted As-Is Value.</li> <li>Self Help is not allowed.</li> <li>Homes that have been demolished, or will be razed as part of the rehabilitation work are ineligible.</li> <li>Homes located on another site, that will be moved onto a new foundation are ineligible.</li> </ul>	X				
Appraisal	Base loan amount limited to 110% of current value. Current value determined by one of the following options: <ul style="list-style-type: none"> <li>CoreLogic GeoAVM Core with an FSD not exceeding 15, or</li> <li>Freddie Mac HVE with a confidence level of "H", or</li> <li>A 2055/1075 drive by appraisal report, or full appraisal.</li> </ul> Note: The lender must obtain a minimum 2055/1075 if the CoreLogic GeoAVM/Freddie Mac HVE cannot be obtained or if the confidence score (or level) do not meet the minimum requirements above.				X	
Credit	All mortgages must have a mortgage history of 0 x 30 in the last 3 payments.				X	
	To meet Ginnie Mae seasoning requirements: the borrower must have made at least six consecutive payments on the loan being paid off and the first payment due date of the new loan must be at least 210 days after the first payment due date of the refinanced	X		X	X	
	All borrowers must return at least 1 credit score.			X	X	X
	At least one borrower must have a minimum of one credit score to be eligible.		X			
	Tri-merge credit report or mortgage account(s) rating is required.		X		X	
Disaster Policy	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.	X	X	X	X	X
Down Payment Assistance	Down Payment Assistance programs are permitted as long as the source is a Government Agency or Government Entity (e.g. Non Profits and Trade Unions are not permitted).	X				
Eligible Properties	No Manufactured Housing. This includes on-frame modular homes built on a permanent chassis.	X	X	X	X	X
	No Cooperatives.	X	X	X	X	
	PennyMac does not allow working farms which are allowed by VA.			X	X	
Employment Verification	Provide a V-VOE or third party verification for income source. Not required for retired borrowers aged 60 or older.		X		X	
Entitlement	VA loans must conform to GNMA secondary market guidelines which include the minimum 25% coverage requirement. Coverage is a combination of VA provided entitlement plus cash down payment/equity.			X	X	
Escrow/Impound Account	Escrow or impound accounts are required for collection of taxes, insurance, or any other required items.			X	X	
FICO - Minimum	Minimum FICO score of 620.	X	X	X	X	X
Funds to Close	Cash on hand is not allowed.					X



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Ineligible Mortgages	Energy Efficient Mortgages, Weatherization, Solar and Wind Technologies.	X	X	X	X	X
	203(k) only eligible with specific PennyMac approval. Additional construction overlays apply. See FHA 203(k) Product Profile for details.	X				
	No Graduated Payment Mortgages.			X	X	
	Streamline Refinances.					X
	VA Repair and Renovation or Construction to Perm loans are ineligible			X		
Loan Limits	Maximum base loan amount cannot exceed \$1,500,000. Base loan amounts exceeding \$1,000,000 require minimum FICO of 700.			X	X	
Properties listed for sale	Properties that were listed for sale. On cash-out transaction, the listing must have expired or been withdrawn prior to the application date. Note: if the property was listed in the prior 30 days to the application date, the Early EPO provision will be extended to one year.	X				
	No Cash Out Transactions require the listing to have expired or be withdrawn prior to the application date. Note: if the property was listed in the prior 30 days to the application date, the Early EPO provision will be extended to one year.					X
	<ul style="list-style-type: none"> <li>VA IRRRL / Rate &amp; Term - the listing must have been expired or been withdrawn on or before the application date.</li> <li>Cash-Out Transaction - the listing must have been expired or been withdrawn 180 days prior to the application date.</li> </ul> Note for all transactions: If the property was listed in the prior 30 days to the application date, the Early EPO provision will be extended to one year.			X	X	
Ratios - Maximum	<ul style="list-style-type: none"> <li>DTI ≤ 50%: follow program credit score and LTV maximum</li> <li>DTI &gt; 50%:               <ul style="list-style-type: none"> <li>- Credit score ≥ 640, or</li> <li>- LTV is 5% below the maximum</li> </ul> </li> </ul>	X				
Seasoning	All closed loans must be delivered on or before 45 days past the Note date (i.e., Note date to file delivered date). Loans aged greater than 45 days are eligible for purchase subject to PennyMac review, approval, and additional fees. Please note loans aged greater than 105 days, up to 9 months, if approved, are subject to additional loan price adjustments determined by PennyMac at review.	X	X	X	X	X
State Restrictions	Texas A (6) Refinances are ineligible.		X	X	X	X
	2-4 unit properties in New Jersey are ineligible.	X	X	X	X	
Tax Transcripts	<ul style="list-style-type: none"> <li>Tax transcripts are required for the number of years used to qualify each borrower.</li> <li>Tax transcripts are not required for borrowers qualifying solely with w2 wage earner income and/or fixed income reported on a 1099.</li> </ul>	X		X		
Temporary Buydowns	No temporary buy downs allowed.	X	X	X	X	X



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Title Insurance	Title insurance is required for all properties			X	X	
UW Method	On Rural Housing transactions, manual underwrite allowed; must provide copy of the GUS findings in file to determine location and annual income compliance with Rural Housing requirements.					X
	PennyMac requires a DU or LP approval on FHA loans. Approve/ineligible due to LTV acceptable for HUD REO only. Manual underwrites are not allowed.	X				
	For VA loans, PennyMac generally requires a DU or LP Approve(Accept)/Eligible. However, manual underwrites are acceptable with: <ul style="list-style-type: none"> <li>• 660 FICO on purchase/rate &amp; term transactions; 700 FICO on cash-outs</li> <li>• 0x30x12 mortgage history, and</li> <li>• maximum 45% DTI.</li> </ul>			X		

These requirements apply to programs currently offered by PennyMac. Programs including, but not limited to, Hawaiian Homelands, Section 184 Indian Housing, Graduated Payment Plan Mortgage, or any other program that requires government specific approval, are not