



This document is a summary of most of PennyMac guideline overlays to Fannie Mae and Freddie Mac requirements. This document should be used as a reference tool in conjunction with the PennyMac Sellers Guide and the appropriate Agency guidelines.

Non-Delegated Agency - PennyMac Correspondent Group Overlays February 28, 2018 X Indicates Overlay		Desktop Underwriter	DU Refi Plus	Open access	Loan Product Advisor
Agency Conforming					
Topic	Overlay/Modification				
Affordable LTV	Loans with LTV/CLTV/HCLTV calculated using the "Affordable LTV" calculation are ineligible for purchase. Affordable LTV calculation is used when the resale restriction terminates at foreclosure, and LTV/CLTV is calculated based on the appraised value.	X			
Credit	Installment debt must be paid in full to be excluded. Borrowers may not pay down installment debts to less than 10 months to exclude the debt for qualifying.	X	X	X	X
Condo Specific Requirements	New construction and gut rehabilitation condos are not allowed.	X			X
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. 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. 	X	X	X	X
Down Payment Assistance	Down Payment Assistance is permitted as long as the assistance is provided by a government entity. Other sources are not allowed. Employer assistance is allowed.	X			X
Employment and Income	Borrowers qualifying with income commencing after the note date must meet option 1 requirements, per Freddie Mac 5303.2.				X
FICO - Minimum	AUS approval with 620 FICO minimum.				X
	1-2 Unit - Owner Occupied 135/135 LTV/CLTV--Minimum FICO 660.		X	X	
	1-4 Unit - Owner Occupied 105/105 LTV/CLTV--Minimum FICO 620.		X	X	
	1 Unit - Second Home 105/105 LTV/CLTV--Minimum FICO 660.		X	X	
	1-4 Unit Investment Property 105/105 LTV/CLTV--Minimum FICO 660.		X	X	
Ineligible Mortgages and Attributes	HomeStyle is not allowed	X			
	Escrow holdbacks are not allowed.	X	X	X	X
	Energy Efficient Mortgages are not allowed, including HomeStyle Energy	X			X
	All ARM product types are not allowed.		X		
Home Possible	<ul style="list-style-type: none"> 30 Year Fixed Rate only. Gifts or grants from the Lender as originating lender are not an eligible source of funds. See Lender Letter 9/2016 for additional information. Sweat Equity is not an eligible source of funds. 				X



This document is a summary of most of PennyMac guideline overlays to Fannie Mae and Freddie Mac requirements. This document should be used as a reference tool in conjunction with the PennyMac Sellers Guide and the appropriate Agency guidelines.

Non-Delegated Agency - PennyMac Correspondent Group Overlays February 28, 2018 X Indicates Overlay		Desktop Underwriter	Refi Plus	Open Access	Product Advisor
HomeReady	<ul style="list-style-type: none"> 30 Year Fixed Rate only. Sweat Equity is not an eligible source of funds. 	X			
Loan Amount	Loan amount can never exceed \$1 million since that requires a manual underwrite.				X
Mortgage Insurance	Lender paid monthly/annual, borrower paid annual are not allowed. Standard MI, or reduced MI is required.	X	X	X	X
	PennyMac will not allow DU Refi Plus or Open Access Mortgages with Mortgage Insurance unless continued or transferred from Radian, PMI, MGIC, RMIC, TRIAD, CMG/ArchMI, Genworth, or United Guaranty (UG).		X	X	
Property Condition and Quality Ratings	PennyMac will not purchase a loan on a property with a Condition Rating of C5. PennyMac will not purchase a loan on a property with a Quality Rating of Q6.	X			
Property Eligibility	No Manufactured Housing. This includes on-frame modular homes built on a permanent chassis.	X	X	X	X
	Cooperatives not allowed.	X	X	X	X
	Land Trusts, including Illinois not allowed.	X	X	X	X
Property Flips	Property Flips--Non-arms length transactions for properties that involve a re-sale that occurred within the last 180 days are prohibited.	X			X
Property: Maximum Number of Financed Properties	Borrowers can have up to four PennyMac serviced properties (including the subject transaction), regardless of occupancy.	X	X	X	X
Property: Turn-key Investments	<p>Purchase or refinance transactions involving turn-key investment, or other similar arrangements, are not eligible for purchase 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. 	X	X	X	X
Ratios	Maximum DTI is 50%.		X	X	X



This document is a summary of most of PennyMac guideline overlays to Fannie Mae and Freddie Mac requirements. This document should be used as a reference tool in conjunction with the PennyMac Sellers Guide and the appropriate Agency guidelines.

Non-Delegated Agency - PennyMac Correspondent Group Overlays February 28, 2018 X Indicates Overlay		Desktop Underwriter	Refi Plus	in access	Product Advisor
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
Tax Transcripts	<ul style="list-style-type: none"> • Tax transcripts are required for the number of years used to qualify each borrower. W2 transcripts are allowed for salaried borrowers. • Transcripts are not required for salaried borrowers with a full written VOE provided from The Work Number or other third party independent company. The written VOE must have full income figures supporting the qualifying income. Written VOEs provided directly from the borrower's employer are not eligible for this waiver. A third party independent company must complete the WVOE. 	X	X	X	X
Temporary Buydowns	No temporary buydowns allowed.	X	X	X	X
Underwriting Method	<ul style="list-style-type: none"> • AUS required. Desktop Underwriter with "Approve/Eligible" findings only and LPA with "Accept" findings only. LPA A Minus is not allowed. • DU Refi Plus must receive an Approve / Eligible or Expanded/Approval (EA-1, EA-II or EA-III) recommendation . 	X		X	X