



## PennyMac Correspondent Group

**Open Access 01.18.18** Overlays to Freddie Mac are underlined

The new loan must have an application date on or before December 31, 2018.

Mortgage Product	FHLMC Relief Refinance "Open Access" Program HARP 2.0		
Program Eligibility	LPA AUS is required		
Loan Program	Fixed Rate only		
Finance Type	Rate and Term Refinances Only (No Cash Out)		
Occupancy	Owner Occupied		
	Property Type	LTV / CLTV	Min Credit Score
	1-4 Unit	<u>135 / 135</u>	<u>660</u>
		<u>105 / 105</u>	<u>620</u>
	<b>Second Home</b>		
	Property Type	LTV / CLTV	Min Credit Score
	1 Unit only	<u>105 / 105</u>	<u>660</u>
	<b>Investment Property</b>		
	Property Type	LTV / CLTV	Min Credit Score
	1-4 Unit	<u>105 / 105</u>	<u>660</u>
<b>Ability To Repay and Qualified Mortgage Rule</b>	<ul style="list-style-type: none"> <li>For loans subject to the ATR/QM rule, PennyMac will only purchase loans that comply with the ATR/QM requirements.               <ul style="list-style-type: none"> <li>Note: Investment properties which are for business purposes (borrower does not intend to occupy for greater than 14 days in the year) are exempt from ATR/QM; however, such loans must meet agency eligibility requirements and are subject to the applicable points and fees threshold.</li> </ul> </li> <li>Correspondents are responsible for providing evidence of compliance with the ATR/QM rules.</li> <li>Clear itemization of fees and application of all credits that indicate paid by/to will be required on all loans.</li> <li>See Seller Guide section "Ability to Repay and Qualified Mortgage Rule" under "Delivery Procedures" for more details.</li> </ul>		
<b>Appraisals</b>	<ul style="list-style-type: none"> <li>HVE or full appraisal is permitted to value the property</li> <li>For the HVE to be valid the following is required:               <ul style="list-style-type: none"> <li>The property is a 1 to 2 unit attached or detached dwelling</li> <li>The Forecast Standard Deviation from the HVE is .20 or less and the Confidence Score is H or M.</li> </ul> </li> <li>The HVE cannot be more than 120 days of age at the note date.</li> <li>Leaseholds must be evaluated by an appraisal (HVE not permitted).</li> <li>It is acceptable to use the HVE values returned by the LPA, when the above requirements are met.</li> </ul>		

<b>Assignment</b>	All loans must be registered with MERS
<b>Borrowers</b>	<ul style="list-style-type: none"> <li>• Borrower(s) on the existing mortgage (or current borrower if the existing mortgage was assumed) must be identical to the borrower(s) on the new mortgage except: <ul style="list-style-type: none"> <li>- A Borrower obligated on the Note of the Mortgage being refinanced may be omitted from the Note.</li> <li>- A Borrower(s) may be added to the Note , except that a nonoccupying Borrower may not be added to a Mortgage secured by a Primary Residence.</li> <li>- In all cases, at least one Borrower(s) from the Mortgage being refinanced must be retained</li> </ul> </li> <li>• Properties vested in trusts are permitted for all occupancy types in accordance with Freddie Mac Trust guidelines. PennyMac allows investment properties to be vested in the name of the trust.</li> </ul>
<b>Borrower Benefit</b>	<p>The Relief Refinance Mortgage must result in at least "one" of the following:</p> <ul style="list-style-type: none"> <li>• Reduction in the interest rate of the first lien mortgage,</li> <li>• Replacement of an ARM, Initial Interest Mortgage (or any mortgage with an interest-only period) or a balloon/reset mortgage with a fixed-rate, fully amortizing mortgage, or</li> <li>• Reduction in the amortization term of the first lien mortgage.</li> <li>• Reduction in the monthly principal and interest payment of the first lien</li> </ul>
<b>Buydowns</b>	<u>Buydowns are not permitted</u>
<b>Condominiums</b>	Subject must not be located in a Hotel/Resort Project, houseboat project, timeshare project, or a project with fragmented or segmented ownership
<b>Credit</b>	<ul style="list-style-type: none"> <li>• AUS required. Loans must have a LPA Open Access approval.</li> <li>• <u>Each borrower must return a minimum of one score with the representative score equal to or greater than the minimum score as required by the eligibility matrix.</u></li> <li>• LPA performs its standard credit risk assessment for Open Access loans, which includes a comprehensive review of the borrower's credit and mortgage payment history.</li> <li>• Provide a LOE for inquiries dated with the last 120 days.</li> <li>• Current Housing Payment: <ul style="list-style-type: none"> <li>- When the payment is not reported on the credit report, provide third party verification of payment amount.</li> <li>- If living rent free, a rent free letter from landlord or person obligated on lease required.</li> </ul> </li> </ul>

Credit--Derogatory	Standard waiting periods for bankruptcy, foreclosure, deed-in-lieu, or pre-foreclosure do not need to be met. Follow the LPA approval.
Debt to Income	Maximum 50% DTI.
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.
Documentation / Loan File Contents	<p><b>All income used for qualifying must, at a minimum, be documented by following Freddie Mac 5300, regardless of the Documentation Level returned by Loan Prospector.</b></p> <ul style="list-style-type: none"> <li>• A verbal verification of employment (VOE) within 10 business days prior to the note date for employed borrowers.</li> <li>• For self-employed borrowers, the VOE must be obtained from a disinterested third party, such as verifying a phone listing or obtaining a copy of a business license.</li> <li>• Subordination Agreement, if required.</li> <li>• Title Policy and applicable Endorsements (Short form policy is acceptable if provided through the original Title Company).</li> </ul>
Eligible Mortgage Products	<ul style="list-style-type: none"> <li>• Fixed Rate: 10, 15, 20, 25 and 30 Year Terms</li> <li>• May be a Super Conforming Mortgage not to exceed the maximum loan guidance provided in the matrix.</li> </ul>
Eligibility Requirements	<ul style="list-style-type: none"> <li>• A first lien conventional and Super Conforming mortgage owned by FHLMC.</li> <li>• A refinance of a loan with a note date on or before May 31, 2009</li> </ul>
Employment / Income	<ul style="list-style-type: none"> <li>• <b>All income used for qualifying must, at a minimum, be documented by following Freddie Mac 5300, regardless of the Documentation Level returned by Loan Prospector.</b></li> <li>• <u>Tax transcripts are required for each borrower whose income is utilized as a source of repayment. Transcripts must be provided for the number of years of income used to qualify the borrower. Tax transcripts are required to support the income used to qualify the borrower. If only W2 income is used to qualify, the lender may obtain W2 transcripts as long as tax returns are not included in the loan file. Generally, when the documentation used to verify income is from the same calendar period as the tax transcript, the information must match exactly. However, if the income documentation is from the current calendar year and the transcript is from a prior year, there can be acceptable variances. If this variance exceeds 20%, document the rationale for using current income. If tax transcripts are not available (due to a recent filing) 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 the previous one years tax transcripts.</u></li> <li>• Provide a written analysis of the income in the file.</li> <li>• Mortgage Credit Certificates (MCCs)</li> </ul> <p>The amount of the MCC tax credit may be considered as qualifying income in accordance with the following requirements:</p> <ul style="list-style-type: none"> <li>- The amount used as qualifying income must be calculated as follows: (Mortgage amount) x (Note Rate) x (Mortgage Credit Certificate rate %) divided by 12</li> <li>- The amount used as qualifying income cannot exceed the maximum Mortgage interest credit permitted by the IRS</li> <li>- The Mortgage file must contain a copy of the: <ul style="list-style-type: none"> <li>o MCC</li> <li>o Seller's calculation of the amount used as qualifying income history of receipt of MCC tax credit is not required.</li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>• Housing Choice Voucher Homeownership Program income (commonly known as Section 8 for homeowners) paid via Housing Assistance Payments (HAPs) are an acceptable source of income. However due to operational constraints, transactions involving HAPs paid directly to the Servicer are ineligible for purchase by PennyMac. Transactions with HAPs paid directly to the borrower continue to remain eligible for purchase.</li> </ul>

Escrow Accounts	Generally, escrow accounts are not required. However, loans requiring private mortgage insurance premiums must have the MI premium escrowed unless there is a single premium.
High Cost / High Priced	<ul style="list-style-type: none"> <li>• PennyMac will not purchase High Cost Loans</li> <li>• Higher Priced Mortgage Loans (HPML) transactions are eligible for purchase. HPML guidelines require: <ul style="list-style-type: none"> <li>- Establishment of an escrow account for taxes and insurance premiums on any transaction secured by a principal residence.</li> <li>- Must meet all applicable state and/or federal compliance requirements.</li> </ul> </li> <li>• HPML and Higher Priced Covered Transaction (HPCT) loans are limited to 45% DTI and Fico floor of 620. These requirements must be manually applied. <ul style="list-style-type: none"> <li>- Applicable to owner occupied, second home transactions, and investment properties</li> </ul> </li> </ul>
Ineligible New Mortgage Loans	<ul style="list-style-type: none"> <li>• Balloon reset mortgages</li> <li>• Cash-out refinances of any kind</li> <li>• Negative amortization</li> <li>• Manufactured Housing</li> <li>• Co-Op</li> <li>• Construction loans</li> <li>• FHA</li> <li>• VA</li> <li>• Loans with a prepayment penalty</li> <li>• Home Possible mortgages</li> </ul>
Loan Purpose and Use of Proceeds	<p>Limited Cash-Out / Rate &amp; Term Refinance:</p> <ul style="list-style-type: none"> <li>• Proceeds can be used to Pay off a first mortgage (amount including only the unpaid principal balance and interest accrued through the date the Mortgage being refinanced is paid off)</li> <li>• Proceeds may be used to pay related Closing Costs, Financing Costs and Prepays/Escrows not to exceed \$5,000.</li> <li>• Borrower may receive no more than \$250 cash back including the overage on the payoff of the original loan</li> <li>• Any cash to borrower exceeding \$250 must be applied as a principal curtailment at closing.</li> </ul>
Mortgage Insurance	<ul style="list-style-type: none"> <li>• <u>Loans which require mortgage insurance are only allowed when continued or transferred from Radian, PMI, MGIC, RMIC, TRIAD, CMG/ArchMI, Genworth, United Guaranty (UG).</u> All other Mortgage Insurance companies are not allowed.</li> <li>• Mortgage Insurance Coverage Amount, for LTV greater than 80%: <ul style="list-style-type: none"> <li>- If the Mortgage being refinanced has mortgage insurance coverage, then the same percentage of mortgage insurance coverage must be maintained for the new refinance Mortgage on the entire unpaid principal balance</li> <li>- If the Mortgage being refinanced does not have mortgage insurance coverage, then no mortgage insurance coverage is required for the new refinance Mortgage</li> </ul> </li> </ul> <p><b>Acceptable MI Types:</b></p> <ul style="list-style-type: none"> <li>• Borrower Paid Monthly</li> <li>• Borrower Paid Single Premium</li> <li>• Split Premium</li> <li>• Lender Paid Single Premium</li> </ul> <p><b>Unacceptable MI Types:</b></p> <ul style="list-style-type: none"> <li>• <u>Lender Paid Monthly</u></li> <li>• <u>Lender Paid Annual</u></li> <li>• <u>Borrower Paid Annual</u></li> <li>• <u>Any MI type not listed as acceptable</u></li> </ul>

Occupancy	<ul style="list-style-type: none"> <li>• Owner Occupied: 1 - 4 unit that the borrower will occupy as a primary residence. At least one of the borrowers must occupy and take title to the property and execute the Note and mortgage or deed of trust. The borrower must occupy the subject property within 60 days of the close of escrow</li> <li>• Second Home: 1 - unit that the borrower resides in in addition to the primary residence. Second home must be located within a reasonable distance of their primary residence, be available for the borrower's exclusive use and not be subject to any rental or time share arrangements. When a property is classified as a second home rental income cannot be used to qualify the borrower.</li> <li>• Investment Properties 1-4 unit that the borrowers do not occupy as a primary residence are allowed.</li> </ul>
Pre-payment Penalties	Not Allowed
Property; Eligible Types	<ul style="list-style-type: none"> <li>• Single Family Detached</li> <li>• Single Family Attached</li> <li>• 1-4 Primary Residence or non-owner occupied</li> <li>• 1 unit Second Home</li> <li>• Condos/PUDS</li> <li>• Leaseholds, provide Freddie Mac Form 461</li> </ul>
Property; Ineligible Types	<ul style="list-style-type: none"> <li>• <u>Cooperatives</u></li> <li>• Condotels</li> <li>• Hotel/Motel Condominiums</li> <li>• Timeshares</li> <li>• Working farms and ranches</li> <li>• Unimproved Land</li> <li>• Commercial Operations</li> <li>• <u>Manufactured Housing. This includes on-frame modular homes built on a permanent chassis.</u></li> </ul>
Properties; Maximum Number of	No limit, <u>however, borrowers can have up to four PennyMac serviced properties (including the subject transaction), regardless of occupancy.</u>
Ratios	<ul style="list-style-type: none"> <li>• <u>The Maximum DTI is 50% with a LPA Accept</u></li> <li>• Loans with DTI exceeding 50% regardless of AUS decision are ineligible.</li> <li>• PennyMac allows non-occupant co-borrower blended ratios in accordance with Freddie Mac guidelines</li> </ul>
Reserves / Assets	<ul style="list-style-type: none"> <li>• Verify all reserves/assets entered into LPA.</li> <li>• Provide a written analysis of the asset qualification source and amount in the file.</li> <li>• When verifying funds in the Borrower's depository account, including, but not limited to, a checking, savings, money market, stock, bond or retirement account, the Seller must obtain and maintain in the Mortgage file the most recent monthly or quarterly account statement. For the Borrower's depository accounts, the Seller does not need to meet the documentation requirements of Section 5501.3(b) and (c) or investigate large deposits or increases in balances as required in Section 5501.3(a). All other asset types (other than depository accounts) must meet the Streamlined Accept documentation requirements in Section 5501.3(b) and (c).</li> </ul>
Seasoning	Please refer to the PennyMac Seasoned Loan Policy located in the PennyMac Seller Guide for requirements and loan-level price adjustments.

<p style="text-align: center;"><b>Secondary Financing</b></p>	<ul style="list-style-type: none"> <li>• New Secondary Financing is not permitted, <u>including Hardest Hit Fund</u></li> <li>• HELOC HLTV position must be calculated at the maximum credit line.</li> <li>• An existing junior lien: <ul style="list-style-type: none"> <li>- Must be subordinate to the Open Access and must meet requirements for secondary financing set forth in Chapter 4204.</li> <li>- May be refinanced simultaneously with the First Lien Mortgage being refinanced if the junior lien is being refinanced for one of the following purposes: <ul style="list-style-type: none"> <li>○ A reduction in the interest rate of the junior lien</li> <li>○ To replace an ARM, an interest-only junior lien, or a junior lien with a balloon or call option with a fixed-rate, fully amortizing junior lien</li> <li>○ A reduction in the amortization term of the junior lien</li> <li>○ A reduction in the monthly payment of the junior lien</li> <li>○ The UPB of the new junior lien may not be more than the UPB, at the time of payoff, of the junior lien being refinanced.</li> </ul> </li> <li>- If the junior lien being refinanced is a fixed-rate junior lien, the new junior lien may not be an ARM.</li> </ul> </li> </ul>
<p style="text-align: center;"><b>Soft Markets</b></p>	<p>There are no soft market requirements for this program</p>
<p style="text-align: center;"><b>State Restrictions</b></p>	<ul style="list-style-type: none"> <li>• Illinois Land Trust Vestings are not eligible</li> <li>• Texas 50 (a)(6) refinance mortgages are eligible with PennyMac Seller Approval: <ul style="list-style-type: none"> <li>- Fixed Rate only</li> <li>- Owner-Occupied, 1 unit only</li> <li>- Maximum 80% LTV/CLTV</li> <li>- <b>2%</b> fee restriction in accordance with Texas Constitution</li> <li>- Full appraisal required</li> <li>- No new secondary financing</li> <li>- Loans must comply with Freddie Mac and Texas Constitution requirements</li> <li>- Power of Attorney not allowed</li> </ul> </li> </ul>
<p style="text-align: center;"><b>Title</b></p>	<ul style="list-style-type: none"> <li>• The newly originated refinance loan must remain in first lien position</li> <li>• Ensure all real estate taxes and assessments that could become a first lien are current including property taxes, condominium and homeowner's association dues, utility assessments and the personal property tax on manufactured homes.</li> <li>• Obtain any Subordination Agreements, if needed.</li> <li>• The title insurance policy must be written on an American Land and Title Association (ALTA) 2006 Form with appropriate endorsements.</li> <li>• The title insurance policy must protect the mortgagee up to at least the current principal balance.</li> <li>• The title policy must have correct information regarding the insured's name, loan number and amount of coverage</li> <li>• Property Reports, Ownership and Encumbrance Reports, Attorney's Opinions are not acceptable.</li> <li>• Any existing tax or mechanic's liens must be paid in full through escrow. Proceeds from the new loan may not be used to pay liens.</li> <li>• Taxes must be collected if due within 30 days of closing, regardless of the establishment of an impound account.</li> </ul>

<p style="text-align: center;"><b>Transcripts</b></p>	<ul style="list-style-type: none"> <li>• <u>Tax transcripts are required for each borrower whose income is utilized as a source of repayment, except as indicated below.</u></li> <li>• <u>Transcripts must be provided for the number of years of income used to qualify the borrower.</u></li> <li>• <u>Tax transcripts are required to support the income used to qualify the borrower.</u></li> <li>• <u>Tax transcripts are not required for borrowers qualifying solely with w2 wage earner income and/or fixed income reported on a 1099.</u></li> <li>• <u>When tax transcripts are required:</u> <ul style="list-style-type: none"> <li>- <u>Provide transcripts for each borrower whose income is utilized as a source of repayment. Transcripts must be provided for the number of years of income used to qualify the borrower. Tax transcripts must support the income used to qualify the borrower.</u></li> <li>- <u>If only W2 income is used to qualify, the lender may obtain W2 transcripts as long as tax returns are not included in the loan file.</u></li> <li>- <u>Generally, when the documentation used to verify income is from the same calendar period as the tax transcript, the information must match exactly.</u></li> </ul> </li> </ul> <p><u>However, if the income documentation is from the current calendar year and the transcript is from a prior year, there can be acceptable variances. If this variance exceeds 20%, document the rationale for using current income.</u></p> <ul style="list-style-type: none"> <li>- <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 the previous one years tax transcripts.</u></li> </ul> <ul style="list-style-type: none"> <li>• <u>A properly executed 4506-T is required for all transactions that do not contain transcripts.</u></li> </ul>
<p style="text-align: center;"><b>Underwriting Method</b></p>	<ul style="list-style-type: none"> <li>• All loans under this program must be run through LPA, and must receive an Accept recommendation.</li> <li>• AUS approvals are valid provided: <ul style="list-style-type: none"> <li>- The data entered is complete, accurate, verified and not fraudulent</li> <li>- All AUS conditions are satisfactorily resolved and documented</li> </ul> </li> </ul>
<p><b>Refer to Freddie Mac Policy for any item not addressed by this Product Profile or the PennyMac Seller Guide.</b></p> <p><i>PennyMac does not discriminate in any aspect of a credit transaction on the basis of sex, marital status, race, color, religion, national origin, age, income derived from public assistance, or the good faith exercise of rights under the Consumer Credit Protection Act.</i></p>	