



# PennyMac Correspondent Group

VA IRRRL Product Profile 01.18.18 Overlays to VA are underlined

## Maximum LTV/CLTV and FICO Requirements

Occupancy	Maximum LTV/CLTV *	Min FICO
Owner-occupied	<u>110%</u>	<u>620</u>
Second Home/Investment		

\*LTV based upon Base Loan Amount (Loan amount prior to financed funding fee)

Appraisals	<p><u>Current value required. Current value determined by one of the following options:</u></p> <ul style="list-style-type: none"> <li>• <u>CoreLogic GeoAVM Core or Collateral Analytics AVM with an FSD not exceeding 15, or</u></li> <li>• <u>Freddie Mac HVE with a confidence level of "H", or</u></li> <li>• <u>A 2055/1075 drive by appraisal report, or full appraisal.</u></li> </ul> <p><u>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.</u></p>
ARM Initial Interest Rate Adjustment Dates	Please click <a href="#">HERE</a> for the Adjustable Rate Mortgage Initial Interest Rate Adjustment Dates Document. Can also be found on <a href="http://www.gopennymac.com">www.gopennymac.com</a> , click on Tools & Resources , then, Guides, then choose Government ARM Initial Interest Rate Adjustment Dates.
Assignment of Mortgages	<u>All loans must be registered with MERS at time of delivery to PennyMac and a MERS transfer of beneficial rights and transfer of servicing rights must be initiated by the Seller, to PennyMac Corp, LLC (#1007159), within 24-hours of purchase.</u>
Borrowers	<ul style="list-style-type: none"> <li>• Resident Alien permitted as long as primary borrower is a veteran.</li> <li>• Joint loans are allowed in accordance with VA's requirements.</li> <li>• A loan involving a veteran and his or her spouse will not be treated as a "joint loan" if the spouse:               <ul style="list-style-type: none"> <li>- is not a veteran, or</li> <li>- is a veteran who will not be using his or her entitlement on the loan.</li> </ul> </li> <li>• Borrowers may be removed in accordance with VA guidelines.</li> </ul>
Buydowns	<u>No Temp buydowns</u>
Condominiums	Condo approval not required
Credit	<ul style="list-style-type: none"> <li>• <u>All borrowers must return at least 1 credit score via three-in-file merged credit report. Non-traditional credit is not allowed.</u></li> <li>• <u>Must have a subject mortgage history of 0 x 30 for the last 3 payments.</u></li> <li>• In order to meet Ginnie Mae seasoning requirements:               <ul style="list-style-type: none"> <li>- <u>The loan being refinanced must have a minimum of six months payments as of the note date of the new loan. Borrowers cannot prepay the loan to meet the six month rule, therefore the note date on the new loan must be at least six months after the first payment due date of the prior loan. See Announcement 16-42 for loan delivery requirements.</u></li> <li>- <u>For loans delivered on or after 3/2/18: The first payment due date of the new loan must be at least 210 days after the first payment due date of the refinanced loan.</u></li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>▪ Tri-merge credit report or mortgage account(s) rating is required.</li> <li>• Tax Transcripts and the 4506-T are not required for non-credit qualifying IRRRL transactions.</li> </ul>
Employment Verification	<p>The following Income and Employment documentation are required at a minimum:</p> <ul style="list-style-type: none"> <li>- Salaried borrowers require a Verbal VOE</li> <li>- Self employed borrowers require verification of the business through a 3rd party source</li> <li>- Retired borrowers aged 60 and older do not require a VVOE</li> <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>
Eligible Mortgage Products - Existing Loan	VA to VA refinance
Eligible Mortgage Products - New Loan	<ul style="list-style-type: none"> <li>• Fixed Rate: 10, 15, 20, 25 and 30 year terms. High Balance allowed on all terms.</li> <li>• CMT ARM: 5/1 (1/1/5 caps). High Balance allowed on ARMs. 7/1 ARMs are no longer allowed.</li> </ul>
Escrow Accounts	<u>An impound account for collection of taxes and insurance (or additional escrow items) is required</u>
Exclusionary Lists	All borrowers must be screened by CAIVRS to determine there have been no late payments on Federal debt obligations
Funding Fee	<ul style="list-style-type: none"> <li>• The Funding Fee may be financed in the loan. Maximum LTV based on Base Loan Amount (Loan amount prior to financed funding fee).</li> <li>• The following Veterans are exempt from paying the funding fee: <ul style="list-style-type: none"> <li>-Veterans receiving VA compensation for service connected disabilities</li> <li>-Veterans who would be entitled to receive compensation for service connected disabilities if they did not receive retirement pay</li> <li>-Veterans who are rated by VA as eligible to receive compensation as a result of pre-discharge disability exam and rating</li> <li>-Veterans entitled to receive compensation, but who are not presently in receipt of the compensation because they are on active duty</li> </ul> </li> </ul>
High Cost / High Priced	<ul style="list-style-type: none"> <li>• <u>PennyMac will not purchase High Cost Loans</u></li> <li>• Higher Priced Mortgage Loans (HPML) transactions are eligible for purchase. HPML guidelines require: <ul style="list-style-type: none"> <li>- Must meet all applicable state and/or federal compliance requirements.</li> </ul> </li> </ul>
Interest Rate and Payment Requirements	<ul style="list-style-type: none"> <li>• The new interest rate must be lower than the old interest rate unless the new loan is refinancing an ARM.</li> <li>• The principal and interest payment on the IRRRL MUST be less than the loan being refinanced unless one of the following exceptions applies: <ul style="list-style-type: none"> <li>- the IRRRL is refinancing an ARM</li> <li>- term of the IRRRL is shorter than the term of the loan being refinanced</li> <li>- if the payment (PITI) increases by 20% or more, the lender must: <ul style="list-style-type: none"> <li>• determine that the veteran qualifies for the new payment from an underwriting standpoint; such as determine whether the borrower can support the proposed shelter expense and other recurring monthly obligations in light of income established as stable and reliable,</li> <li>• include a certification that the veteran qualifies for the new monthly payment which exceeds the previous payment by 20% or more, and</li> <li>• limit the DTI to 50% or less.</li> </ul> </li> </ul> </li> </ul>
Loan Limits	<ul style="list-style-type: none"> <li>• VA Loan Limits by geographic region can be located at: <a href="http://www.benefits.va.gov/homeloans/loan_limits.asp">http://www.benefits.va.gov/homeloans/loan_limits.asp</a></li> <li>• <u>Maximum base loan amount cannot exceed \$1,500,000. Base loan amounts greater than \$1,000,000 must have a minimum FICO of 700.</u></li> </ul>
Loan Purpose	<ul style="list-style-type: none"> <li>• Interest Rate Reduction Refinance Loan (IRRRL).</li> <li>• Borrower should receive no cash back at closing. However, cash back to the Borrower can never exceed \$500.</li> <li>• Credit Qualifying is allowed. When credit qualifying, all existing PennyMac VA overlays are still in effect, including but not limited to credit history and tax transcripts for income validation.</li> </ul>

Occupancy	<ul style="list-style-type: none"> <li>• Owner-occupied</li> <li>• Second Home/Investment</li> <li>- Veteran must certify that he or she previously occupied the property as his or her home.</li> </ul>
Payment History	See Credit section for requirements
Property: Eligible Types	<ul style="list-style-type: none"> <li>• Single Family Residence</li> <li>• 2-4 unit</li> <li>• PUDs</li> <li>• Low-rise and High-rise Condominiums</li> </ul>
Property: Ineligible Types	<p>In addition to the ineligible property types identified in VA Lender's Handbook, the following property types are ineligible:</p> <ul style="list-style-type: none"> <li>• <u>Manufactured homes. This includes on-frame modular homes built on a permanent chassis.</u></li> <li>• <u>Mobile Homes</u></li> <li>• Cooperatives</li> <li>• Condotels</li> <li>• Hotel Condominiums</li> <li>• Timeshares</li> <li>• Geodesic Domes</li> <li>• <u>Working Farms and Ranches</u></li> <li>• Unimproved Land and property currently in litigation</li> <li>• Commercial Enterprises (e.g. Bed and Breakfast, Boarding House, Hotel)</li> <li>• <u>2-4 Unit properties in New Jersey</u></li> </ul>
Property: Maximum Number of	No limit
Qualifying	<p>For Credit Qualifying:</p> <ul style="list-style-type: none"> <li>- Fixed rate qualify at the Note rate.</li> <li>- 5/1 ARMs qualify at the Note rate.</li> </ul>
Ratios	DTI ratios are not calculated, unless the transaction is credit qualified.
Recently Listed Properties	<ul style="list-style-type: none"> <li>• The listing must have been expired or been withdrawn on or before the application date.</li> <li>• <u>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.</u></li> </ul>
Reserves / Funds to Close	Reserves are not required. Source of funds to close are not required on an IRRRL.
Seasoned Loans	Please refer to the PennyMac Seasoned Loan Policy located in the PennyMac Seller Guide for requirements and loan-level price adjustments.
State Restrictions	<ul style="list-style-type: none"> <li>• <u>Texas A (6) Refinances are not eligible</u></li> <li>• <u>2-4 Unit properties in New Jersey</u></li> </ul>
Title Insurance	<u>Required</u>
Underwriting Method	Manual underwriting only

**Seller shall deliver loans that were originated in accordance with the VA Lender's Handbook, unless otherwise noted in the PennyMac Seller's Guide.**  
*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.*