



Announcement 15-36

Date: July 16, 2015

**Topic: 1. Changes to Mandatory/AOT Conv LLPA Values
2. Release of USDA Rural Refinance Pilot Program**

1. Changes to Mandatory/AOT Conv LLPA Values

Please be advised that PennyMac is implementing numerous updates to Loan Level Price Adjustments (LLPAs) for Conventional loan programs on the **Mandatory and Assignment of Trade (AOT) rate sheets**. A sample of the impacted LLPA tabs on each rate sheet has been posted to the page for “Announcement 15-36” on gopennymac.com with updates highlighted in yellow. Please be advised the following LLPAs have been removed and are no longer reflected on the ‘Conv LLPAs’ tab:

- Adverse Market Delivery Charge for all loan attributes
- “High LTV” attribute in the “LLPAs by Product Feature” grid
- Entire grid for “Loan Prospector (LP) AUS Adjustments (Mortgage > 15 Year Terms)”

Updates will be effective for all **Mandatory and Assignment of Trade (AOT)** commitments taken on or after Wednesday, July 22nd, 2015. Rate sheets will reflect updated values beginning on the same date. With these updates, PennyMac has implemented all changes related to the new Fannie Mae and Freddie Mac LLPAs applying to September Issuance.

2. Release of USDA Rural Refinance Pilot Program

PennyMac is pleased to announce the release of the USDA Rural Refinance Pilot Program. Summary of the program includes:

- Owner-occupied only;
- Existing USDA Rural Housing loan with a 0x30 payment history for the previous 12 months;
- No cash-out to the borrower, any excess funds must be applied as a principal reduction;
- Minimum 620 FICO;
- No valuation requirements, and no LTV;
- New interest rate must be 100 basis points (1%) below the current rate ;

- Income and employment documentation required to verify borrower and household members do not exceed USDA Rural Housing's income limits;
- DTI Ratios are not calculated;
- Properties must be located in one of 34 eligible states;
- The Conditional Commitment must be included in the loan file.

Please see the USDA Rural Refinance Pilot Product Profile for complete details.

Product will be available for commitments taken on or after Wednesday, July 22nd, 2015. All rate sheets will reflect updated values beginning on the same date. A sample of the impacted LLPA tabs on each rate sheet has been posted to the page for "Announcement 15-36" on gopennymac.com with updates highlighted in blue.

Please contact your Sales Representative with any questions.