



Announcement

Announcement # 19-07

Date: January 17, 2019

Topic: Freddie Mac Bulletin 2018 -21 and -23

PennyMac will be aligning with the updates announced in Freddie Mac's Bulletin 2018-21 and Bulletin 2018-23, except as indicated below. Updates include but are not limited to:

GreenChoice Mortgage

Effective May 1, 2019 Freddie Mac is releasing the GreenChoice Mortgage, where borrower can finance energy and/or water efficiency improvements. Highlighted features of the program include by are not limited to:

- Providing flexibility to finance the costs of energy and/or water efficiency improvements that are to be completed after the Note Date with the proceeds from a "no-cash out" or purchase transaction.
- An escrow account must be established at the time of closing.
- Energy report is required to verify improvements are cost effective except when the aggregate cost is less than or equal to \$6500.
- A completion report is required to verify the work has been completed.

Flood Insurance

Previously, condominium owners association were required to maintain building coverage for the lower of (1) the building's replacement cost, or (2) \$250,000 multiplied but the number of residential units in the building, regardless of the number of units.

Effective with this change, Freddie Mac is now requiring the HOA to maintain building coverage for the lower of:

- 80% of the building's replacement cost, or
- \$250,000 multiplied by the number of residential units in the building.

Automated Income and Asset Assessment

Effective with LPA runs on or after December 9, 2018 Freddie Mac introduced automated income and asset assessments. PennyMac is aligning with Freddie Mac's update and will accept loans where the automated process is utilized, and the loan is eligible for representation and warranty relief as



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evidenced by the feedback certificate. All vendor reports utilized must be included with the file upon submission to PennyMac.

Please contact your Sales Representative with any questions.