

Announcement # 19-44

Date: August 2, 2019

Topic: Update to Early Payoff Policy in Seller's Guide

Effective for commitments taken on or after August 5, 2019, PennyMac will add a third bullet point to the Early Payoff Policy in the [Delegated](#) and [Non-Delegated](#) Seller's Guide. The change is highlighted below in red.

- *For Mortgage Loans that have been sold to an Agency or securitized into an Agency MBS, Seller shall promptly reimburse the Purchaser the greater of (i) (a) the Servicing Released Premium paid by Purchaser on the subject Mortgage Loan or (b) any related servicing released premium as published or calculated internally by Purchaser, or (ii) fifty (50) Basis Points. For Mortgage Loans that are not eligible for sale to an Agency or securitization into an Agency MBS, or Mortgage Loans that have not been sold to an Agency or securitized into an Agency MBS, Seller shall promptly reimburse the Purchaser the greater of (i) any premium paid in excess of par or (ii) 150 Basis Points of the Stated Principal Balance.*
- *For Mortgage Loans where a curtailment occurs during the Early Payoff period in excess of 30% of the original principal balance, Seller shall promptly reimburse the Purchaser the proportionate amount of the Servicing Release Premium paid by Purchaser on the subject Mortgage Loan.*
- *Consistent with the prepayment review process of the Agencies, PennyMac routinely reviews each Seller's portfolio of purchased Mortgage Loans to monitor levels of Principal Prepayments. If such analysis identifies unusual Principal Prepayment behavior by Seller, the originating broker, or loan officer, PennyMac may seek additional protections including extending the EPO period on future loan purchases or declining to purchase additional Mortgage Loans originated by identified brokers or loan officers. If PennyMac receives an invoice from an investor due to unusual Principal Prepayment behavior of Mortgage Loans purchased from Seller, the cost (which may include an EPO recapture of all amounts paid in excess of the Stated Principal Balance) will be passed on to and borne by Seller. See Section 4.1 of the PennyMac Mortgage Loan Purchase Agreement regarding Solicitation and the Guide document titled "Representations and Warranties" in the Seller Eligibility folder for the "GSE Eligible" representation incorporating the obligations to the GSEs.*

Please contact your Sales Representative with any questions.