



Announcement

Announcement # 20-32

Date: May 7, 2020

Topic: Updates to Forbearance Policies, Fannie Mae's Updated Lender Letters 2020-03/04, Freddie Mac's Bulletin 2020-14 and USDA SFGLP Updated Income Limits for FY 2020

Early Forbearance Loans

PennyMac is amending announcement # 20-26 titled Loans in Early Forbearance. Effective immediately, a conventional purchase or rate and term loan that enters into forbearance after purchase by PennyMac will not be assessed the standard agency LLPAs of 5% (for first time homebuyers) or 7% (for all other loans). Additionally, PennyMac will no longer assess the \$1,000 administrative fee for loans that enter into forbearance after purchase by PennyMac.

As a reminder, PennyMac will not purchase loans that are currently in forbearance.

Fannie Mae and Freddie Mac Updates

PennyMac is aligning with Fannie Mae and Freddie Mac's updates and extension to flexibilities announced in the revised Lender Letters 2020-03, 2020-04 dated May 5, 2020, and Bulletin 2020-14, except for power of attorney flexibilities and remote online notarization, which continue to be ineligible for purchase. COVID-19 flexibilities remain eligible for applications with dates on or before June 30, 2020.

Furloughs and Layoffs

Due to the recent increase of furloughed and laid off employees, PennyMac is aligning with the guidance given for borrowers that have been furloughed or laid off. Income from borrowers who are currently furloughed or laid off is ineligible for qualification regardless of a return to work date has been provided. Income from furloughed employees will not be considered eligible for qualification until they have actually returned to work.

Unemployment Compensation

PennyMac is aligning with the guidance given for borrowers who are receiving unemployment benefits. Borrowers who are currently receiving unemployment benefits due to the impacts of COVID-19 are ineligible to use these benefits for qualification as these benefits are not considered stable or likely to continue, and cannot be considered under the temporary leave guidelines. Unemployment benefits as qualifying income are only considered eligible for borrowers who are seasonal employees and have a documented stable history of receiving unemployment benefits. Any loans submitted using unemployment benefits to qualify that do not fall under the appropriate guidelines will be considered ineligible for purchase by PennyMac.



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Please see Fannie Mae Selling Guide Section B3-3.1-09 and Freddie Mac Seller's Guide Section 5303.3 for complete details.

USDA Updated Income Limits for Fiscal Year 2020

PennyMac is aligning with the USDA Guaranteed Home Loan Programs updated income limits for 2020. The Guaranteed Underwriting System (GUS) and the Income Eligibility calculator have been updated on the Income Eligibility website. Please see Appendix 5 in the HB-1-3555 SFH Guaranteed Loan Program Technical Handbook for complete details on Income Limits.

As a reminder, Clients must be specifically approved by PennyMac to deliver Rural Housing mortgages. Please contact your account manager for Rural Housing approval requirements.

Please contact your Sales Representative with any questions.