



# Announcement

## **Announcement # 20-76**

**Date:** November 23, 2020

**Topic:** **Freddie Mac Bulletins 2020-43 and 44, Fannie Mae LL 2020-03 and 04**

## **COVID Specific Updates**

### **COVID 19 Flexibilities Extended**

PennyMac is aligning with Fannie Mae and Freddie Mac's extension of COVID-19 related flexibilities for conventional transactions including buying loans in forbearance and several origination flexibilities. These flexibilities have been extended and are effective for transactions with application dates until December 31, 2020. All PennyMac overlays related to COVID-19 will remain in effect. As a reminder, paystubs and bank statements are not eligible alternatives to verbal verifications of employment for any loan delivered to PennyMac.

### **Update to Self-Employment Income Calculation**

Currently, when an unaudited Profit and Loss (P&L) statement is provided to support a self-employed borrower's income, two months' bank statements covering the P&L must be provided. The bank statements must support the amount of revenue, expenses and net income documented in the unaudited YTD profit and loss statement.

Effective with applications on or after December 14, 2020, for all conventional loans with self-employed borrowers, PennyMac is aligning with Fannie Mae and Freddie Mac's update to income requirements. When an unaudited Profit and Loss statement is provided, a minimum of three months' business bank statements must be provided. Correspondents must review the bank statements to determine if the documented business revenue supports the business revenue reported in the unaudited P&L.

Lenders may implement the updates to self-employed borrowers now, but must do so by applications on or after December 14, 2020.

### **Freddie Mac Bulletin 2020-43**

PennyMac is aligning with the updates announced in Freddie Mac bulletin 2020-43, except for updates regarding cooperatives, for all LPA approved conventional transactions.



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Effective with loans delivered on or after February 4, 2021, PennyMac is aligning with Freddie Mac's updates regarding Loan Product Advisor (LPA) submission tolerances for loan amounts on refinances. Resubmission to LPA will not be required when the loan amount increases by no more than the lesser of \$500 or 1%, or when the loan amount decreases by no more than 5%. Loan amount changes outside of these tolerances will require a resubmission. If the loan has mortgage insurance, the amount may not change the coverage amount. Loans with appraisal waivers are not eligible for loan amount tolerances and must be resubmitted if the loan amount changes.

Please contact your Sales Representative with any questions.