



Announcement

Announcement # 21-20

Date: 03/17/2021

Topic: Revised Announcement #21-12 Conventional Self-Employed Income Documentation Requirements for 2021

PennyMac is aligning with the updated Fannie Mae and Freddie Mac COVID FAQ's on profit and loss statement requirements when the complete 2020 Federal Tax Returns have been filed with the IRS. **Revisions have been made to the second chart below.**

PennyMac aligns with the guidance given in the Fannie Mae Lender Letters 2020-03 dated May 28, 2020 and November 13, 2020 and Freddie Mac Bulletins 2020-19 and 2020-44 for borrowers using self-employment income to qualify. In addition, PennyMac is aligning with the age of tax return requirements provided in Freddie Mac Bulletin 2021-2.

The below chart provides a detailed breakdown for each month in 2021 of the specific documentation requirements for profit & loss statements, business bank statements, and tax returns based on the application date and if 2020 tax returns have been provided or not.

| IF 2020 Tax Returns have not been provided; not yet required or extension in file | | | |
|---|--|--|--|
| Application Date | The profit and loss statement must report, at a minimum: | When unaudited P & L, business bank account statements required: | Tax Returns Required |
| January 2021 | January through December 2020 | October, November, December 2020 | 2019 and 2018 for two years 2019 for one year |
| February 2021 | November, December 2020 and January 2021 | November & December 2020 and January 2021 | |
| March 2021 | December 2020 and January & February 2021 | December 2020 and January & February 2021 | |
| April 2021 | January through March 2021 | January, February & March 2021 | 2019 and 2018 for two years ¹ 2019 for one year ¹ |
| May 2021 | January through April 2021 | February, March & April 2021 | 2019 and 2018 plus extension for two years 2019 plus extension for one year |
| June 2021 | January through May 2021 | March, April & May 2021 | |
| July 2021 | January through June 2021 | April, May & June 2021 | |
| August 2021 | January through July 2021 | May, June & July 2021 | |
| September 2021 | January through August 2021 | June, July & August 2021 | 2019 and 2018 plus extension for two years ² 2019 plus extension for one year ² |
| October 2021 | January through September 2021 | July, August & September 2021 | 2019 and 2020 for two years 2020 for one year |
| November 2021 | January through October 2021 | August, September & October 2021 | |
| December 2021 | January through November 2021 | September, October & November 2021 | |

¹2020 Tax Returns required for loans with applications dated on or after 4/15/2021 or extension required.
²Extensions accepted until applications dated 9/30/21. On or after 10/1/2021, 2020 tax returns are required.



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| IF 2020 Tax Returns have been provided <i>with evidence of filing to IRS</i> | | | |
|--|--|--|--|
| Application Date | The profit and loss statement must report, at a minimum: | When unaudited P & L, business bank account statements required: | Tax Returns Required |
| January 2021 | P&L is not required ³ | October, November & December 2020 | 2019 and 2020 for two years 2020 for one year |
| February 2021 | P&L is required, January 2021 ³ | November and December 2020 & January 2021 | |
| March 2021 | January through February 2021 | December 2020 and January & February 2021 | |
| April 2021 | January through March 2021 | January, February & March 2021 | |
| May 2021 | January through April 2021 | February, March & April 2021 | |
| June 2021 | January through May 2021 | March, April & May 2021 | |
| July 2021 | January through June 2021 | April, May & June 2021 | |
| August 2021 | January through July 2021 | May, June & July 2021 | |
| September 2021 | January through August 2021 | June, July & August 2021 | |
| October 2021 | January through September 2021 | July, August & September 2021 | |
| November 2021 | January through October 2021 | August, September & October 2021 | |
| December 2021 | January through November 2021 | September, October & November 2021 | |

³The borrower's 2020 complete federal tax return(s) (individual and business if applicable), filed with the IRS, replace the requirement for a P&L statement for any portion of 2020. Business bank statements are still required, as shown above.

Note: The lender should not rely solely on the above chart and remains responsible for ensuring that all Agency guidelines are being met.

Please contact your Sales Representative with any questions.