



Announcement

Announcement # 21-30

Date: 04/16/2021

Topic: Freddie Mac Bulletin 2021-9

PennyMac is aligning with Freddie Mac’s updates announced in Bulletin 2021-9, with the exception of the POA updates due to existing overlays. Updates include but are not limited to the following:

Evaluation of 30-day (formerly referred to as “open-end”) accounts

Currently, Freddie Mac allows for the option of including 5% of the balance as the qualifying monthly payment in the DTI ratio.

Effective with loans closed on or after 6/7/2021, PennyMac is aligning with the updated requirements for the treatment of 30 day accounts.

Freddie Mac Monthly Payments on 30-day accounts (formerly referred to as "open-end") accounts	
Current Requirements	NEW Requirements
<p>In the absence of a monthly payment on the credit report, and if there is no documentation in the mortgage file indicating the monthly payment amount:</p> <ul style="list-style-type: none"> • 5% of the outstanding balance will be considered to be the required monthly payment amount or • Open-end accounts do not have to be included in the monthly debt payment if the borrower has sufficient funds to pay off the outstanding account balance. The funds must be in addition to any funds used to the qualify the borrower for the mortgage transaction. 	<p>For 30-day accounts (i.e., accounts that require the balance to be paid in full monthly):</p> <ul style="list-style-type: none"> • the full amount of the outstanding account balance must be included in the debt payment-to-income ratio or • verify the borrower has sufficient funds to pay off the outstanding account balance. The funds must be in addition to any funds used to qualify the borrower for the mortgage transaction, and the source of funds must be an eligible source as described in Freddie Mac Guide Section 5501.3 <p>Note: 5% of the account balance may no longer be used as a default payment.</p>

LPA feedback messages will be updated by 7/6/2021 to reflect these changes. Please refer to Freddie Mac Guide section 5401.2 for complete details on 30 day accounts.

Please contact your Sales Representative with any questions.