

Delegated Announcement

Date: May 01, 2024

Announcement # 24-41

Bona Fide Discount Points

As part of our pre and post purchase loan file due diligence, Pennymac may require documentation to support the exclusion of bona fide discount points from the points and fees calculation, where applicable. This documentation must include all of the following items:

- 1. Date the interest rate was last set / APOR Date
- 2. APOR as of the date the interest rate was last set
- 3. Starting Adjusted Rate and Starting Adjusted Rate's Points.
 - a. The starting adjusted rate must be a note rate available to the borrower (i.e., it must be on the rate sheet and available to be selected by the borrower), and the starting adjusted rate's points must include the LLPAs applicable to that borrower (i.e., the LLPAs that would apply if the borrower were to selected the Starting Adjusted Rate as their note rate).
- 4. Note Rate selected by the borrower
- 5. Discount points applicable to the Note Rate selected as of the date the interest rate was last set
 - a. Must include the LLPAs applicable to that borrower
- 6. The amount of the discount points that are excludable

Note: Displaying price in lieu of points is also acceptable, where Price = 100-Points.

To avoid revised conditions and delays in the purchase of your loans, we are providing the following guidance on the documentation requirements relative to the exclusion of bona fide discount points. The following are acceptable sources of documentation, provided that the 6 items above are clearly labeled:

- Electronic printouts from your pricing engine (see example below)
- Electronic printouts from your Loan Origination System (LOS)
- Printed rate sheets

Note: Self-created spreadsheets are not acceptable.

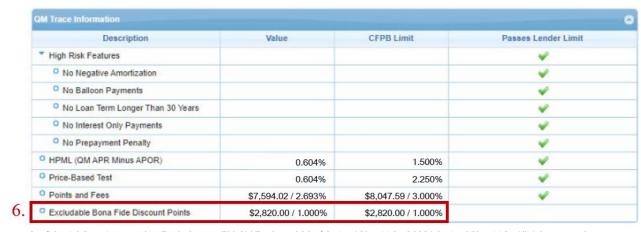
Example: The following example of acceptable documentation is obtained through Optimal Blue, LLC



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We appreciate your attention to this matter. Please contact your Account Executive or Pipeline Account Manager (PAM) with any questions.