

Announcement # 24-80

Date: August 14, 2024

AUS Jumbo: Appraisal and Temporary Interest Rate Buydown Updates

Effective for new applications taken on or after August 30th, 2024, Pennymac is updating AUS Jumbo requirements to include the following:

Appraisal Requirements – Update

- When two full appraisals are required the lower of the two values must be used as the appraised value to determine LTV.
- All single appraisals require a secondary valuation assessment to be completed prior to the note date, with one of the following conditions satisfied:
 - A Fannie Mae Collateral Underwriter® (CU) Score of ≤ 2.5 and a Freddie Mac Loan Collateral Advisor® (LCA) score of ≤ 2.5 is required
 - If CU returns no score (999), an LCA ≤ 2.5 is sufficient. If LCA returns no score (99), a CU score ≤ 2.5 is sufficient
 - If two scores are obtained and either score is > 2.5 , another assessment option referenced below is required
 - Clear Capital or Pennymac Home Value Estimator (HVE) AVM with an estimated value that is $\geq 90\%$ of the appraised value and FSD $\leq 13\%$
 - If the AVM supports the appraised value, a copy or screenshot of the AVM result, including the date, property address, estimated value, and FSD must be retained in the loan file
 - Clear Capital Collateral Desktop Analysis (CDA) with a value that is $\geq 90\%$ of the appraised value
 - If the CDA supports the appraised value, the report must be retained in the loan file
 - If none of the secondary valuation conditions above can be met, a second full appraisal is required and the lower of the two appraisal values must be used as the appraised value in the LTV calculation.

Temporary Interest Rate Buydowns – Now Eligible!

Temporary interest rate buydowns are eligible with the following requirements:

- Maximum loan amount \$1,500,000
- Minimum 740 FICO
- Owner Occupied only
- Purchase transactions only
- Borrower paid buydowns are ineligible
- Maximum total interest rate reduction of 2%, max increase per year of 1% (e.g., 1/0, 1/1, and 2/1)
- Maximum 2 years to reach standard note rate

- Must qualify at the standard note rate without benefit of the buydown
- Must meet all other applicable Fannie Mae or Freddie Mac requirements, including but not limited to qualification, IPC limits, documentation of buydown, and funding of buydown.

Please contact your Sales Representative with any questions.