PENNYMAC
CORRESPONDENT

Pennymac Non Qualified Mortgage Product Suite

Market, Product and Delivery Overview

September 2025

Introductions

Key Pennymac Personnel for This Call

Alex Boand

Senior Managing Director and Chief Correspondent Production Officer

Nick Pabarcus

Managing Director and Non QM Sales Leader

- Pricing
- Credit
- Servicing
- Fulfillment
- IT
- Counterparty Risk

Headlines

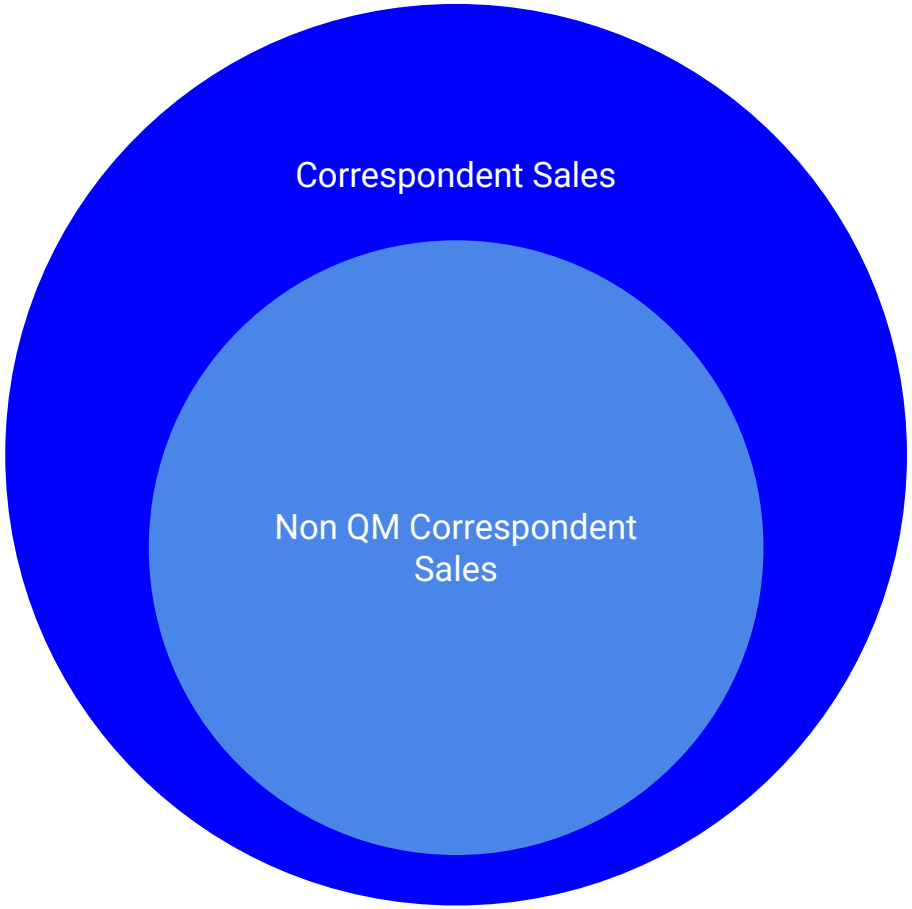
High Level Topics To Note

- Product Launches on Monday, September 22nd
- Counterparty Requirements: $5M TNW, Delegated Non-QM Experience
- First Release: Best Effort, Our Guidelines, Our TPR
- Advanced Execution Strategies Forthcoming
- Four (4) Product Lines: A+, A, A- and DSCR
- No Changes to File Delivery from Core Product Lines
- Intention is to retain servicing on Non-QM Products

Non QM Sales Resources

Industry Experts to Support the Non QM Product Line

Correspondent Sales to manage the relationship with Non QM Sales as the product experts for your support



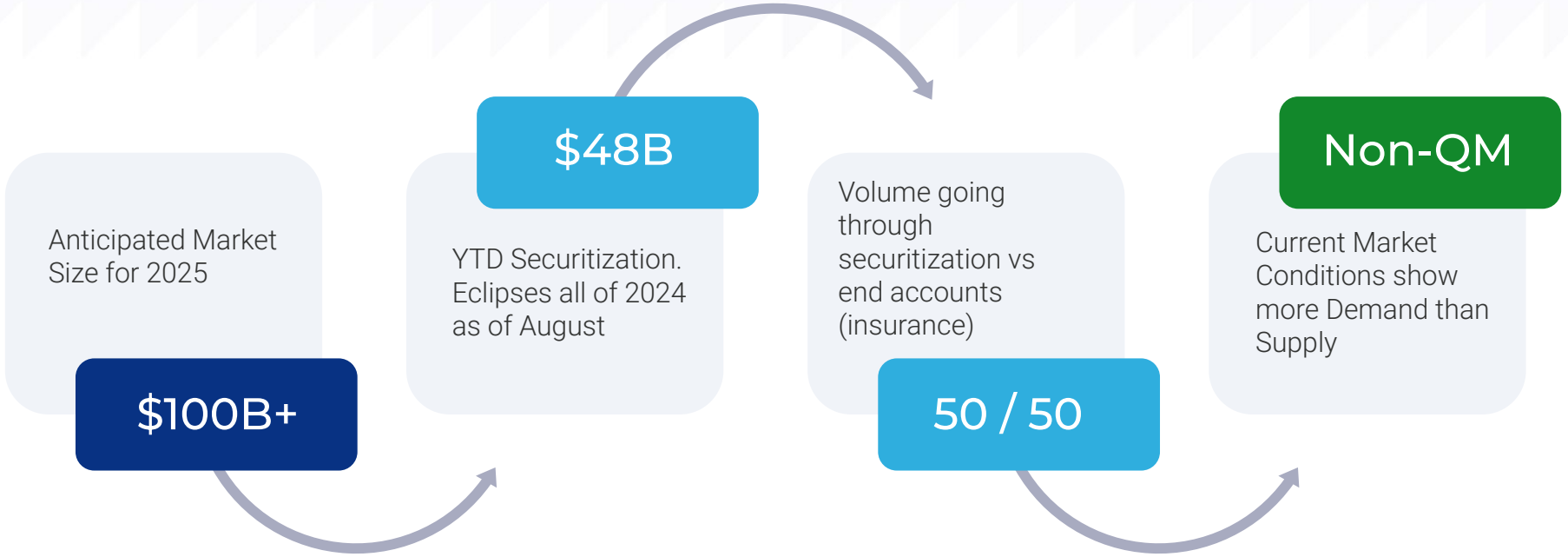
Chrystyna Johnson

Brandon Medhurst

Eric Watson

Market Overview

High Level Overview of the Current Non-QM Market



The market size continues to grow. Securitization and Insurance bids are driving competitive executions. Strong environment and great liquidity in the marketplace.

PENNYMAC CORRESPONDENT

Contemporary Market Data

Current Look at What Products, FICO, Loan Balances, LTVs and PP Terms are In Market

Pennymac Non-QM Product Line is Configured for the largest Non-QM market segments

Condensed_DocType	Sum of LockAmt	LockAmt Distro
Investor - DSCR	2,421,655,195	35.59%
Business Bank Stmt	1,906,809,458	28.03%
Full Doc	1,371,106,732	20.15%
Asset Related	384,323,828	5.65%
P&L	324,029,906	4.76%
Personal Bank Stmt	205,173,078	3.02%
Alt Doc	59,475,767	0.87%
1099	57,609,626	0.85%
Written VOE	35,213,199	0.52%
Needs Review	19,638,512	0.29%
Investor - No Ratio	18,740,830	0.28%
Grand Total	**6,803,776,132**	**100.00%**

PrepayPenalty	2025-09-05
None	30.55%
1 Year	16.26%
2 Year	6.84%
3 Year	25.41%
4 Year	0.51%
5 Year	20.44%

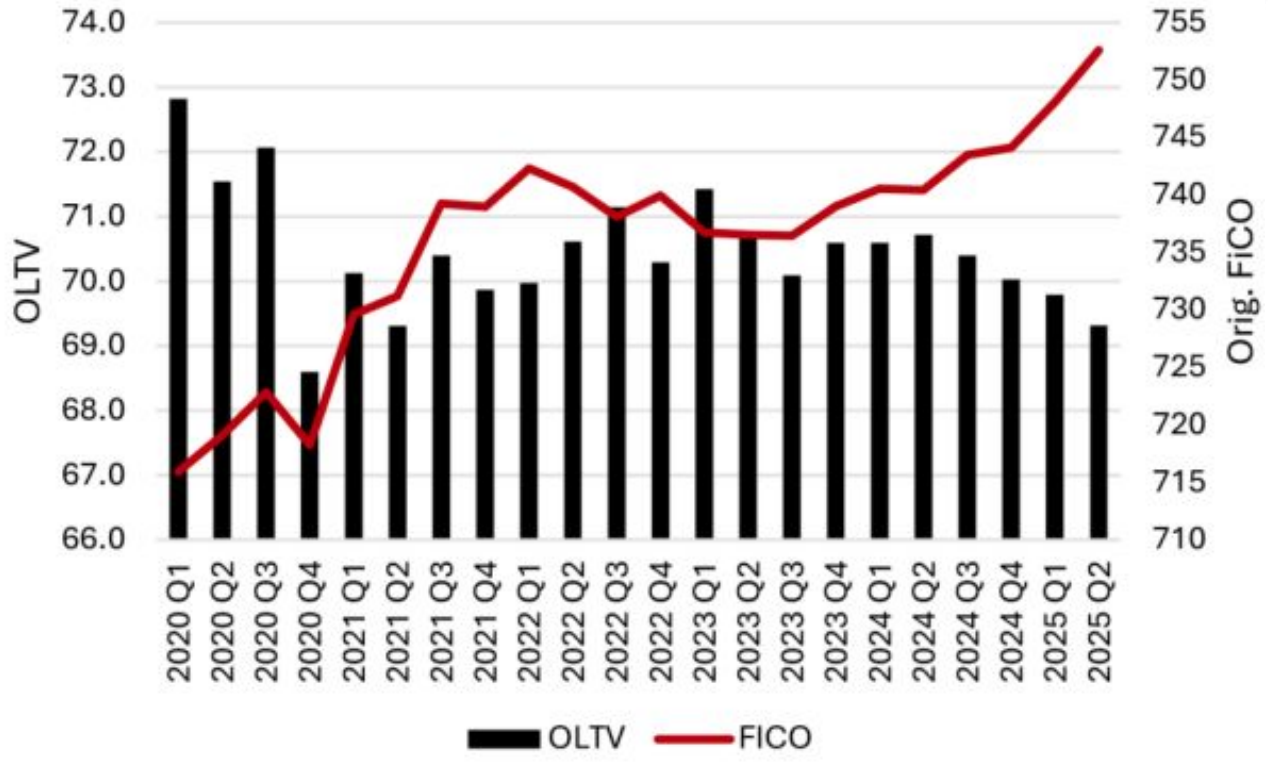
LOANBALRNG	2025-09-05
a) 0-$50K	0.00%
b) $50K-$85K	0.09%
c) $85K-$110K	0.67%
d) $110K-$125K	0.67%
e) $125K-$150K	1.14%
f) $150K-$175K	1.22%
g) $175K-$200K	1.71%
h) $200K-$225K	1.63%
i) $225K-$250K	1.82%
j) $250K-$275K	1.79%
k) $275K-$300K	2.90%
l) $300K-$350K	3.96%
m) $350K-$400K	4.87%
n) $400K-$500K	8.92%
o) $500K-$600K	7.69%
p) $600K-$700K	9.06%
q) $700K-$800K	6.33%
r) $800K-$900K	4.44%
s) $900K-$1M	4.63%
t) $1M-$1.5M	18.38%
u) $1.5M-$2M	7.13%
v) $2M-$2.5M	5.34%
w) $2.5M-$3M	3.76%
x) >$3.0M	1.84%

FICO_RNG	2025-09-05
m) >=800	8.38%
l) 780-799	18.89%
k) 760-779	18.48%
j) 740-759	14.12%
i) 720-739	15.65%
h) 700-719	10.95%
g) 680-699	8.08%
f) 660-679	3.04%
e) 640-659	1.30%
d) 620-639	0.54%
c) 600-619	0.18%
b) 580-599	0.04%
a) <580	0.35%

LTV_RNG	2025-09-05
a) < 40.01%	5.42%
b) 40.01% - 50.00%	4.67%
c) 50.01% - 60.00%	9.85%
d) 60.01% - 70.00%	23.00%
e) 70.01% - 75.00%	19.06%
f) 75.01% - 80.00%	30.91%
g) 80.01% - 85.00%	4.32%
h) 85.01% - 90.00%	2.71%
i) 90.01% - 95.00%	0.00%
k) > 97.00%	0.06%

Non-QM Trending

FICO and LTV Trending since 2020



Source: Santander US Capital Markets, CoreLogic Loan Performance

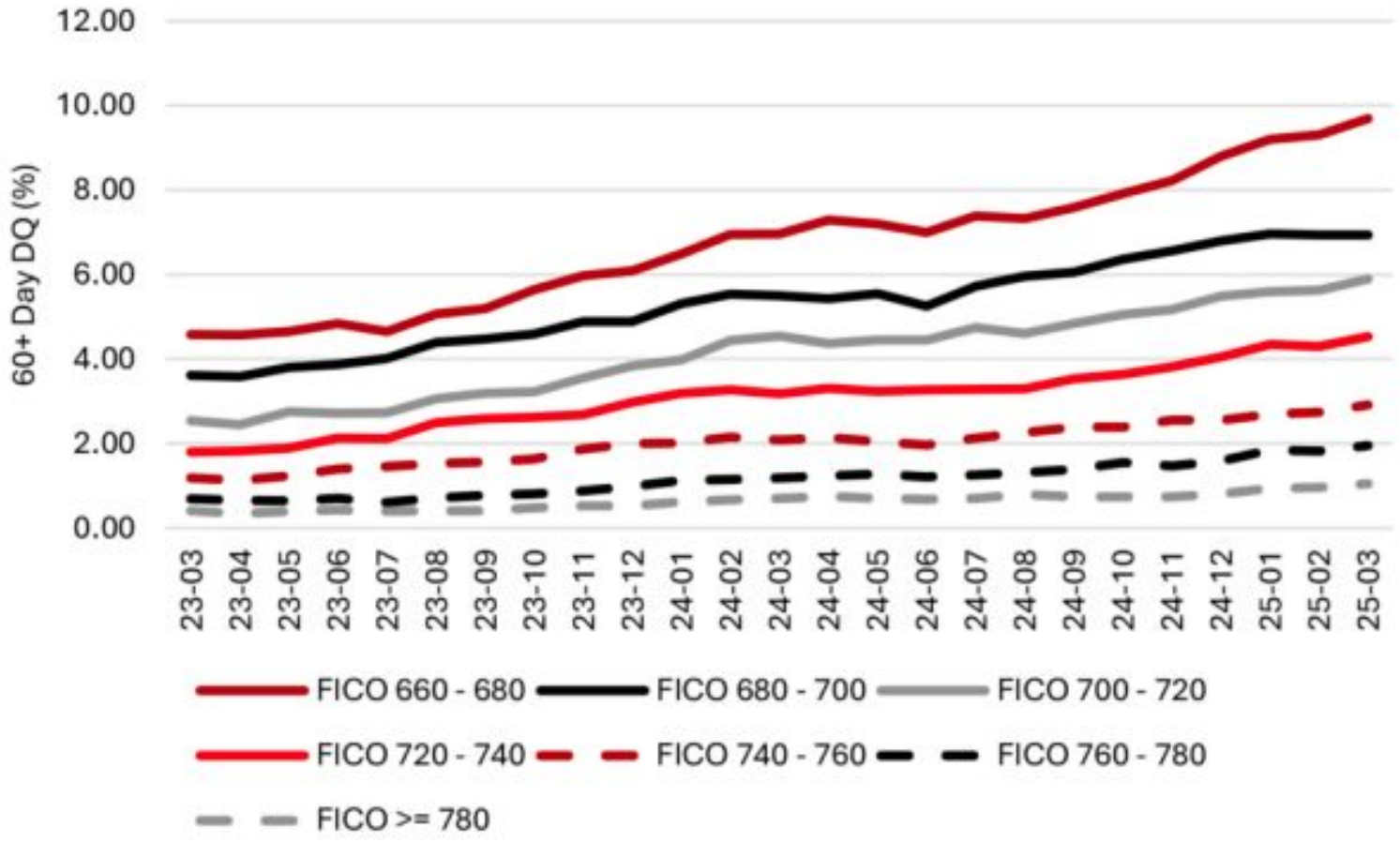
FICO scores are going up

LTVs are going down

It seems unlikely that elevated delinquency rates will translate to meaningful losses across non-QM trusts. The combination of existing stores of both paid-in and mark-to-market equity and tight housing supply should afford distressed homeowners or investors the ability to sell their homes rather than face foreclosure and subsequent liquidation.

Delinquency Data

FICO



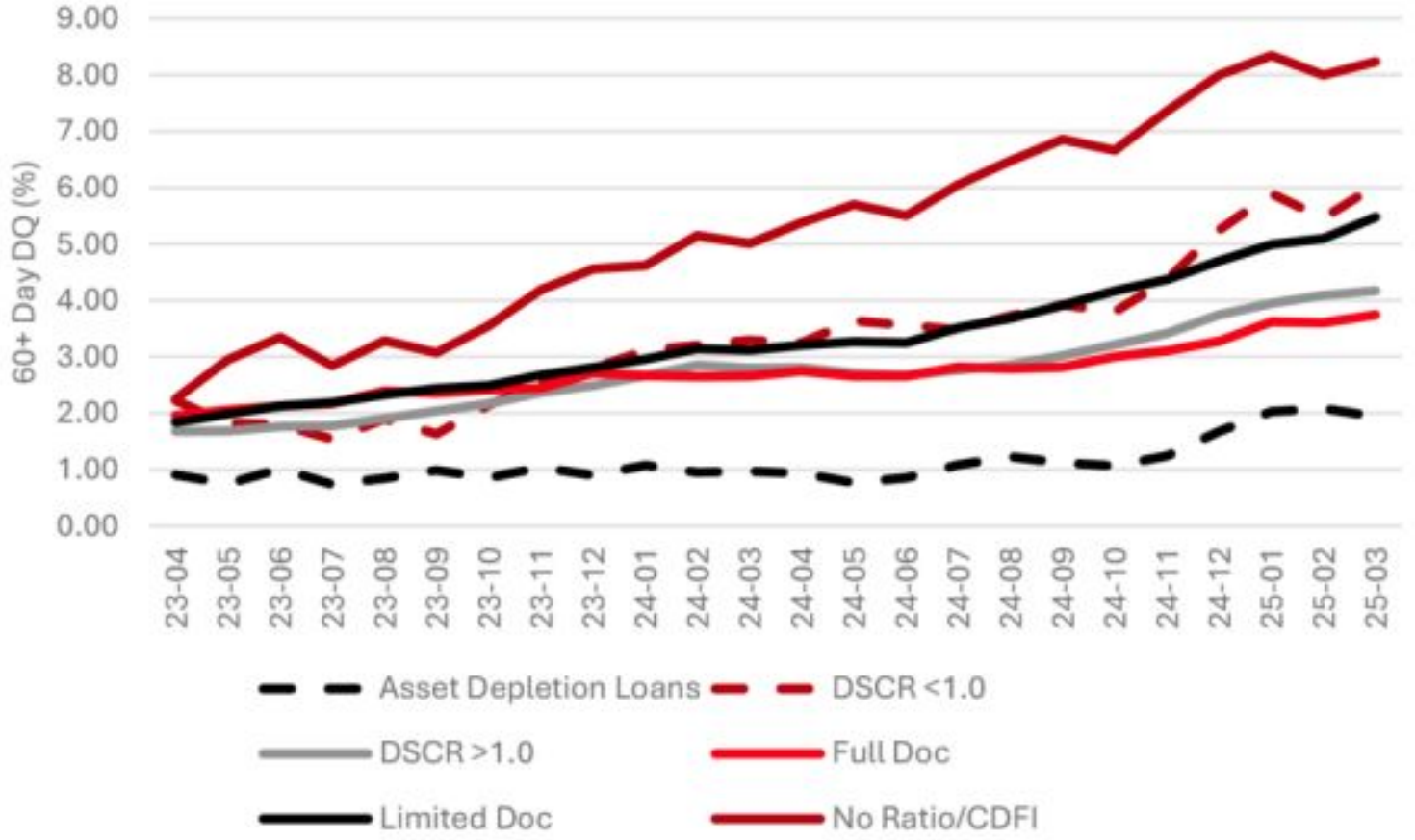
Source: Santander US Capital Markets, CoreLogic LP

The FICO bands are doing what you would expect them to do

660-680 is approaching 10%

Delinquency Data

Product Types



Source: Santander US Capital Markets, CoreLogic LP

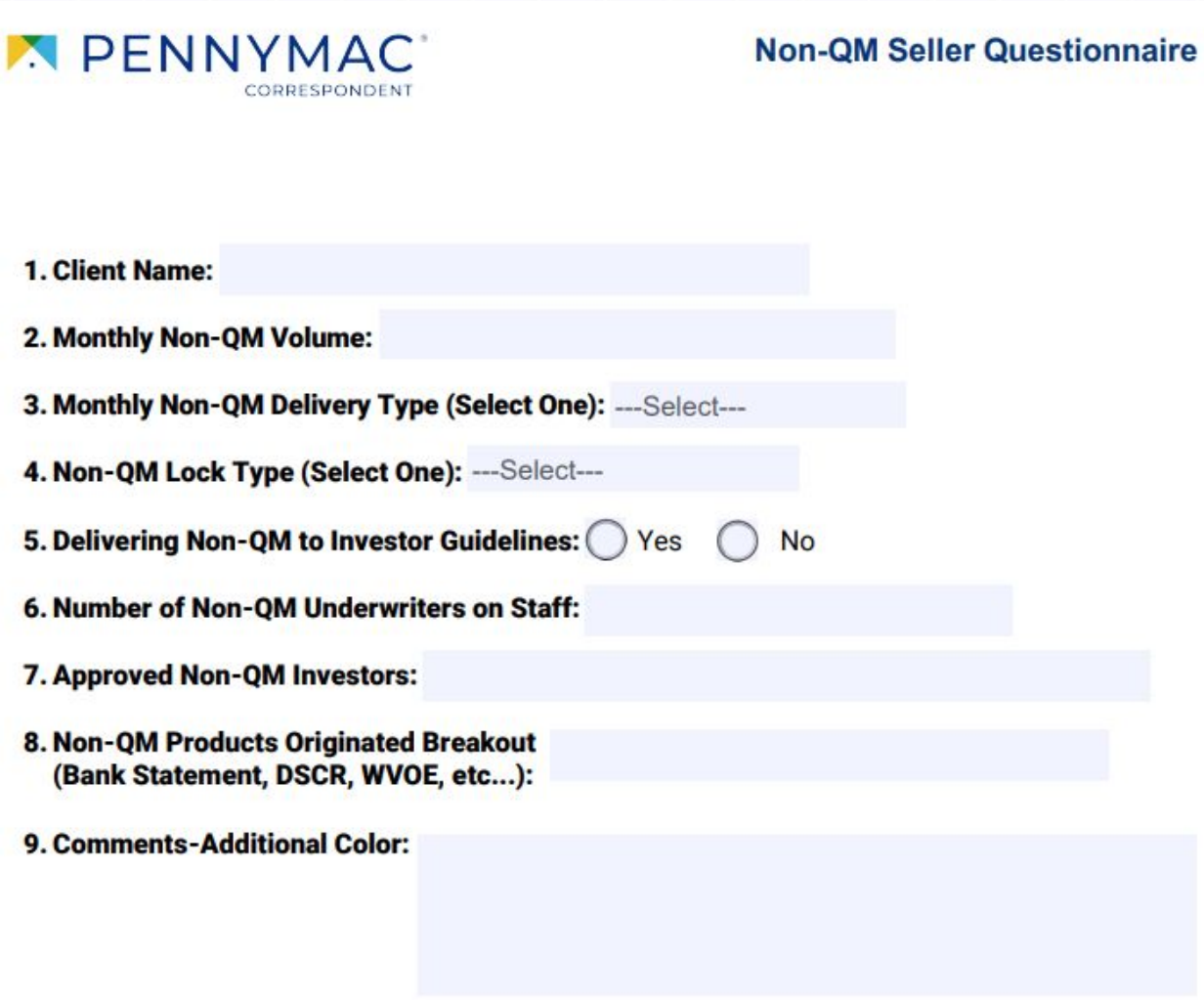
Highest DQs are No Ratio

DSCR < 1.0 follows

Asset Loans outperform full doc

Counterparty Requirements

Counterparty Requirements and Details on Qualification and Options



PENNYMAC CORRESPONDENT

Non-QM Seller Questionnaire

1. Client Name:

2. Monthly Non-QM Volume:

3. Monthly Non-QM Delivery Type (Select One): ---Select---

4. Non-QM Lock Type (Select One): ---Select---

5. Delivering Non-QM to Investor Guidelines: ◯ Yes ◯ No

6. Number of Non-QM Underwriters on Staff:

7. Approved Non-QM Investors:

8. Non-QM Products Originated Breakout (Bank Statement, DSCR, WVOE, etc...):

9. Comments-Additional Color:

- $5M TNW
- Delegated Non-QM Experience Required
- Seller Questionnaire Necessary (to the left)
- No updated MLPA execution necessary
- Approved Sellers have product access on Monday, September 22nd
- Non Delegated Options coming in late Q4
- Training and Support forthcoming for NDC to Del Sellers

Product Overview

High Level Product Lines and Descriptions

Product	Details
Non QM A+	The housing payment history must show no worse than 0×30×12 and 0×60×24 for all REOs and rental payments.
Non QM A	The housing payment history must show no worse than 1×30×12 and 0×60×24 across all REOs and rental payments.
Non QM A-	The housing payment history must show no worse than 2×30×12 and 1×60×24 across all REOs and rental payments.
DSCR	Standard DSCR, Low Ratio and No Ratio Qualification Options.

Initial rollout will not feature presubmission exceptions. Pennymac will be working toward an efficient, consistent and repeatable process that will be rolled out at a later date

Credit Grade Differences

Examples of Credit Grade Differences

Feature	Non-QM A+	Non-QM A	Non-QM A-
Max. Loan Amount	Up to $3,500,000 for owner-occupied and second homes. Up to $3,000,000 for investment property.	Up to $3,000,000 for owner-occupied and second homes. Up to $2,500,000 for investment property.	Up to $2,000,000 for owner-occupied and second homes. Up to $1,500,000 for investment property.
Min. Loan Amount	$150,000	$150,000	$150,000
Max. DTI	50%. Can be up to 55% with additional criteria.	50%	45%
Min. Credit Score	As low as 660.	As low as 660.	As low as 660.
LTV/CLTV	Higher maximums. Up to 90% for owner-occupied purchase/rate & term on a $1,000,000 loan.	Generally lower than A+. Up to 90% for owner-occupied purchase/rate & term on a $1,000,000 loan.	The most restrictive. Up to 85% for owner-occupied purchase/rate & term on a $1,000,000 loan.
Interest Only (IO)	Eligible with minimum 700 FICO, max 85% LTV/CLTV.	Eligible with minimum 700 FICO, max 80% LTV/CLTV.	Not eligible.
Asset Depletion	Eligible with max 85% LTV/CLTV, min 700 FICO, no cash-out, and for a primary residence.	Eligible with max 85% LTV/CLTV, min 700 FICO, no cash-out, and for a primary residence.	Not eligible.
Written VOE (WVOE)	Eligible with max 80% LTV/CLTV and min 660 FICO.	Eligible with max 75% LTV/CLTV and min 660 FICO.	Not eligible.
Min. Subject Property Reserves	6 months for loans ≤$1,000,000, 9 months for loans 1M–2M, 12 months for loans >$2,000,000.	3 months for loans ≤$1,000,000, 6 months for loans 1M–2M, 9 months for loans >$2,000,000.	3 months for all loan amounts.
Cash-Out Limits	Max cash-out is $750,000 if LTV > 60%. No limit if LTV ≤60%.	Max cash-out is $500,000 if LTV > 60%. No limit if LTV ≤60%.	Max cash-out is $250,000 if LTV > 60%. No limit if LTV ≤60%.
Housing Payment History	No worse than 0×30×12 and 0×60×24.	No worse than 1×30×12 and 0×60×24.	No worse than 2×30×12 and 1×60×24.
Derogatory Credit Seasoning	48+ months for events like foreclosure, bankruptcy, or modifications due to default.	36+ months for the same events.	24+ months for the same events.
Warrantable Condos	Max LTV/CLTV is 85%.	Max LTV/CLTV is 80%.	Max LTV/CLTV is 75%.
Non-Warrantable Condos	Max LTV/CLTV is 80%.	Max LTV/CLTV is 75%.	Max LTV/CLTV is 75%.
Asset Depletion	Eligible with a max 85% LTV/CLTV and min 700 FICO for a primary residence, but is not permitted for non-owner-occupied or second homes. Gift funds are not allowed.	Eligible with a max 85% LTV/CLTV and min 700 FICO for a primary residence, but is not permitted for non-owner-occupied or second homes. Gift funds are ineligible.	Ineligible.
Written Verification of Employment (WVOE)	Eligible with a max 80% LTV/CLTV and min 660 FICO. For wage earners only. Requires two months of personal bank statements showing deposits of at least 65% of the gross wage/salary on the WVOE.	Eligible with a max 75% LTV/CLTV and min 660 FICO. For wage earners only. Requires two months of personal bank statements showing deposits of at least 65% of the gross wage/salary on the WVOE.	Ineligible.

Income Doc Types

Doc Types Allowable Under the Current Program Offerings

Full Doc	Standard Full Doc (Agency)
Streamline Doc	12 months vs the 24 month requirement
Bank Statements	12 or 24 month business or personal bank statements
WVOE	Wage earner. Written WVOE for 2 years gross earnings
1099	Provide 1yr of 1099s
Asset Depletion	Qualify off total assets with a seven (7) year draw schedule
Asset Qualifier	Residual income calculation

DSCR	Qualifying with 1.25 or greater
DSCR 1.00-1.24	Qualifying with 1.00-1.24
DSCR .75 - .99 (Low Ratio)	Qualifying with .75-.99
No Ratio	No DSCR Ratio Qualification (under .75)

Prepayment Penalties

Details on Prepayment Penalties and Differing Structures

Prepayment Penalty Period (in Yrs)	Prepayment Penalty Percent	Prepayment Penalty Conditions
5	• 5%-5%-5%-5%-5% • 5%-4%-3%-2%-1%	A
	• 6 Months Interest	B
4	• 5%-5%-5%-5% • 5%-4%-3%-2%	A
	• 6 Months Interest	B
3	• 5%-5%-5% • 5%-4%-3%	A
	• 6 Months Interest	B
2	• 5%-5% • 5%-4%	A
	• 6 Months Interest	B
1	• 5%	A
	• 6 Months Interest	B

Penalty Terms Conditions	Definition
A	• Prepayment Penalty Period commences on the Note Date and ends on the Nth year anniversary of the Note Date, where N is the Prepayment Penalty Period in Years selected at closing, ranging from 1-5 years. • A prepayment penalty fee will apply in the event any unscheduled principal is received (a Curtailment) within the Prepayment Penalty Term, **including when the loan is paid off in full for any reason.** • The prepayment penalty fee is equal to the Prepayment Penalty Percent in effect at the time of the prepayment, which may change each year on anniversary of the Note Date, multiplied by the Curtailment amount
B	• Prepayment Penalty Period commences on the Note Date and on ends the Nth year anniversary of the Note Date, where N is the Prepayment Penalty Period in Years selected at closing, ranging from 1-5 years. • A prepayment penalty fee will apply when unscheduled principal is received (This Curtailment) within the Prepayment Penalty Term that, when added to all other prior unscheduled principal received within 12 months immediately preceding the date of This Curtailment, exceeds 20% of the original principal amount of the note (Twelve Months Excess Curtailments). This Curtailment includes scenarios where the **loan is paid off in full for any reason.**

- Only available on NOO properties (business purpose)
- Flat
- 6 Months Interest
- Declining
- Pricing is most favorable on flat. 6 Mo and Declining are the same price
- We will accept all PP structures with a pricing consideration

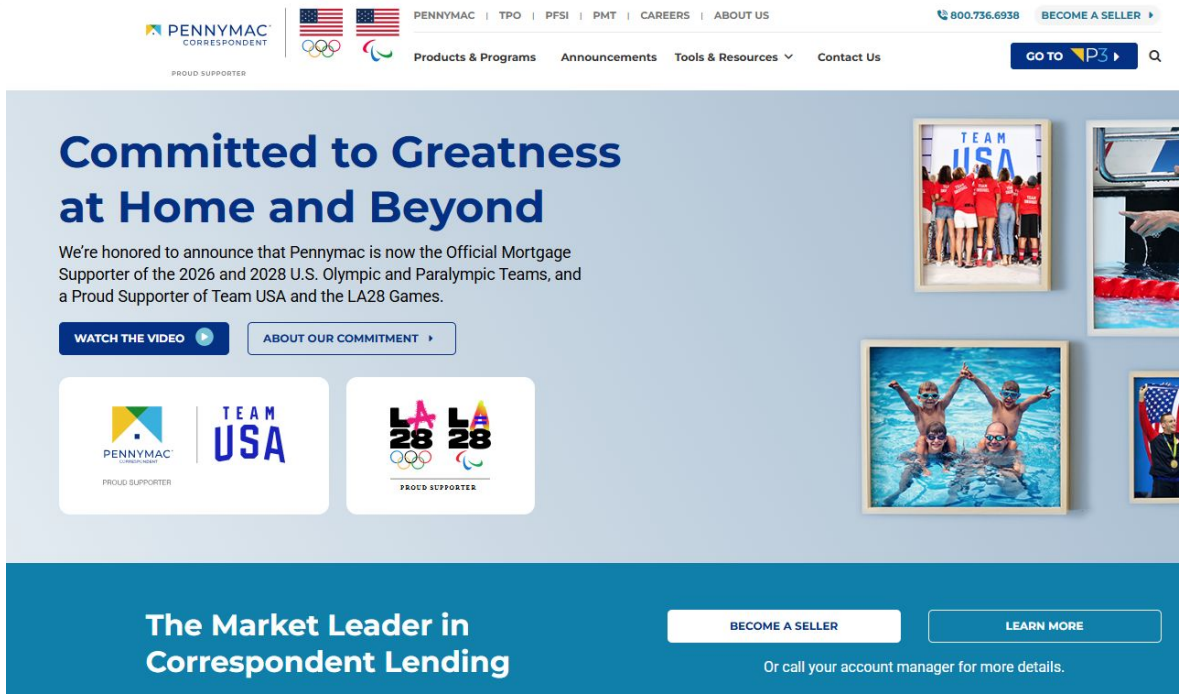
Resource Materials

Resource Type and Access Points for Documents

PENNYMAC CORRESPONDENT

Pennymac Non-QM A+ Product Profile
08.14.25

Fixed Rate and Hybrid ARM				
Owner Occupied				
Purpose	Maximum Loan Amount	Standard Doc - Max LTV/CLTV	Alt Doc - Max LTV/CLTV	Minimum Credit Score
Purchase / Rate & Term	1,000,000	90%	90%	740
	2,000,000	85%	85%	740
	2,500,000	80%	80%	740
	3,000,000	75%	75%	740
	3,500,000	65%	65%	740
	1,500,000	85%	85%	720
	2,500,000	80%	80%	720
	3,000,000	75%	75%	720
	3,500,000	60%	60%	720
	1,500,000	85%	85%	700
	2,000,000	80%	80%	700
	2,500,000	75%	75%	700
	3,000,000	70%	70%	700
	1,500,000	80%	80%	680
	2,000,000	75%	75%	680
	2,500,000	70%	70%	680
	1,000,000	80%	80%	660
	2,000,000	75%	75%	660
	2,500,000	70%	70%	660
Cash-Out	1,000,000	80%	80%	740
	2,000,000	75%	75%	740
	2,500,000	70%	70%	740
	3,000,000	65%	65%	740



Product Profiles, UW Manual, Forms, FAQs, etc…will be housed in a specialized area of the Correspondent Website. Links will be available upon launch.

Highlights and Call Outs

Product Highlights and Non QM Items what won't be supported upon launch

Product Specifics

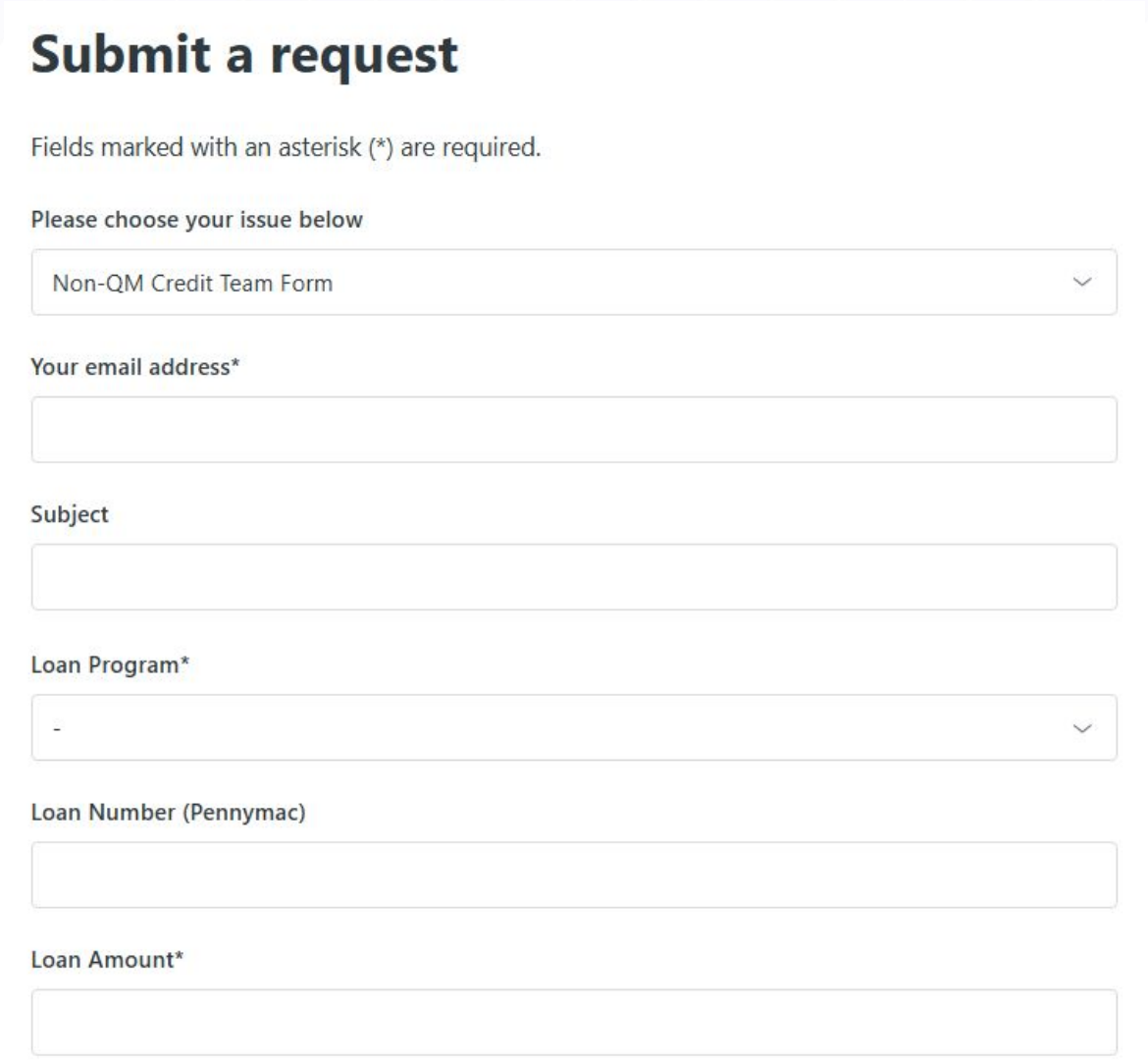
- Fixed Rate (15, 30 & 40 yr options) and Hybrid ARMs (5/6, 7/6 & 10/6 options)
- Temporary Buydowns allowed (3-2-1 or 2-1 or 1-0 options)
- Interest Only Options allowed
- LTV's as high as 90% (no MI)
- Credit scores as low as 660
- Loan Amounts up to $3.5M for Non-QM
- Loan Amounts up to $2.0M for DSCR
- First Time Homebuyers OK
- Short Term Rental Allowed
- Non-Occupant Co-borrowers OK
- DTI's to 50% (and up to 55% on the A- product)
- No Ratio Product
- No Limit on Cash Out < 60% LTV
- Up to $750K Cash Out > 60% LTV

Non Starters at Launch

- P&L Only Income
- Foreign National
- ITIN
- Low balance loans - Min $150k Loan Size
- Condotels
- Manufactured Home
- Co-Ops
- Mixed Use
- 5-10 Units (Small Commercial)

Non-QM Underwriting Support

Use Case and Process for Utilizing the Underwriting Help Desk



- Underwriting Help Desk for guideline questions - clarifications
- Ticketing system to ensure strong SLAs
- NOT an exception desk
- Presubmission exceptions will not be available upon launch
- Bank Statement analysis is available

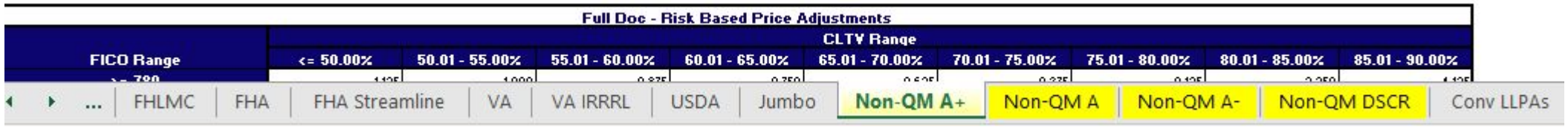
Pricing

Best Effort Commitments and PPE Connectivity

- Single Rate Sheet with Non-QM / Tabs
- Price a Loan through P3 by “Adding a New Loan”
- Lock Process is EXACTLY the same as core product
- Pricing Policy defaults to Non Agency Product lines

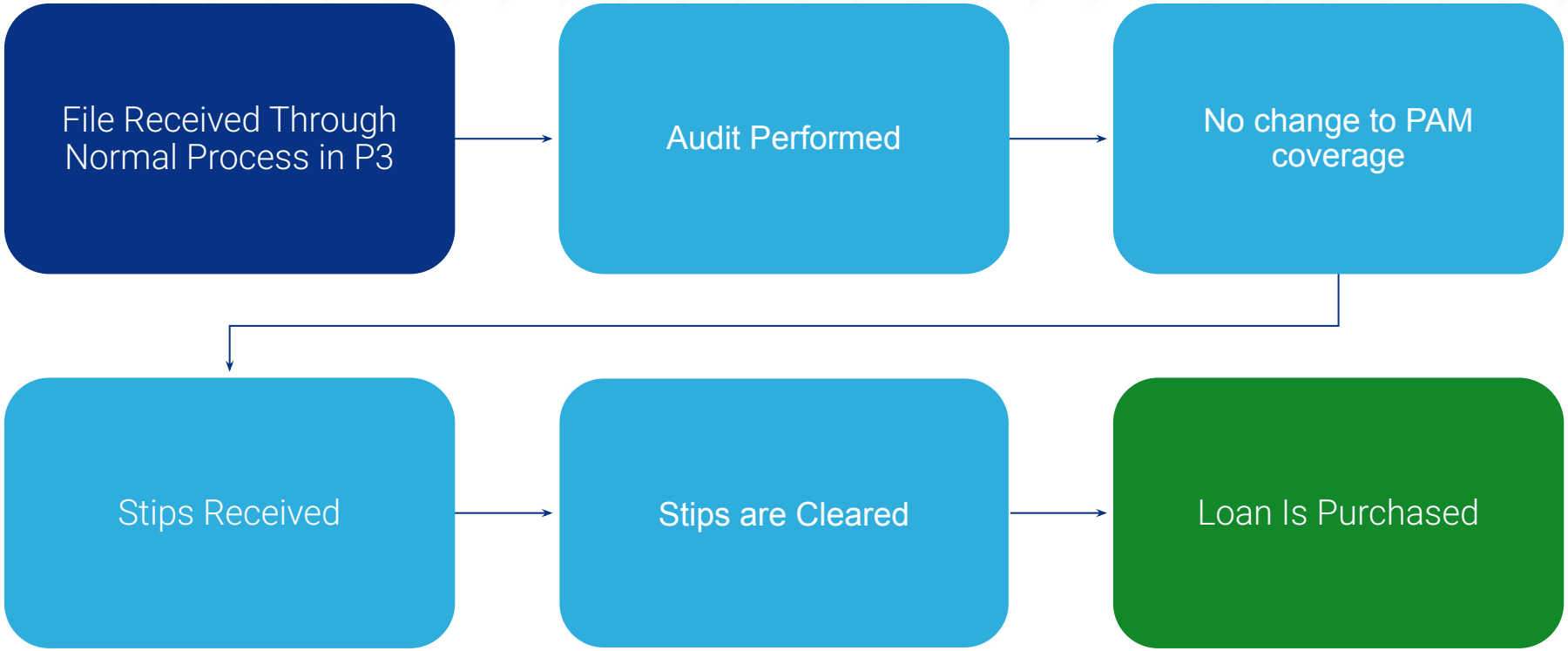
Product and Pricing Engines Supported

- Compass
- ICE (fka Ellie Mae/Encompass)
- Innovient
- Lender Price
- LoanPASS
- LoanTek
- MCT
- Mortech
- OpenClose
- Optimal Blue
- PML (aka LendingQB/MeridianLink)
- Secondary MKT
- ReadyPrice
- **LoanNEX in process**



Loan Purchasing

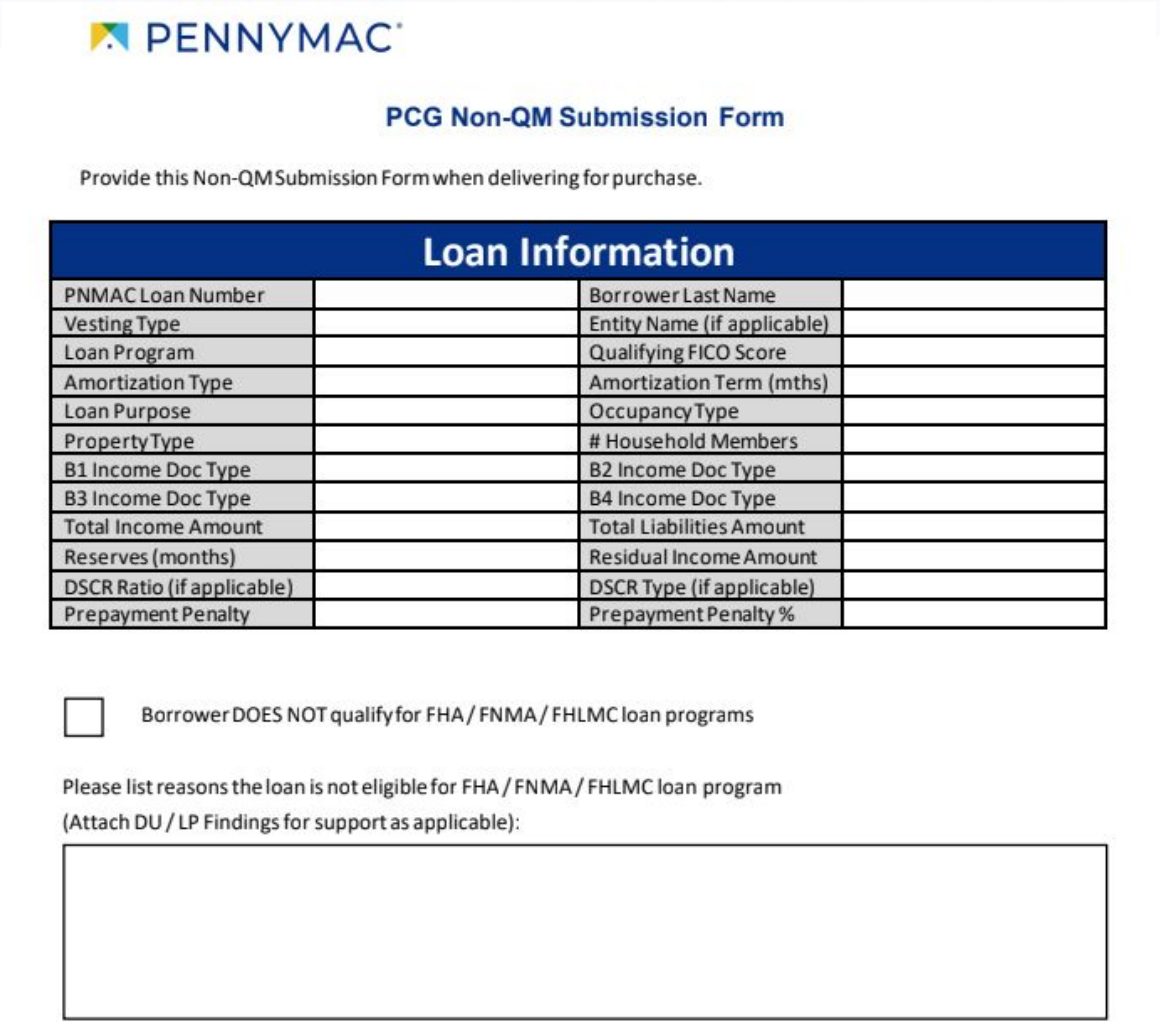
High Level Summary of Loan Purchasing Process



We have Non-QM Credit Personnel on Staff that are available if there are any detailed questions on stips or if escalation is required*

File Delivery

Overview of File Delivery Into Pennymac



PENNYMAC

PCG Non-QM Submission Form

Provide this Non-QM Submission Form when delivering for purchase.

Loan Information			
PNMAC Loan Number		Borrower Last Name	
Vesting Type		Entity Name (if applicable)	
Loan Program		Qualifying FICO Score	
Amortization Type		Amortization Term (mths)	
Loan Purpose		Occupancy Type	
Property Type		# Household Members	
B1 Income Doc Type		B2 Income Doc Type	
B3 Income Doc Type		B4 Income Doc Type	
Total Income Amount		Total Liabilities Amount	
Reserves (months)		Residual Income Amount	
DSCR Ratio (if applicable)		DSCR Type (if applicable)	
Prepayment Penalty		Prepayment Penalty %	

☐ Borrower DOES NOT qualify for FHA / FNMA / FHLMC loan programs

Please list reasons the loan is not eligible for FHA / FNMA / FHLMC loan program
(Attach DU / LP Findings for support as applicable):

- The **ONLY** Pennymac specific form required for delivery is the PCG Non-QM Submission Form
- Technical delivery on P3 is **EXACTLY** the same as core products
- Operational Process and Contacts are **EXACTLY** the same as core products

THANK YOU!

PENNYMAC®
CORRESPONDENT