Pennymac Correspondent
FHA Streamline Refinance Product Profile
07.08.26

Overlays to FHA are underlined
Overlays indicated as Non-Del are specific to Non-Delegated loans only

LTV/CLTV and FICO Requirements		
Maximum LTV/CLTV	Minimum FICO[1]	
	Non-Manufactured Homes	Manufactured Homes
No Cap	580	620

[1]Non-Del Only: No minimum FICO for Pennymac portfolio (Port) transactions.

Ability To Repay and Qualified Mortgage Rule	• For loans subject to the ATR/QM rule, Pennymac will only purchase loans that comply with the ATR/QM requirements. • Correspondents are responsible for providing evidence of compliance with the ATR/QM rules. • Clear itemization of fees and application of all credits that indicate paid by/to will be required on all loans
Appraisal/AVM	• Not required. If an appraisal report or property inspection is provided, the subject property must be in average condition or better.

Borrowers	• U.S. citizens
	• Permanent resident aliens, with proof of lawful permanent residence
	• Non-permanent resident aliens are ineligible
	• All borrowers must have a valid social security number
	• A borrower on the subject mortgage may be removed from title and new mortgage in cases of divorce, legal separation or death:
	  ○ In the case of divorce
	  ▪ The divorce decree or legal separation agreement indicates the borrower was awarded the property and responsibility of the mortgage payment and
	  ▪ Proof that six months mortgage payments have been paid from borrowers own account have been provided.
	  ▪ Note: evidence of the payments may not be from a joint account with another party.
	  ○ In the case of death
	  ▪ The death certificate has been provided and
	  ▪ At least six months on time mortgage payments have been made following the death of the other party
	  ▪ Note: evidence of the payments made may be from a joint account with the deceased borrower but may not be from a joint account with another party.
	• A borrower on the mortgage to be paid may be removed from title and new mortgage in cases other than death or divorce when at least one borrower from the existing mortgage remains as a borrower on the new mortgage and the mortgage is credit qualified.
	• A borrower may be added without credit qualifying, provided the original borrower(s) remain on the.

CEMA	• 1-4-unit properties • eMortgages are ineligible • Lost Note Affidavits (LNAs) are not allowed for prior or current notes

Credit	• At least one borrower must have a minimum of one credit score to be eligible.
	• Subject property mortgage history for all mortgages secured by the subject:
	  ○ The borrower must have made all mortgage payments within the month due for the 6 months prior to case number assignment, and
	  ○ The borrower may not have more than 1x30 for months 7-12 prior to case number assignment, and
	  ○ The borrower must have made the payments for all mortgages secured by the subject property within the month due for the month prior to mortgage disbursement.
	• Non-Del: Pennymac port transactions - credit report requirements:
	  ○ A single bureau soft-pull credit report with a credit score is required; and
	  ○ A review of the Pennymac servicing mortgage payment history is required.
	• Non-port transactions: Credit report requirements:
	  ○ Minimum credit report requirement is a single-bureau soft-pull that includes a complete mortgage payment history with trended data for all mortgages and a credit score.
	  ○ Clients may utilize either a single-bureau credit report or a tri-merge credit report.
	  • All loan transactions must use the credit report type selected by the Client (i.e., If a single-bureau is selected all transactions must utilize single bureau credit reports; if a tri-merge is selected, all transactions must utilize tri-merge credit reports).
	  ○ **If single-bureau credit reports are used:**
	  • **All transactions must utilize the same credit bureau (i.e., Experian, Trans Union, Equifax)**
	  • **Clients may change their preferred credit bureau at most once every 6 months**
	  • **And if a single-bureau credit report from the Client's selected credit bureau returns no score or an un-scorable credit history, the Client must utilize a tri-merge credit report on such transaction, and such tri-merge must show that the Client's preferred credit bureau shows no score.**

Credit Qualifying	• Credit qualifying is allowed at the discretion of the DE. • TOTAL is not to be used for this program • Minimum FICO to follow Pennymac FHA 203(b) requirements. • Credit report analysis to include full review of liabilities and derogatory credit meeting normal FHA 203(b) standards. Refer to the FHA 203(b) product profile. • Maximum DTI of 31%/43%, or higher with compensating factors per 4000.1 • Disbursed cash-back to the borrower cannot exceed $500 • Non-borrowing spouse (NBS): If the subject property is located in a community property state, or the borrower currently resides (rents or owns) in a community property state the NBS debt must be included in qualifying ratios if the NBS obligations are not excluded by state law ○ A note in the file referencing the specific state law that justifies the exclusion of any debt from consideration is required. • All other Pennymac requirements and FHA requirements must be met(including, but not limited to credit history, tax transcript and income validation guidance). Refer to the Pennymac 203(b) product profile and 4000.1.
Derogatory Credit	• All judgments and tax liens appearing on the title report must be paid, or in a payment plan with the lien subordinated. Copy of the payment agreement and a minimum of three timely payments required. • Judgments and tax liens on credit require no action. • Borrowers in active Chapter 13 BK are eligible with documented permission from bankruptcy court/trustee.

Disaster Policy	• Pennymac may require a post-disaster inspection when the appraisal occurred before the incident end date of the disaster. See Pennymac disaster policy located in the Seller's Guide for full details. • Non-Del: Disaster inspections may not be completed by the Lender. Acceptable inspection providers include, but are not limited to, the original appraiser or a post-disaster inspection company. • Non-Del: Pennymac port transactions, a disaster inspection is not required.

Eligible / Ineligible Mortgage Products	Eligible
	• Fixed rate: Whole loan terms from 10 to 30 years
	• CMT ARM: 5/1 (1/1/5 caps) and 7/1 (2/2/6 caps) / Margin 1.75 - 2.25 / Qualifies at the note rate.
	  ○ Primary residence only.
	  ○ Properties in IL, MA and NM must qualify at the greater of the note rate or the fully indexed rate
	• The maximum term is the lesser of 30 years or the remaining term of the existing loan plus 12 years
	
	Ineligible
	• All ARM terms not referenced in eligible section above
	• ARMs ineligible for manufactured homes
	• Any FHA programs/mortgage types identified in the FHA Handbook that are not specifically allowed in the Eligible mortgage types above, including but not limited to Energy Efficient Mortgages, Weatherization, Solar & Wind, and GPM

eMortgages and eNotarization	• Lenders must be approved by Pennymac prior to delivering eMortgages, transactions closed using eNotarization or Remote Online Notarization (RON)
	• Lenders are responsible for ensuring eMortgage loans are delivered in accordance with all requirements in the Pennymac Correspondent Group eMortgage Guide, including but not limited to the following:
	  ○ Fixed rate mortgages only; and
	  ○ State eligibility; and
	  ○ Product eligibility; and
	  ○ Transaction eligibility; and
	  ○ eNotarization eligibility; and
	  ○ RON eligibility

Employment Verification	• Non-Del: For Pennymac port transactions, a VVOE is not required.
	• The following income and/or employment documentation are required at a minimum:
	  ○ Salaried borrowers require a Verbal VOE
	  ○ Self-employed borrowers require verification of the business through a 3rd party source
	  ○ Retirement and/or social security income requires the most recent bank statement or award letter
	  ○ Retired borrowers aged 60 and older do not require a VVOE

Escrow/ Impound Accounts	• Escrow impound accounts must be established for taxes and insurance premiums for all loans
Exclusionary Lists	• HUD's CAIVRS does not need to be checked • The HUD Limited Denial of Partnership (LDP) list and the General Services Administration (GSA) lists must be reviewed for all loans. If any party to the transaction, including the borrower(s), is reflected on these lists, the loan is not eligible

<table>
<tr><td>High Cost / High Priced</td><td>

Pennymac will not purchase High-cost loans
Higher Priced Mortgage Loans (HPML) transactions are eligible for purchase.

Must meet all applicable state and/or federal compliance requirements. See State Restrictions section.

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<tr><td>Loan Limits</td><td>

FHA Streamline refinances are exempt from FHA loan limits.

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<tr><td>Loan Purpose-+</td><td>

Streamline refinance with no appraisal option
Credit qualifying streamline refinance

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<tr><td>Maximum Loan Amount</td><td>

For owner-occupied principal residences, the maximum base loan amount for a streamline refinance is the lesser of (less any refund of UFMIP if financed in original mortgage):

The outstanding principal balance of the existing mortgage as of the month prior to mortgage disbursement; plus:

Interest due on the existing mortgage and MIP due on existing mortgage;
Late charges;
Escrow shortages; and
MIP due on existing mortgage; or

The original principal balance of the existing mortgage (including financed UFMIP);

For investment properties, the maximum base loan amount for streamline refinances is the lesser of (less any refund of UFMIP if financed in original mortgage):

The outstanding principal balance of the existing mortgage as of the month prior to mortgage disbursement; or
The original principal balance of the existing mortgage (including financed UFMIP)

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<tr><td>Net Tangible Benefit</td><td>
<table>
<tr><td rowspan="2">From</td><td colspan="2">To</td></tr>
<tr><td>Fixed Rate
New Combined Rate*</td><td>Hybrid ARM
New Combined Rate*</td></tr>
<tr><td>Fixed Rate</td><td>At least 0.5 percentage points below the prior Combined Rate*</td><td>At least 2 percentage points below the prior Combined Rate.</td></tr>
<tr><td>ARMs</td><td>No more than 2 percentage points above the prior Combined Rate*</td><td>At least 1 percentage point below the prior Combined Rate.</td></tr>
</table>
NTB may also be met when all of the following are met:

The remaining unpaid mortgage term is reduced by a minimum of three years, and
On a Fixed Rate to Fixed Rate: the new combined interest rate* is below the prior combined interest rate, or
On an ARM to a Fixed Rate: the new combined interest rate is no more than two percentage points above the prior combined rate, and
The combined PI+MIP payment of the new mortgage does not exceed the combined PI+MIP of the refinanced mortgage by more than $50.00

Combined Rate* refers to the interest rate on the Mortgage plus the Mortgage Insurance Premium (MIP) rate
When the existing loan has been modified, the net tangible benefit will be based on the modified payment/interest rate.

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Occupancy	• Occupancy is determined by the current use of the subject property, not the use at origination of the existing loan.
	• Principal residence
	  ○ Occupancy must be documented per FHA requirements.
	• Secondary residences
	  ○ Secondary residence refers to a dwelling that a borrower occupies in addition to their principal residence, but less than a majority of the calendar year. A secondary residence does not include a vacation home.
	  ○ Secondary residences are only permitted with written approval from the Jurisdictional HOC. Refer to 4000.1 for additional information on secondary residences
	• Non-Owner Occupied

Property: Eligible Types	• One-unit detached/attached
	• 2–4 unit detached/attached
	• PUDs
	• Low-rise and high-rise condominiums. Project approval not required.
	• Manufactured homes:
	  ○ One-unit
	  ○ Principal residence
	  ▪ Non-Del: Investment property eligible for Pennymac port transactions only
	  ○ Multi-width only
	  ▪ Non-Del: Single-width eligible for port transactions only.
	  ○ Fee simple only
	  ▪ Non-Del: Leasehold eligible for port transactions only
	  ○ Fixed-rate only
	  ○ Must be permanently affixed and classified as real property.
	  ○ Must be built after June 15, 1976 and meet HUD manufactured home construction and safety requirements

Property: Ineligible Types	In addition to the ineligible property types identified in FHA Handbook, the following property types are ineligible: • Single-width manufactured homes • Manufactured home leaseholds • Mobile homes • Cooperatives • Condotels • Hotel condominiums • Timeshares • Geodesic dome and berm homes • Working farms and ranches • Unimproved land and property currently in litigation • Commercial Enterprises (e.g., bed and breakfast, boarding house, hotel) • Non-Del: Land trusts, including Illinois • Properties located in lava zones 1 or 2
Ratios	• DTI ratios are not calculated unless the transaction is credit qualified.

Reserves / Funds to Close	• Reserves are not required. • FHA requires that if funds needed to close exceed the new mortgage payment that ***all*** funds required to close must be verified and documented in accordance with FHA source of funds. • Non-Del: When funds must be sourced, deposits that are greater than 2 times the new PITIA + MIP, plus any secondary financing, must be sourced if needed to close. • Large deposits not needed for closing may be backed out of the available funds.
Seasoning Requirements	To meet seasoning requirement all FHA **and** Ginnie Mae requirements must be met. FHA: On the date of the FHA case number assignment all of the following must be met: • The borrower must have made at least six payments on the loan being refinanced • At least six full months must have passed since the first payment due date of the mortgage that is being refinanced; and • At least 210 days have passed **from the note date of the loan being refinanced;** and • If the borrower assumed the loan being refinanced, they must have made at least six payments since the time of assumption Ginnie Mae • The borrower made at least **six consecutive monthly payments** on the loan being refinanced, **beginning with the payment made on the first payment due date;** and • If the borrower assumed the mortgage that is being refinanced, the borrower must have made **six consecutive monthly payments** since the time of assumption; and • The first payment due date of the refinance loan occurs no earlier than **210 days after the first payment due date of the loan being refinanced.** Ginnie Mae Seasoning on Modified Loans: • The borrower has made at least six consecutive monthly payments on the modified loan being refinanced, beginning with the payment made on the first payment due date as of the modification date. • The first payment due date of the new loan may not occur earlier than 210 days after the first payment due date of the modified loan paid off through the transaction.
State Restrictions	• Texas 50(a)(6) refinance mortgages are prohibited. • Loans secured by properties in West Virginia properties are not allowed. • Loans secured by properties in Maine are not allowed if the loan is HPML (applies to non-credit qualifying only and is due to state requirements for income qualifying on all HPML loans).
Temporary Interest Rate Buydown	• Not allowed
Title	• Title policy is required ○ For manufactured homes an ALTA 7, 7.1, or 7.2 endorsement or equivalent state form is required. • Loans with private transfer fee covenants are ineligible. Transfer fee covenants exempted from this requirement are fees paid to any homeowner associations, condominiums, cooperatives, and certain tax-exempt organizations that use such private transfer fee proceeds to benefit the property. Fees that do not directly benefit the property are subject to the above rule, and would disqualify mortgages on the property from being purchased by Pennymac. (FHFA Final Ruling 12 C.F.R. Part 1228)

Underwriting Method	• The loan is not submitted to TOTAL. Manual underwrite only.

Seller shall deliver loans that were originated in accordance with the Federal Housing Administration Handbook, unless otherwise noted in the Pennymac Seller's Guide. *Pennymac does not discriminate in any aspect of a credit transaction on the basis of sex, gender identity or expression, sexual orientation, marital status, familial status, race, color, ethnicity, religion, national origin, age, handicap or disability status, income derived from public assistance, military status or the good faith exercise of rights under the Consumer Credit Protection Act.*