



# Pennymac Correspondent Freddie Mac Manufactured Home Product Profile 05.15.24

Overlays to Freddie Mac are underlined

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

Agency	Freddie Mac - LPA Accept			Freddie Mac - LPA Accept		
Finance Type	Purchase and Rate/Term Refinances			Cash Out Refinances		
Occupancy	Owner Occupied			Owner Occupied		
Term	Fixed Rate			Fixed Rate		
<div><sup>1</sup> Super conforming or transactions with non-occupant co-borrowers are limited to 95% LTV/CLTV</div> <div>Max CLTV/HTLTV is 97% regardless of secondary financing type</div>	Property Type	LTV/TLTV/HTLTV	Min Credit Score	Property Type	LTV/TLTV/HTLTV	Min Credit Score
	1 Unit	97 <sup>1</sup> (Choice Home) 95 (standard)	620	1 Unit	65	620
	Second Home			Second Home		
	Fixed Rate			Fixed Rate		
	Property Type	LTV/TLTV/HTLTV	Min Credit Score	Property Type	LTV/TLTV/HTLTV	Min Credit Score
	1 Unit	85	620	Not eligible		
	Investment Property			Investment Property		
	Fixed Rate			Fixed Rate		
	Property Type	LTV/TLTV/HTLTV	Min Credit Score	Property Type	LTV/TLTV/HTLTV	Min Credit Score
	Not eligible			Not eligible		
Agency	Freddie Mac					
Ability To Repay and Qualified Mortgage Rule	<div><div><div><div><div></div><div>•</div><div>For loans subject to the ATR/QM rule, Pennymac will only purchase loans that comply with the ATR/QM requirements.</div></div><div><div>○</div><div>Note: Investment properties which are for business purposes (borrower does not intend to occupy for greater than 14 days in the year) are exempt from ATR/QM; however, such loans must meet agency eligibility requirements and are subject to the applicable points and fees threshold.</div></div><div><div>○</div><div>Investment properties are not eligible for manufactured homes.</div></div></div><div><div>•</div><div>Correspondents are responsible for providing evidence of compliance with the ATR/QM rules.</div></div><div><div>•</div><div>Clear itemization of fees and application of all credits that indicate paid by/to will be required on all loans.</div></div><div><div>•</div><div>See Freddie Mac Selling Guide for additional information and requirements.</div></div></div></div>					
Age of Documents	<div><div><div>•</div><div>Must be dated within 120 days old on the note date, including credit reports and employment, income and asset documents.</div></div><div><div>•</div><div>Preliminary title policies must be no more than 180 days old on the date the note is signed.</div></div></div>					

## Appraisals

- Full appraisal required. Determined by AUS Findings. Manufactured homes are not eligible for appraisal waivers.
- Any structural modifications to an existing manufactured home must be approved by a licensed professional engineer or the local, State or federal authority.
- Cost approach is required
- Standard
  - Minimum of 2 similar manufactured home comparables
  - Third comparable may be site built or modular home
  - Photos required, in addition to standard photos:
    - Existing: HUD data plate or HUD certification label
    - New: HUD data plate and HUD certification label
- CHOICEHome
  - Use CHOICEHome comps when available
    - Supplemental comps may be site-built homes
  - Photos required, in addition to the standard photos
    - CHOICEHome label
    - Existing: HUD data plate or HUD certification label(s). When both are present, the appraiser must include both.
    - New: HUD data plate and the HUD certification label(s).
    - The property and site features including dormers, porches, garages, carports and any other attached or detached structures
- If the HUD data plate cannot be obtained, a copy of the IBTS report is acceptable.
- Accessory units are eligible only with a CHOICEHome, refer to Freddie Mac Selling Guide for requirements.
- Appraisal updates in accordance with Freddie Mac Selling Guide requirements are acceptable.
- Properties with evidence of commercial production of marijuana, including but not limited to grow rooms, or hydroponic equipment, are ineligible.
- The property must be complete when the loan is sold to Pennymac.
- Refer to the Freddie Mac Selling Guide for complete property and appraisal requirements.

Assets/Gift Funds/Large Deposits	<p>Assets</p> <ul style="list-style-type: none"> <li>Follow Freddie Mac verification of deposit and asset documentation guidelines to determine asset eligibility for down payment, closing costs, and reserve requirements. <ul style="list-style-type: none"> <li>Asset statements must clearly identify the borrower as the account holder</li> <li>Assets held solely in the name of a non-borrowing purchaser are considered a gift and must follow Freddie Mac gift fund requirements.</li> </ul> </li> <li>Follow Freddie Mac guidelines for gift fund eligibility and documentation requirements</li> </ul> <p>Large Deposits</p> <ul style="list-style-type: none"> <li>Follow Freddie Mac guidance for large deposit eligibility and verification requirements <ul style="list-style-type: none"> <li>Large deposits sourced back to a non-borrowing purchaser are considered a gift and must follow Freddie Mac gift fund requirements.</li> </ul> </li> <li>On refinance transactions, the documentation or explanation for large deposits is not required; however, any borrowed funds, including any related liability, must be considered.</li> </ul> <p>Virtual Currency</p> <ul style="list-style-type: none"> <li>Cryptocurrency/Virtual Currency may only be used as funds for closing and reserves if it has been exchanged into U.S. dollars and is held in a U.S. or state regulated financial institution. There must be sufficient documentation to verify that the funds originated from the borrower's cryptocurrency/virtual currency account. <u>Acceptable documentation to use those funds includes the following:</u> <ul style="list-style-type: none"> <li><u>Documentation from Cryptocurrency exchange account verifying the borrower as the Legal Owner and not the nickname of the account, AND</u></li> <li><u>Previous borrower bank statement showing funds going into the same Cryptocurrency exchange account that the large deposit came from, OR</u></li> <li><u>1099-B/MISC from the same Cryptocurrency exchange account that the large deposit came from, plus the borrower's Tax Returns reflecting the 1099 gain/loss</u></li> </ul> </li> </ul> <p>Minimum Borrower Contribution</p> <ul style="list-style-type: none"> <li>A minimum borrower contribution of 5% of their own funds into the transaction is required when one of the following apply: <ul style="list-style-type: none"> <li>Second home with LTV &gt;80%</li> <li>Transactions with a shared equity plan (regardless of LTV)</li> </ul> </li> </ul>
Assignment of Mortgages	<p>All loans must be registered with MERS at time of delivery to Pennymac and a MERS transfer of beneficial rights and transfer of servicing right must be initiated by the Seller, to Pennymac Corp, LLC (#1009313), within 24-hours of purchase.</p>
AUS	<ul style="list-style-type: none"> <li><u>Loan Product Advisor with "Accept" Recommendation is required. LPA A Minus Offering is not allowed.</u></li> <li><u>Manual UW is not allowed.</u></li> </ul>
Borrower Eligibility	<ul style="list-style-type: none"> <li>U.S. Citizens</li> <li>Permanent resident aliens, with proof of lawful residence</li> <li>Nonpermanent resident alien immigrants, with proof of lawful residence</li> <li>Properties vested in trusts are permitted for all occupancy types in accordance with Freddie Mac Trust guidelines <ul style="list-style-type: none"> <li>Pennymac allows investment properties to be vested in the name of the trust</li> </ul> </li> <li>LTV/CLTV above 95%: <ul style="list-style-type: none"> <li>All borrowers must occupy the property</li> <li>At least one borrower must be a first-time home buyer on purchase transactions</li> </ul> </li> </ul>

CEMA	<ul style="list-style-type: none"> <li>• Refinance Only</li> <li>• Lost Note Affidavits (LNAs) are not allowed for prior or current notes</li> </ul>
Condominiums	<ul style="list-style-type: none"> <li>• Refer to the Freddie Mac Selling Guide for complete guidance on condominium eligibility and project standard requirements</li> <li>• Allowed when there's an "Approved by Fannie Mae" status designation in Fannie Mae's Condo Project Manager. Evidence of the approval is required in the file.</li> <li>• A manufactured home detached condominium unit in an established condominium project does not require a Fannie Mae approval as long as it complies with all the requirements in Freddie Mac Selling Guide <i>Established Condominium Projects</i> section.</li> </ul>
Continuity of Obligation:	<p>When an existing mortgage will be satisfied as a result of a refinance transaction, one of the following requirements must be met:</p> <ul style="list-style-type: none"> <li>• At least one borrower on the refinance mortgage was a borrower on the mortgage being refinanced; or</li> <li>• At least one borrower on the refinance mortgage held title to and resided in the mortgaged premises as a primary residence for the most recent 12-month period and the mortgage file contains documentation evidencing that the Borrower has been making timely mortgage payments, including the payments for any secondary financing, for the most recent 12-month period; or</li> <li>• At least one borrower on the refinance mortgage inherited or was legally awarded the mortgaged premises by a court in the case of divorce, separation or dissolution of a domestic partnership</li> </ul>

## Credit

- All borrowers may have no credit score. Freddie Mac and LPA requirements must be met.
  - For LTV/CLTV above 95%: at least one borrower must have a usable credit score as determined by LPA.
- Must pay off any existing judgments or tax liens.
- Mortgage Payment History
  - The mortgage payment history reflected on the credit report can be used to meet mortgage payment history requirements
  - Non-Del: mortgages serviced by Pennymac: Use Pennymac servicing data to verify mortgage payment history for all mortgages regardless if they are the subject mortgage or other REO
  - Lenders must warrant that repayment of the debt can be expected from the borrower and that there are no circumstances or conditions of which the lender is aware involving the mortgage, the mortgaged premises or the creditworthiness of the borrower that would adversely affect the value or marketability of the mortgage. If a borrower is not making payments on an existing mortgage at the time of application for a new mortgage, it may be an indication that the borrower is experiencing a financial hardship that is preventing them from making their mortgage payments. The lender must also consider whether the borrower's circumstances will impact their willingness or ability to make the payments on the new mortgage.
- For student loans in deferment, forbearance or repayment, including income-driven plans, an amount greater than zero must be included in the DTI.
  - If the monthly payment amount reported on the credit report is > zero, the monthly amount on the credit report must be used for qualification purposes (unless documentation supports a different payment amount > zero)
  - If the monthly payment amount reported on the credit report is zero, 0.5% of the outstanding loan balance as reported on the credit report must be used for qualification purposes (unless documentation supports a different amount > zero).
  - For income driven plans, if documentation in the file indicates the borrower must recertify their income and/or the borrower's payment will increase prior to or on the first mortgage payment due date, the following must be included in the DTI:
    - The greater of the current payment or 0.5% of the outstanding loan balance, or
    - The documented future payment amount if greater than the current payment, or
    - The future payment amount that is less than or equal to the current payment, provided that evidence the borrower has recertified their income and the future payment amount has been approved. The future payment amount must be greater than zero.
- For borrowers with frozen credit, no more than one credit bureau can have frozen credit information.
- When the payment for the primary residence for any borrower is not reported on the credit report (ex: renting primary and the subject is 2nd/NOO):
  - Provide third party verification of payment amount.
- IRS Installment Agreements – must meet the following requirements:
  - IRS approved: The payment associated with the installment agreement must be included in the calculation of the borrower's debt payment-to-income ratio if there are more than 10 months of payments remaining under the agreement.
    - The loan file must include a copy of the installment agreement approved by the IRS verifying the payment terms, including the monthly payment amount and balance.
    - The loan file must contain documentation verifying that the borrower is *not* past due under the terms of the installment agreement.
    - There must be no indication, and the lender must have no knowledge that the IRS has filed a Notice of Federal Tax Lien for the taxes owed under the installment agreement.
  - Pending IRS approval: When a borrower has applied for an installment agreement and it is pending IRS approval, the following requirements must be met:
    - The application for the installment agreement reflecting the amount of taxes owed and requested payment terms must be documented in the loan file.
    - The greater of the monthly payment amount requested by the borrower or the amount of taxes owed divided by 72 must be included in the DTI ratio.

	<ul style="list-style-type: none"> <li>▪ There must be no indication, and the lender must have no knowledge that the IRS has filed a Notice of Federal Tax Lien for the taxes owed under the installment agreement.</li> <li>○ <b>Non-Del only:</b> <u>No more than two tax years may be on a repayment plan.</u></li> </ul>
<b>Derogatory Credit</b>	<ul style="list-style-type: none"> <li>• No specific waiting times with an LPA Accept. All derogatory events must be reflected on the credit report in order for the LPA accept to be valid. To further clarify, an LPA Accept will remain valid unless a significant derogatory event “e.g., more than a 1X30 mortgage late in last 12 months” occurs.</li> <li>• If derogatory event is not reflected on credit report, or is not accurate, the loan must be manually underwritten. <u>Pennymac does not purchase manually underwritten Freddie Mac loans.</u></li> </ul>
<b>Disaster Policy</b>	<ul style="list-style-type: none"> <li>• <u>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.</u></li> <li>• <u>Non-Del Only: 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.</u></li> </ul>
<b>Documentation</b>	<ul style="list-style-type: none"> <li>• Documentation requirements determined by LPA</li> <li>• <b>Non-Del only:</b> <u>Handwritten Verification of Mortgages (VOM) or Verification of Rents (VOR) are not eligible</u></li> <li>• <b>Non-Del only:</b> <u>VODs are not acceptable for asset documentation</u></li> <li>• For a new manufactured home, whether it is affixed to a permanent foundation prior to or after the application date, obtain a copy of the manufacturer's invoice and manufactured home purchase agreement.</li> <li>• Private mortgages may be verified with cancelled checks or bank statements.</li> <li>• One year of tax returns is acceptable if allowed by LPA and Freddie Mac guidelines</li> <li>• Loans using FHLMC Automated Income and Asset assessment are acceptable</li> <li>• Lenders must provide the third-party vendor report used in the LPA validation process.</li> <li>• Income or assets derived from the following sources are ineligible for qualifying: <ul style="list-style-type: none"> <li>○ The production or sale of marijuana</li> <li>○ Bitcoin or other cryptocurrencies <ul style="list-style-type: none"> <li>▪ See Assets/Gift Funds/Large Deposits section for documentation requirements on funds used for closing/reserves that originated from a cryptocurrency account.</li> </ul> </li> </ul> </li> <li>• Current housing payment for non-occupying borrowers. The borrower must document their current housing payment with one of the following when they do not own a primary residence. <ul style="list-style-type: none"> <li>○ Direct verification of rent from a management company, or</li> <li>○ Direct verification of rent from an individual landlord (supported by two months of cancelled checks or other evidence of two months payments), or</li> <li>○ Copy of the current fully executed lease agreement (supported by two months of cancelled checks or other evidence of two months payments), or</li> <li>○ Six months of canceled checks or bank statements supporting consistent payment in the amount used in qualifying</li> </ul> </li> </ul> <p><i>Note: Regardless of AUS documentation requirements, all documentation submitted with the loan file is subject to review and may be used for qualification purposes.</i></p>
<b>Down Payment Assistance</b>	<ul style="list-style-type: none"> <li>• <u>Down Payment Assistance is allowed as long as the assistance is provided by a government entity or a non-profit organization that is affiliated with a government entity. Evidence of the terms and provider must be included in the loan file and must meet Freddie Mac requirements.</u></li> <li>• Employer assistance is acceptable in accordance with Freddie Mac guidelines.</li> </ul>

<p><b>Eligible and Ineligible Mortgage Products and Features</b></p>	<ul style="list-style-type: none"> <li>• Pennymac will only purchase the following products: <ul style="list-style-type: none"> <li>○ Agency Fixed Rate: up to 30 years. Cash-Out Refinance: max loan term is 20 years.</li> <li>○ Home Possible financing is eligible. See Home Possible Product Profile for complete details.</li> <li>○ LPA and Freddie Mac requirements must be met.</li> </ul> </li> <li>• HomeOne or Home Possible allowed <ul style="list-style-type: none"> <li>○ LTV/TLTV/HTLTV above 95% must be HomeOne or Home Possible.</li> <li>○ When loan programs are combined (e.g., Home Possible and Manufactured Home), the most restrictive of the guidelines must be met.</li> <li>○ See the Freddie Mac standard profile or the Freddie Mac Home Possible profile for requirements specific to those programs.</li> </ul> </li> <li>• Escrow for taxes, insurance, and mortgage insurance are required above 80% LTV, (90% in CA), or as required by applicable state law.</li> <li>• Loans using the alternative LTV calculation, are eligible for purchase subject to meeting all Freddie Mac requirements. Refer to the Freddie Mac Selling Guide on Mortgages Secured by Properties Subject to Resale Restrictions.</li> <li>• <u>ARMs are not eligible</u></li> <li>• <u>CHOICERenovation are not eligible.</u></li> </ul>
<p><b>eMortgages &amp; eNotarization</b></p>	<ul style="list-style-type: none"> <li>• eMortgages and eNotarization are not eligible</li> </ul>
<p><b>Employment/Income Verification</b></p>	<p>Employment and income documentation must comply with the requirements of Loan Product Advisor or the Freddie Mac Selling Guide if not addressed by LPA:</p> <ul style="list-style-type: none"> <li>• For salaried employees Pre-closing verification (PCV, previously known as verbal verification of employment) must be completed within 10 business days prior to the note date.</li> <li>• For self-employed borrowers the PCV must be completed within 120 days prior to the note date.</li> <li>• For borrowers in the military, a military Leave and Earnings Statement dated within 120 days prior to the note date is acceptable in lieu of a verbal verification of employment.</li> <li>• Provide a written analysis of the income used to qualify the borrower on the Transmittal Summary or like document(s) in the file. An Income Analysis must be completed for self-employed borrowers.</li> <li>• Assets as a basis of qualification is acceptable in accordance with Freddie Mac.</li> <li>• Mortgage Credit Certificates (MCCs) The amount of the MCC tax credit may be considered as qualifying income in accordance with the following requirements: <ul style="list-style-type: none"> <li>○ The amount used as qualifying income must be calculated as follows: (Mortgage amount) x (Note Rate) x (Mortgage Credit Certificate rate %) divided by 12</li> <li>○ The amount used as qualifying income cannot exceed the maximum Mortgage interest credit permitted by the IRS</li> <li>○ The Mortgage file must contain a copy of the: <ul style="list-style-type: none"> <li>▪ MCC</li> <li>▪ Seller's calculation of the amount used as qualifying income history of receipt of MCC tax credit is not required.</li> </ul> </li> </ul> </li> <li>• Housing Choice Voucher Homeownership Program income (commonly known as Section 8 for homeowners) paid via Housing Assistance Payments (HAPs) are an acceptable source of income.</li> </ul>

<p><b>Employment and Income commencing after the note date</b></p>	<ul style="list-style-type: none"> <li>• Option one is acceptable, see Freddie Mac Selling Guide for information and requirements.</li> <li>• <u>Option two is not allowed</u></li> <li>• Purchase, No cash out refinance only</li> <li>• 1-unit primary residence only</li> <li>• Employment or increase must start no later than 90 days after the note date</li> <li>• Income must be from new primary employment or a future salary increase with the current primary employer</li> <li>• Non-fluctuating base pay only, employer may not be a family member or interested party</li> <li>• Verify additional funds that meet or exceed the amount of the monthly housing expense plus other liabilities due between Note Date and start date of new employment/future increase plus one month <ul style="list-style-type: none"> <li>◦ Partial month is counted as one month</li> <li>◦ Required in addition to all other required funds</li> </ul> </li> <li>• Include the offer letter, or employment contract, or proof of salary increase from current employer in the file <ul style="list-style-type: none"> <li>◦ Must be fully executed and accepted by the borrower</li> <li>◦ Must be non-contingent or provide evidence from the employer all contingencies have been cleared</li> <li>◦ Must include the terms of employment including start date, and annual income based on non-fluctuating earnings</li> <li>◦ Future salary increase only: Increase is fully approved and explicitly granted to the borrower</li> </ul> </li> <li>• Provide a 10-day pre-closing verification (PCV) verifying the terms of the employment offer letter, contract or future salary increase have not changed</li> <li>• All other Freddie Mac and Pennymac requirements must be met</li> </ul>
<p><b>Escrow Holdbacks</b></p>	<p><u>Escrow holdbacks are allowed in accordance with Freddie Mac guidelines including, but not limited to:</u></p> <ul style="list-style-type: none"> <li>• Holdbacks for safety, soundness, habitability <u>must be completed prior to delivery to Pennymac</u></li> <li>• Post funding stip for 1004D confirming completion will be placed on loans where appraisal is "subject to" completion of improvements.</li> <li>• Post funding stip for a final title policy endorsement that ensures the priority of the first lien will be placed on loans where the appraisal is "subject to" completion of improvements.</li> <li>• A copy of the escrow agreement will be required to show how the escrow account will be managed and how funds will be disbursed.</li> <li>• <b><u>Non-del</u></b> not allowed</li> </ul>
<p><b>Financing Concessions</b></p>	<ul style="list-style-type: none"> <li>• Financing concessions for primary residences and second homes must be within the following allowable percentages: <ul style="list-style-type: none"> <li>◦ 9% of value with LTV/TLTV ratios less than or equal to 75%</li> <li>◦ 6% of value with LTV/TLTV ratios greater than 75% up to and including 90%</li> <li>◦ 3% of value with LTV/TLTV ratios greater than 90%</li> <li>◦ Note: Financing concessions paid by Freddie Mac, as the property seller for transactions involving the sale of Freddie Mac REO properties are not subject to the above maximum financing concession limits. In all cases, the requirements for use of financing concessions continue to apply i.e., the concessions must not exceed the borrower's actual closing costs.</li> </ul> </li> <li>• Property Seller can pay up to 12 months future HOA dues per Freddie Mac's guidelines. Amount of HOA dues must meet IPC limits. Refer to the Freddie Mac Selling Guide for additional information.</li> </ul>
<p><b>High Cost / High Priced</b></p>	<ul style="list-style-type: none"> <li>• Pennymac will not purchase High-Cost Loans</li> <li>• Higher Priced Mortgage Loans (HPML) transactions are eligible for purchase. HPML guidelines require: <ul style="list-style-type: none"> <li>◦ Establishment of an escrow account for taxes and insurance premiums on any transaction secured by a principal residence.</li> <li>◦ Must meet all applicable state and/or federal compliance requirements.</li> </ul> </li> <li>• A prohibition on ARM loans with an initial fixed rate period of less than seven years (7/1 ARMs are eligible). HPML ARMs are qualified at the greater of the note rate or the fully indexed rate). <u>Note that ARMs are not currently eligible for manufactured homes.</u></li> </ul>



## Land Value

- If the borrower owns the land on which the manufactured home is being permanently attached, the land may be used as an equity contribution. In such event, the borrower's equity contribution is equal to:
  - The current appraised value of the land if the borrower has owned the land for 12 months or more prior to the application date, or
  - The lower of the current appraised value of the land or the purchase price of the land if the borrower has owned the land for less than 12 months
- If the borrower purchased the land less than 12 months prior to the application date, the lender must document the borrower's equity contribution with:
  - A certified copy of the settlement/closing disclosure statement, and
  - A copy of the warranty deed evidencing there are no liens against the subject property, or a copy of the release for any prior lien(s)
- If the borrower acquired the land as a gift, an inheritance or by some other non-purchase transaction less than 12 months prior to the application date, the lender must obtain appropriate documentation to verify the acquisition and transfer of ownership of the land. In such event, the value of the land will be its current appraised value.

**Loan Purpose:  
Purchase**

- Purchase
  - Proceeds may be used to purchase the land, or the borrower may separately own the land.
  - The purchase price may include documented costs for delivery and setup, site development, installation, and permanent utility connections, including well and/or septic systems. Credits for wheels and axles, and any manufactured home retailer rebates, must be deducted from the purchase price along with any sales concessions in accordance with Freddie Section 5501.5.
  - LTV/TLTV/HTLTV calculated as per below
- Newly built manufactured home<sup>1</sup> LTV is calculated as the lowest of:
  - The purchase price of the manufactured home and land, and
    - If the land was purchased less than 12 months prior to the application date, the lowest purchase price at which the land was sold during that 12-month period, or
    - If the land was purchased 12 months or more prior to the application date, the current appraised value of the land, or
  - The current appraised value of the manufactured home and land
- Existing manufactured home that is affixed to a permanent foundation prior to the application date will be based on value calculated as the lowest of:
  - The purchase price of the manufactured home and land, or
  - The current appraised value of the manufactured home and land, or
  - If the manufactured home was affixed to a permanent foundation less than 12 months prior to the application date, the lowest price at which the manufactured home was previously sold during that 12-month period, and the lower of:
    - The current appraised value of the land, or
    - The lowest price at which the land was sold during that 12-month period (provided there was such a sale)
- New existing manufactured home that is already built and permanently affixed to its foundation if the manufactured home is sold by a builder or a developer, or a manufacturer acting as a developer, as part of a new or existing manufactured home subdivision. Note: homes are not resale/previously occupied. The LTV ratio (and TLTV and HTLTV ratios, if applicable) for these properties is calculated using a value equal to the lower of:
  - The purchase price of the manufactured home and land, or
  - The current appraised value of the manufactured home and land
  - Note: the seasoning requirement that requires the manufactured home to be affixed to a permanent foundation at least 12 months prior to the application date is not required for an existing manufactured home located in a manufactured subdivision that is sold by a builder or a developer, or a manufacturer acting as a developer.
- CHOICEHome LTV calculation is based on the lesser of:
  - The purchase price of the CHOICEHome and purchase price of the land, or
  - The current appraised value of the CHOICEHome and land

<sup>1</sup>Non-Del only: not eligible

**Loan Purpose:  
Rate & Term Refinance**

- No Cash-Out/Rate & Term Refinance
  - The refinance mortgage being paid off must have a note date no less than 30 days prior to the note date of the no cash-out refinance, and evidence must be documented in the loan file.
  - Proceeds can be used to pay off a first mortgage.
  - Proceeds can be used to pay off or pay down any junior liens related to the purchase of the subject property
  - Proceeds can be used to pay off an existing first lien mortgage that includes a deferred balance
    - A deferred balance that is a second lien is not eligible for a no cash-out refinance (refer to cash-out section below)
  - Pay related closing costs and prepaid items
  - Disburse cash out to the borrower (or any other payee) up to the greater of 1% of the new refinance mortgage or \$2,000
- LTV/TLTV/HTLV are based on the current appraised value of the manufactured home and land regardless of age or length of ownership.
- CHOICEHome: LTV/TLTV/HTLV are based on a value calculated on the current appraised value of the CHOICEHome and land.
- For cases in which title to the property is held by a limited liability company (LLC) or limited partnership (LP),
  - At least one borrower must have been the majority owner or had control of the LLC or LP since the date the property was acquired by the LLC or LP, and
  - Title must be transferred from the LLC or LP into the borrower's name on or before the note date.
- Continuity of obligation requirements must be met.

**Loan Purpose:  
Cash-Out Refinance**

- Requirements for all cash-out refinances
  - Maximum 20-year loan term
  - Non-occupant borrowers are ineligible
  - Delayed financing is not allowed
  - If none of the borrowers meet the "ownership" seasoning requirements referenced below, the following requirement must be met:
    - At least one borrower on the refinance inherited or was legally awarded the subject property (for example, in the case of divorce, separation or dissolution of a domestic partnership)
  - For cases in which title to the property is held by a limited liability company (LLC) or limited partnership (LP), the time the property was titled in the name of the LLC or LP may be included in the "ownership" seasoning requirement provided:
    - At least one borrower must have been the majority owner or had control of the LLC or LP since the date the property was acquired by the LLC or LP, and
    - Title must be transferred from the LLC or LP into the borrower's name on or before the note date.
  - The cash-out refinance mortgage must comply with the applicable LTV/TLTV/HTLV ratio limits and all other Freddie Mac requirements
  - All refinance transactions must meet Continuity of obligation requirements
  - LTV/TLTV/HTLV are based on the current appraised value of the manufactured home and land
- Cash-out refinance Used to pay off a first lien mortgage
  - The borrower must have owned both the manufactured home and land for 12 months or more prior to the application date.
  - When proceeds of a cash-out refinance mortgage are used to pay off a first lien mortgage, the first lien being refinanced must be seasoned for at least 12 months (i.e., at least 12 months must have passed between the note date of the mortgage being refinanced and the note date of the cash-out refinance mortgage), as documented in the mortgage loan file (e.g., on the credit report or title commitment).
  - The requirement that the mortgage being refinanced must be seasoned for at least 12 months does not apply when:
    - The cash-out refinance is a special purpose loan cash-out refinance that meets the requirements per section 4301.6 or
    - The first lien mortgage being refinanced is a Home Equity Line of Credit (HELOC)
  - A refinance transaction that is paying off an existing first mortgage lien and a second lien created due to a payment deferral is eligible subject to the above seasoning requirements

	<ul style="list-style-type: none"> <li>○ Refinance to buy out owner's interest: Written agreement must be legible and signed/dated prior to or at application. All other Freddie Mac requirements must be met</li> <li>• Cash-out refinance on a property owned free and clear <ul style="list-style-type: none"> <li>○ A mortgage placed on a property previously owned free and clear by the borrower is considered a cash-out refinance</li> <li>○ At least one borrower must have owned both the manufactured home and land for at least 6 months prior to the note date</li> </ul> </li> </ul>
<b>Loan Purpose: Ineligible Transactions</b>	<p>Intra-family purchases as a means to obtain cash-out for the seller while avoiding cash-out qualifications and pricing are not eligible transactions. These types of transactions may seem to meet Agency guidelines, they are not bonafide purchase transactions and therefore not eligible for purchase by Pennymac. Unacceptable transactions of this type may have some or all of the following characteristics:</p> <ul style="list-style-type: none"> <li>• Gift of equity from the seller</li> <li>• Large amount of seller credits</li> <li>• Family member remaining in the home and on title after the "purchase"</li> <li>• Seller unable to qualify for a cash-out transaction of their own</li> </ul>
<b>Mortgage Insurance</b>	<p>Acceptable MI Types</p> <ul style="list-style-type: none"> <li>• Borrower Paid Monthly</li> <li>• Borrower Paid Single Premium</li> <li>• Financed: Gross LTV cannot exceed Pennymac's program maximum <ul style="list-style-type: none"> <li>○ Not allowed for Super Conforming Loans</li> <li>○ Not allowed with split premium</li> </ul> </li> <li>• Split Premium</li> <li>• Lender Paid Single Premium</li> <li>• Reduced MI</li> </ul> <p>Unacceptable MI Types:</p> <ul style="list-style-type: none"> <li>• <u>Lender Paid Monthly</u></li> <li>• <u>Lender Paid Annual</u></li> <li>• <u>Borrower Paid Annual</u></li> <li>• <u>Any MI type not listed as acceptable</u></li> </ul> <p>For properties in NY</p> <ul style="list-style-type: none"> <li>• To determine if MI is required on a purchase transaction, base the LTV calculation on the Appraised Value only instead of the lower of Appraised Value or Sales price</li> <li>• When MI is required based on the above calculation, determine the level of MI required by using the standard LTV calculation (lower of Appraised Value or Sales price).</li> </ul>
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>• Primary Residence – 1 unit only</li> <li>• Second Homes - 1-unit only</li> </ul>
<b>Open-End (30 Day) Accounts</b>	<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"> <li>• Verify sufficient funds<sup>1</sup> to cover balance, in addition to funds required for closing and reserves and exclude from DTI, or</li> <li>• Document payment amount and include in DTI. Acceptable documentation may include a monthly statement or credit supplement showing the payment amount.</li> <li>• 5% of balance may <b>not</b> be used as a default payment.</li> </ul> <p><sup>1</sup> The source of funds must be from an eligible source as described in the Freddie Mac Selling Guide.</p>

<b>Power of Attorney (POA)</b>	<u>An individual employed by or affiliated with any party to the loan transaction e.g., title insurer, settlement agent etc. is not eligible as a POA</u>
<b>Property: Eligible Types</b>	<ul style="list-style-type: none"> <li>• Multiple width manufactured home</li> <li>• Minimum of 12 feet wide and 600 square feet of gross living area</li> <li>• All homes must be attached to a permanent foundation and legally classified as real property</li> <li>• The unit must not have been previously installed or occupied at any other site or location, except from the manufacturer or the dealer's lot as a new unit.</li> <li>• The towing hitch, wheels, and axles must be removed</li> <li>• Fee Simple land ownership only</li> <li>• See 5703.2 for complete details</li> <li>• Homes with income-based resale restrictions must be CHOICEHome</li> </ul>
<b>Property: Ineligible Types</b>	<ul style="list-style-type: none"> <li>• <u>Single Width manufactured home</u></li> <li>• Manufactured home NOT affixed to the land or not real property</li> <li>• Located in a mobile home park or other area where the borrower does not own the land</li> <li>• <u>Co-ops</u></li> <li>• <u>Land trusts, including community land trusts</u></li> <li>• 2-4 units</li> <li>• Leasehold estates</li> <li>• Home that was moved from its original site and was previously occupied or installed on a permanent foundation</li> <li>• <u>Properties with accessory dwelling unit(s) unless a CHOICEHome</u></li> <li>• Property subject to income-based resale restrictions</li> <li>• Properties that have been moved from a previously installed location</li> </ul>
<b>Property; Maximum Number of Financed Properties</b>	<ul style="list-style-type: none"> <li>• The loan must comply with Freddie Mac's limitations on the maximum number of financed properties: <ul style="list-style-type: none"> <li>○ owner-occupied: unlimited</li> <li>○ second home and investment property: ten</li> </ul> </li> <li>• When the borrower owns 7-10 financed properties: <ul style="list-style-type: none"> <li>○ LPA accept required</li> <li>○ Minimum 720 credit score</li> </ul> </li> </ul>
<b>Property Flipping Policy (Properties resold within 180 days of purchase)</b>	<ul style="list-style-type: none"> <li>• <u>Properties that involve a re-sale that occurred within the last 180 days that have a non-arm's length relationship between the buyer and seller and an increase in value are prohibited.</u></li> <li>• Lenders must pay particular attention and institute extra due diligence for those loans in which the appraised value is believed to be excessive or where the value of the property has experienced significant appreciation in a short time period since the prior sale. Pennymac believes that one of the best ways lenders can reduce the risk associated with excessive values and/or rapid appreciation is by receiving accurate appraisals from knowledgeable, experienced appraisers.</li> <li>• Pennymac recommends an additional value product to support the subject appraised value in instances of greater than 20% appreciation.</li> </ul>

Property: Turn-key Investments	<p><u>Purchase or refinance transactions involving turn-key investment, or other similar arrangements, are not eligible for purchase by Pennymac. Characteristics of a Turn-key property include but are not limited to:</u></p> <ul style="list-style-type: none"> <li>• <u>The property seller is an LLC (or other entity) that purchases distressed properties and re-sells to borrowers at a non-distressed valuation.</u></li> <li>• <u>Property seller or a related entity enters into an agreement to manage the property on behalf of the buyer including marketing, tenant screening, rent collection, maintenance, etc.</u></li> <li>• <u>Buyer frequently lives out-of-the-area from the subject property.</u></li> <li>• <u>See Pennymac Announcement 15-43 for additional details.</u></li> </ul>
Ratios	<ul style="list-style-type: none"> <li>• <u>The maximum DTI is 50% with an LPA Accept</u></li> <li>• <u>Loans with DTI exceeding 50% regardless of AUS decision are ineligible.</u></li> <li>• Pennymac allows non-occupant co-borrower blended ratios in accordance with Freddie Mac guidelines</li> </ul>
Recently Listed Properties	<ul style="list-style-type: none"> <li>• <u>The subject property must not be currently listed for sale. It must be taken off the market on or before the disbursement date of the new mortgage loan. Borrowers must confirm their intent to occupy the subject property (for principal residence transactions).</u></li> <li>• <u>If the property was listed in the prior 30 days to the application date, the Early Pay-off (EPO) provision will be extended to 1 year.</u></li> </ul>
Rental Income Calculation	<ul style="list-style-type: none"> <li>• Follow Freddie Mac guidelines relative to rental income calculation.</li> <li>• Effective with loans delivered on or after February 5th, Lenders must follow Freddie Mac's rental income updates. See section 5306.1 for complete requirements.</li> <li>• Rent loss insurance is not required.</li> <li>• See Freddie Mac chapter 5306.2 or 5306.3 for information on Rental Income from an ADU on a 1-unit primary residence.</li> </ul>
Reserves	<ul style="list-style-type: none"> <li>• Follow LPA requirements for reserves</li> <li>• Reserves must be based upon the full monthly payment (PITIA) amount for the property.</li> </ul>
Seasoning	Please refer to the Pennymac Seasoned Loan Policy located in the Pennymac Seller Guide for requirements and loan-level price adjustments.
State Restrictions	<ul style="list-style-type: none"> <li>• <u>Illinois Land Trust vesting's are not eligible for loan sale to Pennymac</u></li> <li>• Texas 50 (a)(6) refinance mortgages are eligible with Pennymac Seller Approval: <ul style="list-style-type: none"> <li>○ Owner-Occupied, 1 unit only – non-occupant co-borrowers may not be eligible on TX A6 loans. Correspondents are responsible for determining acceptability.</li> <li>○ <b>Non-Del only:</b> non-occupant borrowers are not allowed on TX A6 loans.</li> <li>○ Maximum 80% LTV/CLTV</li> <li>○ 2% fee restriction in accordance with Texas Constitution</li> <li>○ Full appraisal required</li> <li>○ No new secondary financing</li> <li>○ Loans must comply with Freddie Mac and Texas Constitution requirements</li> <li>○ Power of Attorney allowed in accordance with Texas requirements.</li> </ul> </li> </ul>

Tax Transcripts	<ul style="list-style-type: none"> <li>• <u>Tax transcripts for the most recent one year are required for all self-employed borrowers whose income is used to qualify. If only non-self-employed income is used to qualify, transcripts are not required.</u></li> <li>• <u>When tax transcripts are provided, they must support the income used to qualify</u></li> <li>• A properly executed 4506-C is required for all transactions except when the loan file contains tax transcripts</li> <li>• <u>If tax transcripts are not available (due to a recent filing for the current year) a copy of the IRS notice showing "No record of return filed" is required along with documented acknowledgement receipt (such as IRS officially stamped tax returns or evidence that the return was electronically received) from the IRS and transcripts from the previous year.</u></li> </ul>
Temporary Interest Buydowns	Not eligible
Title Requirements	<ul style="list-style-type: none"> <li>• Title policy required</li> <li>• Manufactured home title endorsements required, including but not limited to: <ul style="list-style-type: none"> <li>○ An ALTA Form 7.1, where available, or ALTA Form 7 endorsement, or</li> <li>○ An endorsement required in the applicable jurisdiction that ensures that the manufactured home constitutes real property, such as the T-31 endorsement in the State of Texas</li> </ul> </li> <li>• The mortgage must be secured by a perfected first lien on real estate that consists of the manufactured home and the land on which the manufactured home is permanently affixed, and the manufactured home must be legally classified as real property under applicable State law, including relevant statutes, regulations and judicial decisions.</li> <li>• See 5703. details on documenting the Certificate of Title and surrender, as applicable.</li> <li>• Insured closing protection letters are not required for mortgages that are secured by a manufactured home.</li> <li>• If any of the documentation related to the conversion of the manufactured home to real property cannot be obtained until after closing, the lender should obtain a properly circumscribed power of attorney from the borrower that may be used to complete the post-closing items as intended.</li> <li>• A manufactured home must be described in the security instrument and the description must include the year, make, model and serial number(s)/VIN(s) for each section of the manufactured home and any other information required by applicable law to identify the manufactured home. A manufactured home rider may be sufficient to meet this requirement.</li> <li>• Evidence the manufactured home is considered real property, including as applicable, but not limited to: <ul style="list-style-type: none"> <li>○ Evidence of no certificate of title,</li> <li>○ Surrender of the certificate of title,</li> <li>○ Certificate of title with the land ownership indicated</li> <li>○ Affidavit of affixture</li> </ul> </li> <li>• <u>Non-del: manufactured home power of attorney required unless an affidavit of affixation and evidence of vehicular title surrender is provided prior to final approval</u></li> <li>• 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 originated by Pennymac. (FHFA Final Ruling 12 C.F.R. Part 1228)</li> </ul>
<p><b>Seller shall deliver loans that were originated in accordance with the Freddie Mac Single Family Selling Guide unless otherwise noted in the Pennymac Seller's Guide.</b></p> <p><i>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.</i></p>	