



# Pennymac Correspondent Rural Streamlined-Assist Product Profile

01.04.24

**Delegated Only**

Overlays to Rural are underlined

Occupancy	
Occupancy	Min FICO
Owner-Occupied	<u>580</u>
<b>Lenders must comply with all USDA requirements including but not limited to Upfront Guarantee, Annual fees, and any other applicable requirements.</b>	
<b>Ability To Repay and Qualified Mortgage Rule</b>	<ul style="list-style-type: none"> <li>• For loans subject to the ATR/QM rule, Pennymac will only purchase loans that comply with the ATR/QM requirements.</li> <li>• Correspondents are responsible for providing evidence of compliance with the ATR/QM rules.</li> <li>• Clear itemization of fees and application of all credits that indicate paid by/to will be required on all loans.</li> <li>• See Seller Guide section "Ability to Repay and Qualified Mortgage Rule" under "Delivery Procedures" for more details.</li> </ul>
<b>Age of Docs</b>	<ul style="list-style-type: none"> <li>• Credit documents must be no more than 120 days old on the date the Note is signed, including credit reports and employment, income and asset documents.</li> <li>• Preliminary Title Policies must be no more than 180 days old on the date the Note is signed.</li> </ul>
<b>Appraisal</b>	Valuation product not required
<b>Assignment of Mortgages</b>	<u>All loans must be registered with MERS at time of delivery to Pennymac and a MERS transfer of beneficial rights and transfer of servicing rights must be initiated by the Seller, to Pennymac Corp, LLC (#1009313), within 24-hours of purchase.</u>
<b>Borrowers</b>	<ul style="list-style-type: none"> <li>• U.S. citizens</li> <li>• Borrowers must have a valid social security number</li> <li>• Permanent resident aliens, with proof of lawful permanent residence</li> <li>• Non-permanent residents are allowed as long as they are a qualified alien with proof of lawful residence. See Non-U.S. Citizen Documentation Requirements at gopennymac.com under Tools and Resources</li> <li>• Non-occupant borrowers are ineligible</li> <li>• Borrowers may be added to the new loan</li> <li>• Existing borrowers on the current mortgage note must remain on the refinanced loan; however, deceased borrowers may be removed from the loan.</li> </ul>

	<ul style="list-style-type: none"> <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>
<b>Condominiums</b>	Warranty review not required
<b>Credit</b>	<ul style="list-style-type: none"> <li>Tri-merge credit report or mortgage account(s) rating report (includes credit score) is required.</li> <li>0x30 for the previous 12 months mortgage payments for loan being paid off, measured to the Agency's receipt of a conditional commitment request.</li> </ul>
<b>Disaster Policy</b>	<u>Pennymac may require a post-disaster inspection for a period of 90 days from the incident period end date. See Pennymac disaster policy located in the Seller's Guide for full details.</u>
<b>Eligible Mortgage Products - Existing Loan</b>	Existing USDA Guaranteed Rural Housing loan
<b>Eligible Mortgage Products - New Loan</b>	<ul style="list-style-type: none"> <li>30-year fixed rate only</li> </ul>
<b>eMortgages &amp; eNotarization</b>	<ul style="list-style-type: none"> <li>eMortgages and eNotarization are eligible for Delegated correspondents only</li> <li>Lenders must be approved by Pennymac prior to delivering eMortgages, transactions closed using eNotarization or Remote Online Notarization (RON)</li> <li>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: <ul style="list-style-type: none"> <li>State eligibility; and</li> <li>Product eligibility; and</li> <li>Transaction eligibility; and</li> <li>eNotarization eligibility; and</li> <li>RON eligibility</li> </ul> </li> </ul>
<b>Escrows/Impounds</b>	An impound account for collection of taxes and insurance (or additional escrow items) is required.
<b>Exclusionary Lists</b>	CAIVRS must be checked and cleared
<b>Flood Insurance</b>	<ul style="list-style-type: none"> <li>Dwellings in a SFHA are not eligible under the SFHGLP unless flood insurance through the FEMA National Flood Insurance Program (NFIP) is available. The lender will require the borrower to obtain, and maintain for the term of the mortgage, flood insurance for any property located in a SFHA, listing the lender as a loss payee.</li> <li>The borrower must obtain, and continuously maintain for the life of the mortgage, flood insurance on the security property in an amount sufficient to protect the property securing the guaranteed loan. Flood insurance policies must be issued under the NFIP, or by a licensed property and casualty insurance company authorized to participate in NFIP's "Write Your Own" program. Private flood insurance policies that meet 42 USC 4012a(b)(1)(A) are eligible.</li> </ul>
<b>Guarantee Fee</b>	<ul style="list-style-type: none"> <li>Upfront Refinance Fee: 1% of the loan <ul style="list-style-type: none"> <li>Financed Guarantee Fee calculated: (loan amount / .99) - loan amount</li> <li>Not financed Guarantee Fee calculated: loan amount * 1%</li> </ul> </li> <li>Annual Fee: <ul style="list-style-type: none"> <li>0.35%</li> </ul> </li> </ul>

<b>Hazard and Wind Insurance</b>	<ul style="list-style-type: none"><li>• Hazard insurance policies should conform to the GSE coverage requirements of “the standard extended coverage endorsement,” which states that a policy cannot be accepted that in whole or part excludes wind, hurricane or catastrophe insurance unless the coverage is provided in another policy with the same coverage limits as the hazard policy.</li><li>• Properties must have replacement cost coverage in an amount equal to the guaranteed value of the improvements or the unpaid principal balance, whichever is less.</li><li>• Hazard or wind deductible(s) may not exceed the greater of either \$1,000 or 1 percent of the policy coverage, or the minimum deductible offered by the borrower’s chosen insurance carrier.</li><li>• See Flood Insurance for flood insurance requirements.</li></ul>
<b>High-Cost / Higher Priced</b>	<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 that the transaction meets all applicable state and/or federal compliance requirements.</li></ul>

<p style="text-align: center;"><b>Income: Annual</b></p>	<ul style="list-style-type: none"> <li>• The borrower's adjusted annual income may not exceed the Rural Development limit for the area. Refer to the USDA Income and Property Eligibility website: <a href="http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?NavKey=home@1">http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?NavKey=home@1</a></li> <li>• To validate income documentation and disclosure provided by the borrower's and other adult household members that will reside in the home, Lenders will require each adult member of the household to complete and execute IRS Form 4506-C (or comparable IRS form) for the previous two years at the time of loan application. Validation from IRS must be received by the Lender prior to request for Conditional Commitment for Loan Note Guarantee, and</li> <li>• Full income verifications/documentation for all borrowers and adult household members is required. In order to verify current income eligibility, income must be documented with the following, as applicable: <ul style="list-style-type: none"> <li>○ Wage Earner Income: <ul style="list-style-type: none"> <li>▪ Option 1: <ul style="list-style-type: none"> <li>• WVOE with current, year-to-date and previous year's employment earnings, and</li> <li>• The most recent pay stub; OR</li> </ul> </li> <li>▪ Option 2: <ul style="list-style-type: none"> <li>• The most recent pay stub(s) covering 30 days with YTD information, and</li> <li>• W-2s for the previous two years, and</li> <li>• VOE meeting Rural's requirements in the Technical Handbook Ch. 9.3 E 2.</li> </ul> </li> </ul> </li> <li>○ Self-Employed Income: <ul style="list-style-type: none"> <li>▪ Two consecutive years of signed federal personal and business income tax returns with all applicable schedules, or IRS-issued transcripts as long as the transcripts contain the information from all applicable schedules, and</li> <li>▪ YTD P&amp;L, and</li> <li>▪ YTD Balance Sheet.</li> </ul> </li> <li>○ Non-Employed Income Sources: A copy of the most recent award letter, 1099, or verification through individual federal income tax returns for the most recent tax year or other appropriate documents.</li> <li>○ Income from Non-Retirement Assets: All borrowers and adult household members must provide copies of all asset statements to calculate income generated by non-retirement assets. See Handbook chapter 9.4 for complete details on calculating annual income from assets. <ul style="list-style-type: none"> <li>▪ If the applicants have ownership in a business, or are self-employed, the asset accounts must be closely reviewed to verify assets are not transferred between a personal account and a business account and vice versa. In the event the assets from the business account and personal account are co-mingled, the co-mingled assets must be included in the calculation of net family assets.</li> </ul> </li> </ul> </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</li> </ul> </li> <li>• Documents must be no more than 120 days old. See Age of Docs for more information.</li> <li>• Refer to Rural Housing Guidelines, Chapter 9-Matrix 9-A for full income and income documentation requirements.</li> </ul>
<p style="text-align: center;"><b>Loan Purpose</b></p>	<ul style="list-style-type: none"> <li>• Rate and term only.</li> <li>• Loan may include the principal balance of the loan plus the upfront guarantee fee, accrued interest and eligible loan closing costs.</li> <li>• Borrowers are not eligible to receive "cash-out" from the refinance transaction. However, streamlined-assist refinance loan applicants may receive reimbursement at settlement for their personal funds advanced for eligible loan purposes</li> </ul>

	<p>that are part of the refinance transaction, such as an appraisal fee or credit report fee. At loan closing, a nominal amount of "cash out" to the applicants may occasionally result due to final escrow and interest calculations.</p> <ul style="list-style-type: none"> <li>Rural Streamline Refinance loans are not eligible.</li> </ul>
<b>Net Tangible Benefit</b>	The borrower must receive a Net Tangible Benefit. Net Tangible Benefit (NTB) is defined as a \$50 or greater reduction in the principal, interest, and annual fee (PI+A) payment on the new guaranteed loan when compared to the existing PI+A payment.
<b>Occupancy</b>	Owner-Occupied only
<b>Property; Eligible Types</b>	<ul style="list-style-type: none"> <li>Single Family Attached/Detached</li> <li>PUDs and condos</li> <li>Leaseholds with a minimum length of lease of 15 years beyond the maturity date of the loan.</li> <li>Property must be in an eligible rural area or an area that was eligible at the time of the original loan closing</li> </ul>
<b>Property; Ineligible Types</b>	<ul style="list-style-type: none"> <li><u>Manufactured homes. This includes on-frame modular homes built on a permanent chassis.</u></li> <li>Mobile homes</li> <li>Cooperatives</li> <li>Condotels</li> <li>Hotel Condominiums</li> <li>Timeshares</li> <li>Geodesic Domes</li> <li>Working Farms and Ranches</li> <li>Unimproved Land and property currently in litigation</li> <li>2-4 units</li> <li>Income producing properties that do not meet Rural Housing's requirements. Examples include, but not limited to grain bins, silos, dairy farms, hog barns and multiple equestrian stables.</li> </ul>
<b>Ratios</b>	DTI ratios are not calculated
<b>Reserves / Funds to Close</b>	Not required
<b>Rural Housing Documentation</b>	<p>RD 3555-18 Conditional Commitment for Single Family Housing Loan Guarantee</p> <ul style="list-style-type: none"> <li>Must include completed, signed, and dated Lender Certification pages. The lender's signature on the Lender Certification certifies to Rural Housing the loan was closed in accordance with all applicable conditions listed and no adverse changes have occurred since the commitment was issued.</li> <li>Loans may not have an outstanding contingent Conditional Commitment. All documentation used to satisfy the Conditional Commitment must be included in the file.</li> </ul>
<b>Seasoned Loans</b>	Please refer to the Pennymac Seasoned Loan Policy located in the Pennymac Seller Guide for requirements and loan-level price adjustments.

<b>Seasoning Requirements</b>	Minimum 12 months on loan being refinanced.
<b>Temporary Interest Rate Buydowns</b>	<p>Temporary buydowns are eligible subject to</p> <ul style="list-style-type: none"> <li>• Max total interest rate reduction of 2%, max increase per year of 1% (only 1/0, 1/1, and 2/1 buydowns allowed)</li> <li>• Maximum 2 years to reach standard note rate</li> <li>• <u>Minimum 660 credit score</u></li> <li>• Must qualify at the standard note rate without benefit of the buydown</li> <li>• <b>Both the full note rate and the initial buydown rate must be entered into GUS</b></li> <li>• Must meet all other applicable USDA requirements, including but not limited to qualification, documentation of buydown, and funding of buydown.</li> <li>• Borrower funded buydowns are not allowed</li> <li>• The borrower must agree in writing that the temporary buydown funds will be placed in an escrow and paid directly to the lender each month to reduce the monthly mortgage payment</li> <li>• The buydown account must be fully funded at origination</li> <li>• The funds must be placed in an escrow account with a financial institution supervised by a Federal or state agency</li> <li>• A copy of the <b>executed</b> escrow agreement, must be retained in the lender's <b>permanent</b> loan file</li> </ul>
<b>Tax Transcripts</b>	<ul style="list-style-type: none"> <li>• Tax transcripts for all* adult household members are required for the most recent two years.</li> <li>• Transcripts may be provided in lieu of tax returns</li> <li>• W2/1099 transcripts are not sufficient.</li> <li>• Lenders must require each adult household member as applicable to complete and sign IRS Form 4506-C for the previous two tax years at the time of loan application. The 4506-C must request full transcripts with all schedules.</li> <li>• Lenders must obtain and review the transcripts prior to loan closing and retain them in their permanent loan file</li> <li>• *IRS Transcripts ARE NOT required for full time students age 18 and older as long as the student is not an applicant, co-applicant not the spouse of an applicant</li> </ul> <p>Guaranteed loans cannot be made to a household that exceeds the applicable adjusted annual income limit. The transcripts provide a qualify control measure to ensure all income and asset earnings reported to the IRS have been disclosed to the lender.</p>
<b>Underwriting Method</b>	Manual underwriting. GUS is not used.
<p><b>Seller shall deliver loans that were originated in accordance with USDA Rural Housing, unless otherwise noted in these Matrices.</b></p> <p>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.</p>	