



**Pennymac Correspondent  
VA IRRRL Product Profile  
10.31.23**

Overlays to VA are underlined  
Items indicated as Non-Del are specific to Non-Delegated loans

**Maximum LTV/CLTV and FICO Requirements**

Occupancy	Maximum LTV/CLTV <sup>1</sup>	Min FICO <sup>2</sup>
Owner Occupied Second Home/Investment	<u>110%</u>	<u>580</u> 620 for Manufactured Homes

<sup>1</sup>LTV based upon Base Loan Amount (loan amount prior to financed funding fee)

<sup>2</sup>See the Loan Limits section for additional FICO requirements

<b>Appraisals</b>	<ul style="list-style-type: none"> <li>• See Manufactured Home section for specific appraisal requirements</li> <li>• <u>Current value required. Current value determined by one of the following options with an FSD/confidence level not to exceed the level indicated:</u> <ul style="list-style-type: none"> <li>○ <u>Pennymac Home Value Estimator <a href="https://www.goPennymac.com/home-value-estimator">https://www.goPennymac.com/home-value-estimator</a>: FSD max of 15</u></li> <li>○ <u>Collateral Analytics Value AVM:FSD max of 15, or</u></li> <li>○ <u>Freddie Mac Home Value Explorer (HVE):FSD max of 15 or confidence level of "H" or</u></li> <li>○ <u>Clear Capital AVM:FSD max of 15 or</u></li> <li>○ <u>CoreLogic Total Home Value (THV):FSD max of 11 or</u></li> <li>○ <u>CoreLogic Pass:FSD max of 12 or</u></li> <li>○ <u>CoreLogic VP4: FSD max of 7 or</u></li> <li>○ <u>CoreLogic Prospect: FSD max of 7 or</u></li> <li>○ <u>Radian Market Assessed Prices (MAP): FSD max of 10, or</u></li> <li>○ <u>A 2055/1075 drive by appraisal report, or full appraisal</u></li> <li>○ <u>Note: The lender must obtain at the minimum a 2055/1075 appraisal if the AVM FSD/confidence level does not meet the minimum requirements above.</u></li> </ul> </li> <li>• An AVM is not required if a more thorough appraisal option is used.</li> <li>• See Net Tangible Benefit section for appraisal requirements when:           <ul style="list-style-type: none"> <li>○ Discount points used to reduce the interest rate are financed and;</li> <li>○ The loan is going from a Fixed to an ARM.</li> </ul> </li> </ul>
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<b>ARM Initial Interest Rate Adjustment Dates</b>	Adjustable Rate Mortgage Initial Interest Rate Adjustment Dates Document. Can also be found on <a href="http://www.goPennymac.com">www.goPennymac.com</a> , click on Tools & Resources, then, Guides, and then choose Government ARM Initial Interest Rate Adjustment Dates.
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<b>Assignment of Mortgages</b>	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 (#1007159), within 24-hours of purchase.
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<p><b>Borrowers</b></p>	<ul style="list-style-type: none"> <li>• Resident Alien permitted as long as primary borrower is a veteran.</li> <li>• COEs are not required on IRRRLs though evidence of funding fee exemption is required. Acceptable documentation includes a screen print of the funding fee status provided at the time the VA LIN is requested.</li> <li>• Joint loans are allowed in accordance with VA's requirements.</li> <li>• A loan involving a veteran and his or her spouse will not be treated as a "joint loan" if the spouse: <ul style="list-style-type: none"> <li>○ is not a veteran, or</li> <li>○ Is a veteran who will not be using his or her entitlement on the loan</li> </ul> </li> <li>• Borrowers may be removed in accordance with VA guidelines.</li> </ul>
<p><b>CEMA</b></p>	<ul style="list-style-type: none"> <li>• 1-4-unit properties</li> <li>• eMortgages are ineligible</li> <li>• Lost Note Affidavits (LNAs) are not allowed for prior or current notes</li> </ul>
<p><b>Condominiums</b></p>	<p>Condo approval not required</p>
<p><b>Credit</b></p>	<ul style="list-style-type: none"> <li>• <u>All borrowers must return at least 1 credit score via three-in-file merged credit report. Non-traditional credit is not allowed.</u></li> <li>• <u>Must have a subject mortgage history of 0 x 30 for the last 3 payments</u></li> <li>• Borrowers in active Chapter 13 BK are eligible with documented permission from BK court/trustee.</li> <li>• In order to meet Ginnie Mae and VA seasoning requirements, the new note date must be on or after the later of: <ul style="list-style-type: none"> <li>○ the date that is 210 days after the date on which the first monthly payment was <b>due</b> on the mortgage being refinanced, and</li> <li>○ The date on which 6 full monthly payments have been made on the mortgage being refinanced.</li> </ul> </li> <li>• For modified loans, the new note date must be on or after the later of: <ul style="list-style-type: none"> <li>○ The date that is 210 days after the date on which the first modified monthly payment was due on the mortgage being refinanced, and</li> <li>○ The date on which 6 modified payments have been made on the mortgage being refinanced.</li> </ul> </li> </ul>
<p><b>Disaster Policy</b></p>	<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-Delegated: Disaster inspections may not be completed by the Lender. Acceptable inspection providers include, but are not limited to, an appraiser or a post-disaster inspection company.</u></li> </ul>
<p><b>Documentation</b></p>	<ul style="list-style-type: none"> <li>• <u>Tri-merge credit report or mortgage account(s) rating is required.</u></li> <li>• Tax transcripts and the 4506-C are not required for non-credit qualifying IRRRL transactions.</li> </ul>

<b>Eligible Mortgage Products – Existing Loan</b>	VA to VA refinance
<b>Eligible Mortgage Products - New Loan</b>	<ul style="list-style-type: none"> <li>• Fixed Rate: 10, 15, 20, 25 and 30 year terms. High Balance allowed on all terms.</li> <li>• CMT ARM: 5/1 (1/1/5 caps). High Balance allowed on ARMs. 7/1 ARMs are no longer allowed.</li> <li>• <u>EEEM are not eligible</u></li> </ul>
<b>eMortgages and eNotarization</b>	<ul style="list-style-type: none"> <li>• eMortgages and eNotarization <b>are eligible for Delegated correspondents only</b></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>Employment/Income Verification</b>	<ul style="list-style-type: none"> <li>• <u>The following Income and Employment documentation are required at a minimum:</u> <ul style="list-style-type: none"> <li>○ <u>Salaried borrowers require a Verbal VOE</u></li> <li>○ <u>Self-employed borrowers require verification of the business through a 3rd party source</u></li> <li>○ Retired borrowers aged 60 and older do not require a VVOE</li> </ul> </li> <li>• <u>Non-Delegated Only: All borrowers require a Verbal VVOE or income source documentation</u></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>
<b>Escrow Accounts</b>	<u>An impound account for collection of taxes and insurance (or additional escrow items) is required</u>
<b>Exclusionary Lists</b>	All borrowers must be screened by CAIVRS to determine there have been no late payments on federal debt obligations

<p style="text-align: center;"><b>Funding Fee</b></p>	<ul style="list-style-type: none"> <li>• The funding fee may be financed in the loan. Maximum LTV based on Base Loan Amount (Loan amount prior to financed funding fee).</li> <li>• The following veterans are exempt from paying the funding fee: <ul style="list-style-type: none"> <li>○ Veterans receiving VA compensation for service connected disabilities</li> <li>○ Veterans who would be entitled to receive compensation for service connected disabilities if they did not receive retirement pay</li> <li>○ Veterans who are rated by VA as eligible to receive compensation as a result of pre-discharge disability exam and rating</li> <li>○ Veterans entitled to receive compensation, but who are not presently in receipt of the compensation because they are on active duty</li> <li>○ Surviving spouses of veterans who died in service or from service-connected disabilities, whether or not such surviving spouses are veterans with their own entitlement and whether or not they are using their own entitlement. <ul style="list-style-type: none"> <li>▪ The surviving spouse must be in receipt of Dependency and Indemnity Compensation (DIC) before the loan closing takes place.</li> </ul> </li> <li>○ Members of the armed forces who are serving on active duty and provide, on or before the date of loan closing, a certificate or military orders having been awarded the Purple Heart.</li> </ul> </li> </ul>
<p style="text-align: center;"><b>Fee Recoupment</b></p>	<ul style="list-style-type: none"> <li>• 36 months maximum recoupment period from note date.</li> <li>• See VA circular 26-19-22 for recoupment calculation requirements. Comparison statement form showing 36 months or less recoupment is acceptable. If comparison shows more than 36 months, provide evidence the statutory recoupment calculation results in 36 months or less. <ul style="list-style-type: none"> <li>○ Comparison statement calculation: Include all fees, expenses, and closing costs, (including taxes, amounts held in escrow, and fees paid under chapter 37 such as the VA funding fee), whether included in the loan or paid outside of closing.</li> <li>○ Statutory calculation: Exclude the VA funding fee, escrow, and prepaid expenses, such as, insurance, taxes, special assessments, and homeowners' association (HOA) fees, from the recoupment calculations</li> </ul> </li> <li>• All VA IRRRL transactions require 36-month recoupment. Transactions that do not meet recoupment requirements are ineligible. This includes payment increases due to changing from ARM to fixed rate and term reduction. <ul style="list-style-type: none"> <li>○ IRRRLs with P&amp;I increases may be eligible if the borrower(s) incur no fees, closing costs, or expenses (other than taxes, amounts held in escrow, and fees paid under chapter 37 (e.g., VA funding fee collected under 38 U.S.C. § 3729)).</li> </ul> </li> </ul>
<p style="text-align: center;"><b>High-Cost / Higher-Priced Mortgage</b></p>	<ul style="list-style-type: none"> <li>• <u>Pennymac will not purchase High-Cost Loans</u></li> <li>• Higher-Priced Mortgage Loans (HPML) transactions are eligible subject to: <ul style="list-style-type: none"> <li>○ Establishing and maintaining an escrow account</li> <li>○ Meeting all applicable state and/or federal compliance requirements.</li> </ul> </li> </ul>

<p><b>Loan Limits</b></p>	<ul style="list-style-type: none"> <li>• <u>Maximum base loan amount cannot exceed \$2,000,000.</u></li> <li>• <u>Base loan amounts greater than \$1,000,000 to \$1,500,000 must have a minimum FICO of 700</u></li> <li>• <u>Base loan amounts greater than \$1,500,000 to \$2,000,000 must have a minimum FICO of 720 and</u> <ul style="list-style-type: none"> <li>○ <u>Borrowers must have a primary mortgage or primary housing history of 0x30x12 for the most recent consecutive 12-month period, ending with the application date. Gaps in history or less than 12 months will not be acceptable.</u></li> </ul> </li> </ul>
<p><b>Loan Purpose</b></p>	<ul style="list-style-type: none"> <li>• Interest Rate Reduction Refinance Loan (IRRRL).</li> <li>• Borrower should receive no cash back at closing. However, cash back to the Borrower can never exceed \$500.</li> <li>• Credit Qualifying is allowed. When credit qualifying, all existing Pennymac VA overlays are still in effect, including but not limited to credit history and tax transcripts for income validation.</li> </ul>
<p><b>Manufactured Home</b></p>	<ul style="list-style-type: none"> <li>• <u>1 Unit Only</u></li> <li>• <u>2055 or BPO required. The property condition must be average or better.</u></li> <li>• <u>Max LTV based on current market value is 110%</u></li> <li>• Prelim to confirm the subject is a permanently affixed manufactured home.</li> <li>• Tax Sheet to confirm subject is taxed as land plus improvements.</li> <li>• ALTA Endorsement 7, or 7.1, or 7.2, or equivalent state form required.</li> <li>• <u>Provide copy of foundation certification (or equivalent documentation) from previous loan. If there is none, one will be required.</u> <ul style="list-style-type: none"> <li>○ Follow FHA's PFGMH, which can be found at <a href="https://www.hud.gov/program_offices/administration/hudclips/guidebooks/4930.3G">https://www.hud.gov/program_offices/administration/hudclips/guidebooks/4930.3G</a></li> </ul> </li> <li>• <u>Affidavit of affixation, or state equivalent documentation, required</u></li> <li>• <b>Non-Del:</b> <u>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>• <u>Leasehold ownership is ineligible</u></li> <li>• Transactions in mobile home parks are ineligible</li> <li>• <u>Manufactured Homes are ineligible for ARMs.</u></li> </ul>

<p><b>Net Tangible Benefit</b></p>	<ul style="list-style-type: none"> <li>• Net tangible benefit based on borrower's current interest rate and payment.</li> <li>• The interest rate must bear a lower interest rate than the loan it is refinancing: <ul style="list-style-type: none"> <li>○ Fixed to Fixed requires 0.5% reduction</li> <li>○ Fixed to ARM requires 2.0% reduction</li> <li>○ ARM to Fixed and ARM to ARM are exempt from rate reduction</li> <li>○ To ensure compliance, a copy of the note from the refinanced loan must be provided</li> </ul> </li> <li>• When refinancing from Fixed Rate to ARM and discount points are used to reduce the interest rate, an LTV calculation is required based on the following: <ul style="list-style-type: none"> <li>○ less than or equal to one discount point requires an LTV of 100% or less</li> <li>○ greater than one discount point requires an LTV of 90% or less</li> </ul> <p>Note: this is not required when refinancing from ARM to Fixed Rate or Fixed Rate to Fixed Rate</p> </li> <li>• LTV is calculated by dividing the base loan amount (loan amount prior to financed funding fee) by the value. Value may be determined via: <ul style="list-style-type: none"> <li>○ Exterior-Only Inspection Residential Appraisal Report (Fannie Mae 2055)</li> <li>○ Uniform Residential Appraisal Report (Fannie Mae 1004)</li> <li>○ Exterior-Only Inspection Individual Condominium Unit Appraisal Report (Fannie Mae 1075)</li> <li>○ Individual Condominium Unit Appraisal Report (Fannie Mae 1073)</li> </ul> <p><b>Note:</b> When a 2055 or better is obtained, the AVM to determine market value is not required. The market value from the valuation product may be used.</p> </li> </ul>
<p><b>Occupancy</b></p>	<ul style="list-style-type: none"> <li>• Owner-occupied</li> <li>• Second Home/Investment <ul style="list-style-type: none"> <li>○ Veteran must certify that he or she previously occupied the property as his or her home.</li> <li>○ <u>Manufactured home: Not eligible</u></li> </ul> </li> </ul>
<p><b>Payment History</b></p>	<p>See Credit section for requirements</p>
<p><b>Payment Decrease/Increase Requirements</b></p>	<p>The principal and interest payment on the IRRRL must be less than the loan being refinanced unless the IRRRL is refinancing an ARM or the term of the IRRRL is shorter than the term of the loan being refinanced.</p> <p>If either applies and the monthly payment (PITI) is increasing by 20% or more, a lender certification is required to support the veteran qualifies for the new monthly payment. See Fee Recoupment section for additional requirements.</p>
<p><b>Property: Eligible Types</b></p>	<ul style="list-style-type: none"> <li>• Single Family Residence</li> <li>• 2-4 unit</li> <li>• PUDs</li> <li>• Low-rise and High-rise Condominiums</li> <li>• Multiple width manufactured homes with a minimum of 700 square feet – see Manufactured Home section for additional requirements</li> </ul>

<b>Property: Ineligible Types</b>	<p>In addition to the ineligible property types identified in VA Lender's Handbook, the following property types are ineligible:</p> <ul style="list-style-type: none"> <li>• <u>Single width manufactured homes</u></li> <li>• <u>Mobile Homes</u></li> <li>• Cooperatives</li> <li>• Condotels</li> <li>• Hotel Condominiums</li> <li>• Timeshares</li> <li>• <u>Geodesic Domes</u></li> <li>• <u>Working Farms and Ranches</u></li> <li>• Unimproved Land and property currently in litigation</li> <li>• Commercial Enterprises (e.g. Bed and Breakfast, Boarding House, Hotel)</li> <li>• <u>Non-Delegated only: Properties located in Lava Zone 1 and 2</u></li> </ul>
<b>Property: Maximum Number of</b>	<p>No limit</p>
<b>Qualifying</b>	<p>For Credit Qualifying:</p> <ul style="list-style-type: none"> <li>• Fixed rate qualify at the note rate.</li> <li>• 5/1 ARMs qualify at the note rate. Exceptions: CT HPML ARM loans &lt;=\$417,000 and ARM loans in IL, MA and NM require qualifying at the greater of the note rate or the fully indexed rate (margin + index)</li> </ul>
<b>Ratios</b>	<p>DTI ratios are not calculated, unless the transaction is credit qualified.</p>
<b>Recently Listed Properties</b>	<ul style="list-style-type: none"> <li>• <u>The listing must have been expired or been withdrawn on or before the application date.</u></li> <li>• <u>Note: if the property was listed in the prior 30 days to the application date, the Early EPO provision will be extended to one year.</u></li> </ul>
<b>Reserves / Funds to Close</b>	<p>Reserves are not required. Source of funds to close are not required on an IRRRL.</p>

<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>State Restrictions</b>	<u>Texas A (6) and Texas 50(a)(4 Refinances are not eligible</u>
<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 3%, max increase per year of 1% (only 1/0, 1/1, 2/1, and 3/2/1 buydowns allowed)</li> <li>• Maximum 3 years to reach standard note rate</li> <li>• <b>Fixed rate only</b></li> <li>• <u>Minimum 660 credit score</u></li> <li>• <u>Must qualify at the standard note rate without benefit of the buydown</u></li> <li>• Must meet all other applicable VA requirements, including but not limited to qualification, documentation of buydown, and funding of buydown.</li> </ul>
<b>Title Insurance</b>	<u>Required</u>
<b>Underwriting Method</b>	Manual underwriting only
<p><b>Seller shall deliver loans that were originated in accordance with the VA Lender's Handbook, unless otherwise noted in the Pennymac Seller's Guide.</b> 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>	