



Announcement 15-56

Date: November 18, 2015

Topic: 1. FNMA SEL 2015-10 and DU Release Notes DU Version 9.3

2. Rate Sheet Updates

1. FNMA SEL 2015-10 and DU Release Notes DU Version 9.3

Fannie Mae will be updating DU with a release over the weekend of December 12, 2015. Effective with casefiles submitted to DU 9.3, PennyMac will be aligning with the changes announced by Fannie Mae in announcement SEL 2015-10 and DU Release Notes Version 9.3. Loan casefiles created in DU Version 9.2 and resubmitted after the weekend of December 12, will continue to be underwritten through DU Version 9.2. Highlights of the changes are included below:

Non-Occupant Co-Borrower Policies

Currently, DU does not allow the non-occupant co-borrower's income to be used for qualifying.

With this change, PennyMac is aligning with Fannie Mae to follow DU's update to consider the income and liabilities of all borrowers on all principal residence mortgage transactions, including two- to four-unit properties. No separate calculation of the DTI ratio for the occupying borrower will be required, as the DTI ratio calculation will be based on the income and liabilities of all borrowers on the mortgage loan.

High Balance Mortgage Loan Eligibility

Currently, high balance mortgages have separate qualifying requirements from standard balance mortgages, including lower LTV/CLTV/HCLTV maximums, 5% minimum borrower contribution when gifts are used, and appraisals for condos require two comps from outside the subject's project.

With this change, PennyMac is following Fannie Mae's alignment of the eligibility requirements for high-balance mortgage loans with the standard eligibility requirements. Note that high balance transactions will continue to require a field review for properties valued at \$1,000,000 or more with an LTV/CLTV/HCTV greater than 75%.

Self-Employed Income Changes

Currently, DU requires two years of individual and business tax returns for self-employed borrowers.

With this change, PennyMac is aligning with the DU update to allow one year of individual and business tax returns, when allowed by DU.

HomeReady Mortgages

Currently, PennyMac does not purchase Fannie Mae's MyCommunity Program. In December, HomeReady will be replacing the MyCommunity Program.

PennyMac will continue to not purchase loans originated under the HomeReady Program after DU is updated.

2. Rate sheet Updates

Effective for all commitments taken on or after Monday, December 7th, 2015, PennyMac is implementing updates to the 'Conv LLPAs' tab on all rate sheets. These updates are being implemented to support DU Version 9.3 and to add LLPAs for specific Conforming loan program attributes. There will be 2 sections affected:

1. 'LLPAs by Product Feature'
2. 'High Balance Mortgage Loans'

Sample rate sheet(s) will be posted to the PennyMac Portal after 6:00 PM (PT) on Monday, November 23rd, 2015 with LPA updates highlighted in yellow. Sample rate sheet(s) will be available for download shortly after the standard rate sheet email notification is sent.

Note: Sample rate sheet(s) posted to the portal are intended only to communicate updates as described above. Loan program base pricing will reflect as blank. Rate sheets posted the following morning will be effective for new commitments.

Please contact your Sales Representative with any questions.