



Announcement

Announcement # 19-33

Date: June 7, 2019

Topic: Fannie Mae Lender Letter 2019-06: Updates to DU Eligibility and HomeReady Income

Effective with new loans submitted to DU on or after July 20, 2019, PennyMac is aligning with the updates announced by Fannie Mae in Lender Letter 2019-06.

DU Eligibility Assessment

Fannie Mae regularly reviews DU to determine whether its risk analysis and eligibility assessment are appropriate based on the current market environment and loan performance information. As a result of the most recent review, the DU eligibility assessment is being updated to better align the mix of business delivered to Fannie Mae with the composition of business in the overall market.

As a result, certain new loan casefiles submitted to DU on or after July 20, 2019 will receive an Ineligible recommendation when multiple high-risk factors are present. PennyMac will continue to require all DU transactions submitted for purchase receive an Approve/Eligible recommendation.

HomeReady Income Limits

Currently, to be eligible for a HomeReady loan, the borrowers' total annual qualifying income may not exceed 100% of the area median income (AMI) for the property's location. There is no income limit for properties located in low-income census tracts (census tracts where the median income is not greater than 80% AMI).

Effective with new casefiles submitted to DU on or after the weekend of July 20, PennyMac is aligning with Fannie Mae's updates to HomeReady Income Eligibility limits and requiring all HomeReady loans to not exceed 80% AMI for the property's location, including properties in low-income census tracts. Borrowers who do not meet the income eligibility requirements for HomeReady may continue to be eligible under the standard low down payment programs offered by Fannie Mae.

Please contact your Sales Representative with any questions.