



Announcement

Announcement # 19-35

Date: June 20, 2019

Topic: Freddie Mac Bulletin 2019-9, 2019-11 and Fannie Mae DU Release Notes 10.3 July Update

PennyMac is aligning with Freddie Mac's updates announced in Bulletin 2019-9, 2019-11 and Fannie Mae's DU Release Notes 10.3 July Update, excluding updates to manufactured homes and manual underwrites. As a reminder PennyMac requires AUS approval on all conventional loans. Updates include but are not limited to the following.

Freddie Mac Condo Updates

Projects in Litigation

Effective immediately, PennyMac is aligning with Freddie Mac's updates to projects in litigation, and is expanding the types of eligible minor litigation. Eligible minor litigation will include litigation where the estimated or known amount is not expected to exceed 10% of the condominium project's funded reserves, provided that this does not violate the applicable jurisdiction's laws and regulations. Please see Freddie Mac Selling Guide Section 5701.3 for complete details and additional requirements regarding projects in litigation.

Single Investor Concentration

Previously, Freddie Mac required that all units be included in the calculation for projects with excessive single investor concentration.

Effective immediately, PennyMac is aligning with Freddie Mac's updates and Lenders may exclude the following units from the single investor concentration calculation:

- Units owned/controlled by non-profits for affordable housing
- Units in affordable housing programs, and
- Units retained by higher education institutions for workforce housing

Condominium Projects with Commercial Parking Facilities

Previously, Freddie Mac did not allow the exclusion of commercial parking facilities from the commercial or non-residential space calculation when determining whether a project contains excessive commercial or residential space.

Effective with all LPA approved transactions delivered on or after August 15, 2019, PennyMac is aligning with Freddie Mac's update regarding non-residential space calculation. Commercial parking facilities may now be excluded from the non-residential space calculation only if it has been verified that the HOA



does not receive more than 10% of its budgeted income from the renting or leasing of these commercial parking facilities. Please see Freddie Mac 5701.11 for complete details

Fannie Mae HomeReady Updates

Currently, Fannie Mae does not have a limit to the number of financed properties an occupying borrower may have on a HomeReady loan.

Effective with DU submissions on or after July 20, 2019, PennyMac is aligning with Fannie Mae's update and allowing the occupying borrower to have no more than two financed properties, including the subject, for all HomeReady transactions.

HARP

Effective with all loans delivered on or after July 1, 2019, PennyMac will no longer accept any HARP related programs, including DU Refi Plus and LPA Open Access for purchase. All HARP eligible loans must be delivered to PennyMac on or before June 30, 2019.

Please contact your Sales Representative with any questions.