

Announcement #24-16**Date:** February 23, 2024

Fannie Mae SEL 2023-11 Restricted Stock Income

Pennymac is aligning with Fannie Mae SEL-2023-11 announcing Restricted Stock Units (RSUs) and restricted stock income eligibility, effective with new applications dated on or after March 1, 2024.

RSUs and restricted stock are granted by an employer to employees as a form of compensation based on either performance or time. They can be awarded as either stock or an equivalent cash value of the number of shares awarded, and usually vest over a certain number of years. After the vest, the employee may sell the shares at the current price or hold the stock for future sale.

To be used as qualifying income, the restricted stock must have vested and been distributed to the borrower without restrictions and documentation includes but is not limited to the following:

Performance-based awards

- A minimum history of 24 months restricted stock income from the current employer
- Restricted stock income received for 12 to 24 months from the current employer may be considered as acceptable income if there are positive factors to offset the shorter income history.

Time-Based awards

- A minimum history of 12 months restricted stock income from the current employer
- Continuance of income must be documented in accordance with Fannie Mae requirements

Note: Sign-on bonuses received in the form of restricted stock that vest over any length of time cannot be considered as qualifying income.

The calculation method for restricted stock income will vary depending on whether the income is received in the form of shares or cash and the length of time the borrower has received compensation.

AUS Jumbo

The Pennymac AUS Jumbo program has been updated to reflect RSU and restricted stock income eligibility in accordance with Fannie Mae requirements. These changes take effect with new loan applications dated on or after March 1, 2024.

Please refer to the Fannie Mae Selling Guide for complete restricted stock documentation, calculation, and continuity of income requirements.

Please contact your Sales Representative with any questions.