PENNYMAC TPO

Non-Delegated Announcement

Announcement #26-72 **Date:** July 20, 2026

Updates to Non-QM Reserve Requirements, DSCR, and Prepayment Penalty Eligibility

Effective for new loan applications dated on or after July 20, 2026, Pennymac has updated guidelines for prepayment penalties, property management experience, first-time investor requirements, and reserve requirements.

All Programs: Kansas Prepayment Penalties

- Prepayment penalties are now eligible on business purpose loans (investment properties) in Kansas and will carry standard prepayment penalty terms. Refer to the applicable Non-QM product profile for complete prepayment penalty requirements.

DSCR Program Updates

- Rental property experience may now be documented using the Schedule of REO on the signed 1003 to validate both the investment properties owned and the length of ownership. This replaces the previous requirement of a signed Letter of Explanation (LOE) by the borrower/guarantor.
- The requirement for first-time investors has been updated to allow a ratio *equal to* or greater than 1.0. (Previously, the ratio was required to strictly exceed 1.0).

A-, A, A+ Program Updates: Reserve Requirements

Reserve requirements have been updated and clarified as follows:

- Additional Financed Properties: Subject property reserves plus two months reserves for each additional financed property are required, capped at a total of 12 months of reserves for all properties. (Previously, reserve requirements were not capped).
- Non-Occupant Co-Borrower: Clarified that reserve requirements are “stacked” and are in addition to all other reserve requirements.
- Departing Residence: Clarified that reserve requirements are “stacked” and are in addition to all other reserve requirements.
- Refer to the applicable Non-QM product profile for complete reserve requirements.

Please contact your Sales Representative with any questions.