Pennymac Correspondent
Fannie Mae Manufactured Home Product Profile
02.28.25

Overlays to Fannie Mae are underlined

Overlays indicated as Non-Del Only are specific to Non-Delegated loans only

Agency	Fannie Mae - DU Approval			Fannie Mae - DU Approval		
Finance Type	Purchase and Rate/Term Refinances			Cash Out Refinances		
Occupancy	Owner Occupied			Owner Occupied		
Term	Fixed Rate			Fixed Rate		
[1]High balance or transactions with non-occupant co-borrowers are limited to 95% LTV/CLTV/HCLTV Max CLTV/HCLTV is 97% regardless of secondary financing type	Property Type	LTV, CLTV, HCLTV	Min Credit Score	Property Type	LTV, CLTV, HCLTV	Min Credit Score
	1 Unit	97[1] (MH Advantage) 95 (standard)	620	1 Unit	65	620
	Second Home			Second Home		
	Fixed Rate			Fixed Rate		
	Property Type	LTV, CLTV, HCLTV	Min Credit Score	Property Type	LTV, CLTV, HCLTV	Min Credit Score
	1 Unit	90	620	Not Eligible		
	Investment Property			Investment Property		
	Fixed Rate			Fixed Rate		
	Property Type	LTV, CLTV, HCLTV	Min Credit Score	Property Type	LTV, CLTV, HCLTV	Min Credit Score
	Not Eligible			Not Eligible		
Maximum Loan Amounts	Current Guidance is available at: https://www.fanniemae.com/singlefamily/loan-limits					

Ability To Repay and Qualified Mortgage Rule	• For loans subject to the ATR/QM rule, Pennymac will only purchase loans that comply with the ATR/QM requirements.
	  ○ Note: Investment properties which are for business purposes (borrower does not intend to occupy for greater than 14 days in the year) are exempt from ATR/QM; however, such loans must meet agency eligibility requirements and are subject to the applicable points and fees threshold.
	  ○ Investment properties are not eligible for manufactured homes.
	• Correspondents are responsible for providing evidence of compliance with the ATR/QM rules.
	• Clear itemization of fees and application of all credits that indicate paid by/to will be required on all loans.
	• See Seller Guide section "Ability to Repay and Qualified Mortgage Rule" under "Delivery Procedures" for more details.

Age of Documents	• For new and existing construction, credit documents must be no more than 4 months old on the date the note is signed, including credit reports and employment, income and asset documents. • Preliminary Title Policies must be no more than 180 days old on the date the note is signed.

Appraisals	- Full appraisal required. Manufactured homes are not eligible for Value Acceptance or Value Acceptance + property data (PDC). - Cost approach is required - Structural modifications or additions: - Inspection by a state agency to approve modifications is required, if the state requires such inspection. - If there is no state requirement, then the structural modification must be inspected and be deemed structurally sound by a third party who is regulated by the state and is qualified to make the determination. In all cases, the satisfactory inspection report must be retained in the mortgage loan file. - Standard - Minimum of 2 similar manufactured home comparables - Third comparable may be site built or modular home - Photos required, in addition to standard photos: - HUD data plate; or - HUD certification label - If neither the HUD data plate or certification label are available, a label verification letter with the HUD certification label information or duplicate HUD data plate/compliance certificate from the Institute for Building Technology and Safety (IBTS) is required. - Verification from the In-Plant primary inspection agency or the manufacturer for the HUD Data Plate information is also acceptable. - Properties subject to a leasehold estate: - Appraisers must develop a thorough, clear, and detailed narrative that identifies the terms, restrictions, and conditions regarding lease agreements or ground leases and include this information as an addendum to the appraisal report. - Appraisers must discuss what effect, if any, the terms, restrictions, and conditions of the lease agreement or ground lease have on the value and marketability of the subject property. - The appraiser must use a sufficient number of closed comparable sales with similar leasehold interests, if available, in the analysis of market value of the leasehold estate for the subject property. - If not enough comparable sales with the same lease terms and restrictions are available, appraisers may use sales of similar properties with different lease terms or, if necessary, sales of similar properties that were sold as fee simple estates. - The appraiser must explain why the use of these sales is appropriate, and must make appropriate adjustments in the Sales Comparison Approach adjustment grid to reflect the market reaction to the different lease terms or property rights appraised - MH Advantage: - Use MH Advantage comps when available - Supplemental comps may be site-built homes. Refer to the Fannie Mae selling guide section B4-1.4-01 for complete details. - Photos required, in addition to the standard photos - MH Advantage sticker - HUD data plate, - HUD certification label, - Site showing driveways, sidewalks, any detached structures. - The presence of a driveway leading to the home (or to the garage or carport, if one is present). The driveway must consist of blacktop, pavers, bricks, concrete, cement, or gravel (gravel must have a minimum depth of four inches), and;

	▪ The presence of a sidewalk connecting either the driveway, or a detached garage or carport, to a door or attached porch of the home. The sidewalk must consist of blacktop, pavers, flagstone, bricks, concrete, or cement. • Accessory units are not eligible, B2-3-02. • Properties with evidence of commercial production of marijuana, including but not limited to grow rooms, or hydroponic equipment, are ineligible. • The property must be complete <u>when the loan is sold to Pennymac</u>

Assets/Gift Funds/Large Deposits	Assets
	• Follow Fannie Mae verification of deposit and asset documentation guidelines to determine asset eligibility for down payment, closing costs, and reserve requirements.
	  ○ Asset statements must clearly identify the borrower as the account holder
	  ○ Assets held solely in the name of a non-borrowing purchaser are considered a gift and must follow Fannie Mae gift fund requirements.
	• Follow Fannie Mae guidelines for gift fund eligibility and documentation requirements
	
	Large Deposits
	• Follow Fannie Mae guidance for large deposit eligibility and verification requirements
	  ○ Large deposits sourced back to a non-borrowing purchaser are considered a gift and must follow Fannie Mae gift fund requirements.
	• On refinance transactions, the documentation or explanation for large deposits is not required; however, any borrowed funds, including any related liability, must be considered.
	
	Virtual Currency
	
	• Cryptocurrency/Virtual Currency may only be used as funds for closing and reserves if it has been exchanged into U.S. dollars and is held in a U.S. or state regulated financial institution. There must be sufficient documentation to verify that the funds originated from the borrower's cryptocurrency/virtual currency account. <u>Acceptable documentation to use those funds includes the following:</u>
	
	  ○ <u>Documentation from Cryptocurrency exchange account verifying the borrower as the Legal Owner and not the nickname of the account, AND</u>
	  ○ <u>Previous borrower bank statement showing funds going into the same Cryptocurrency exchange account that the large deposit came from, OR</u>
	  ○ <u>1099-B/MISC from the same Cryptocurrency exchange account that the large deposit came from, plus the borrower's Tax Returns reflecting the 1099 gain/loss</u>
	
	Minimum Borrower Contribution
	A minimum borrower contribution of 5% of their own funds into the transaction is required for second homes with a LTV is > 80%.

Assignment of Mortgages	All loans must be registered with MERS at time of delivery to Pennymac and a MERS transfer of beneficial rights and transfer of servicing right must be initiated by the Seller, to Pennymac Corp, LLC (#1009313), within 24-hours of purchase.

AUS	• Desktop Underwriter with "Approve/Eligible" Findings is required. • Manual UW is not permitted. • Standard must select Manufactured Home or Manufactured Home: Condo/PUD in subject property type • MH Advantage must select MH Advantage in subject property type
Borrower Eligibility	• U.S. citizens • Permanent resident aliens, with proof of lawful permanent residence • Nonpermanent resident alien immigrants with proof of lawful residence • DACA recipients are eligible with proof of legal status, including but not limited to a valid Employment Authorization Document card. See Non-U.S. Citizen Documentation Requirements.
CEMA	• Refinance Only • Lost Note Affidavits (LNAs) are not allowed for prior or current notes

Credit	• <u>Each borrower's representative credit score must be a minimum of 620 regardless of the DU eligibility assessment</u> unless the below requirements for borrowers without a credit score are met ○ All borrowers may have no credit score. Fannie Mae and DU requirements must be met. ○ See B3-5.4-01 for additional requirements. • When the borrower has an APO, FPO or DPO, military address it does not need to be located within the U.S. to obtain a credit report compatible with DU® loan casefile requirements. • Mortgage Payment History ○ The mortgage payment history reflected on the credit report can be used to meet mortgage payment history requirements ○ Non-Del: Mortgages serviced by Pennymac: Use Pennymac servicing data to verify mortgage payment history for all mortgages regardless if they are the subject mortgage or other REO ○ Lenders must warrant that repayment of the debt can be expected from the borrower and that there are no circumstances or conditions of which the lender is aware involving the mortgage, the mortgaged premises or the creditworthiness of the borrower that would adversely affect the value or marketability of the mortgage. If a borrower is not making payments on an existing mortgage at the time of application for a new mortgage, it may be an indication that the borrower is experiencing a financial hardship that is preventing them from making their mortgage payments. The lender must also consider whether the borrower's circumstances will impact their willingness or ability to make the payments on the new mortgage. ○ As a reminder, Fannie Mae requires the following: On the date of the loan application, the borrower's existing mortgage(s) must be current, which means that no more than 45 days have elapsed since the last paid installment. If the credit report does not reflect the above, proof the additional loan payments were paid on time is required. Refer to Fannie Mae Selling Guide B3-5.3-03 • A maximum of one credit bureau may be frozen with a DU accept. If the credit must be un-frozen, borrowers must unfreeze all bureaus, and the DU rerun with the updated credit. • When the payment for the primary residence for any borrower is not reported on the credit report (ex: renting primary and the subject is 2nd/NOO): ○ Provide third party verification of payment amount. • <u>Non-Del Only:</u> ○ <u>No more than two tax years may be on repayment plan</u>

<table>
<tr>
<td>Condominiums</td>
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See B4-2 Project Standards in Fannie Mae's Seller Guide or https://www.fanniemae.com/singlefamily/project-eligibility for complete details on condos.
Full review or PERS

Note: Pennymac will not submit for PERS approval.
Condo projects subject to a ground lease, deed restriction, or shared equity arrangement, PERS approval is required.

Homes located on a leasehold estate in a condo project, the HOA must be the lessee, without any further subleases.

Projects in which the HOA is named as a party to pending litigation, or for which the project sponsor or developer is named as a party to pending litigation that relates to the safety, structural soundness, habitability, or functional use of the project are ineligible.
Projects with pending litigation that involves minor matters with no impact on the safety, structural soundness, habitability, or functional use of the project, may be eligible if the litigation meets Fannie Mae's requirements for minor matters. See Fannie Mae Selling Guide Section B4-2.1-03 for details.
Florida Condos are allowed in accordance with Fannie Mae requirements.
See Pennymac Announcement 19-62 for additional documentation details. Lenders must provide all documentation used to verify the condo warranty type. This may include, but is not limited to:

Loan documentation with warranty type
HOA questionnaire
Copies of applicable insurance policies
Any additional documentation as required by the warranty type

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<tr>
<td>Derogatory Credit</td>
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<table>
<tr><th>Derogatory Event</th><th>Waiting Period Requirements</th></tr>
<tr><td>Bankruptcy — Chapter 7 or 11</td><td>4 years</td></tr>
<tr><td>Bankruptcy — Chapter 13</td><td>2 years from discharge date
4 years from dismissal date</td></tr>
<tr><td>Multiple Bankruptcy Filings</td><td>5 years if more than one filing within the past 7 years</td></tr>
<tr><td>Foreclosure</td><td>

7 years
3 years with documented extenuating circumstances (see section below) allowed subject to:

up to the lesser of 90% LTV/CLTV or the max LTV/CLTV per the eligibility matrix,
purchase of an OO, or
rate and term of any occupancy

If a mortgage debt was discharged through a bankruptcy, the bankruptcy waiting periods may be applied if the lender obtains the appropriate documentation to verify that the mortgage obligation was discharged in the bankruptcy. Otherwise, the greater of the applicable bankruptcy or foreclosure waiting periods must be applied.

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<tr><td>Deed-in-Lieu of Foreclosure, Pre-foreclosure Sale (Short Sale), Mortgage Charge-Off</td><td>4 years
2 years with documented extenuating circumstances, see Extenuating Circumstances below</td></tr>
<tr><td colspan="2">All transactions require a DU Approve/Eligible regardless of which time frame for the derogatory event is met, standard or extenuating circumstances.</td></tr>
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Disaster Policy	- <u>Pennymac may require a post-disaster inspection when the appraisal occurred before the incident end date of the disaster. See Pennymac disaster policy located in the Seller's Guide for full details.</u> - <u>Non-Del Only: Disaster inspections may not be completed by the Lender. Acceptable inspection providers include, but are not limited to, the original appraiser or a post-disaster inspection company.</u>
Documentation	- Documentation requirements are determined by AUS - When loan programs are combined (e.g. HomeReady and Manufactured Housing) the more restrictive of the guidelines applies. - LoanBeam income calculation is acceptable per Fannie Mae guidelines - All Fannie Mae specific requirements, in addition to Pennymac overlays, must be met. See B5-2 for additional requirements. **Non-Del only:** <u>Handwritten Verification of Mortgages (VOM) or Verification of Rents (VOR) are not eligible</u> **Non-Del only:** <u>VODs are not acceptable for asset documentation</u> - Private mortgages may be verified with cancelled checks or bank statements - Income or assets derived from the following sources are ineligible for qualifying: - The production or sale of marijuana - Bitcoin or other cryptocurrencies - See Assets/Gift Funds/Large Deposits section for documentation requirements on funds used for closing/reserves that originated from a cryptocurrency account. - Day 1 Certainty - Loans using Day 1 Certainty are acceptable. - Lenders must provide the third-party vendor report used in the DU validation process. Pennymac will compare the vendor reference number and date to the DU messages. - When all of a borrower's income is validated by the DU validation service, the lender is not required to obtain a signed IRS Form 4506–C or tax transcripts for that borrower. Second Home / Non-Subject Investment Properties / Non-Occupant Borrowers Current Housing Payment - Borrowers must document their current housing expense with one of the following when they do not currently own a primary residence: - six months canceled checks or equivalent payment source; - six months bank statements reflecting a clear and consistent payment to an organization or individual - direct verification of rent from a management company or individual landlord; or - a copy of a current, fully executed lease agreement and two months canceled checks (or equivalent payment source) supporting the rental payment amount. - For second home transactions or non-occupant borrowers who are living rent-free, the borrower's rent-free status must be documented. A rent-free letter from a third party may be acceptable. *Note: Regardless of AUS documentation requirements, all documentation submitted with the loan file is subject to review and may be used for qualification purposes.*

Down Payment Assistance	• Donations from entities (grants) are eligible • Employer assistance is eligible • Community seconds are eligible • Refer to Fannie Mae Selling Guide for complete requirements
Eligible and Ineligible Mortgage Products and Features	• Agency Fixed Rate: 10, 15, 20, 25, 30 Year. • ARMS are not eligible • Loans with LTV/CLTV/HCLTV calculated using the "Affordable LTV" calculation are eligible for purchase subject to meeting all Fannie Mae requirements. See Fannie Mae Selling Guide B5-5.2-02 Loans with Resale Restrictions: Loan and Borrower Eligibility. • HomeReady or RefiNow financing are eligible for purchase. See FNMA HomeReady or RefiNow Product Profiles for complete details. ○ When loan programs are combined (e.g. HomeReady and Manufactured Homes or RefiNow and Manufactured Homes), the more restrictive of the guidelines apply. • HomeStyle Renovation or HomeStyle Energy are ineligible • One-time close construction ineligible. • An escrow account for taxes and insurance is required for LTVs greater than 80.00%, or as required by applicable state law. For properties in CA the minimum required LTV is 90.00% • An escrow account for the payment of monthly premiums for borrower-purchased mortgage insurance (if applicable) is required for all loans with an LTV greater than 80.00%.

eMortgages & eNotarization	• eMortgages and eNotarization are eligible for Delegated correspondents only
	• Lenders must be approved by Pennymac prior to delivering eMortgages, transactions closed using eNotarization or Remote Online Notarization (RON)
	• Lenders are responsible for ensuring eMortgage loans are delivered in accordance with all requirements in the Pennymac Correspondent Group eMortgage Guide, including but not limited to the following:
	  ○ State eligibility; and
	  ○ Product eligibility; and
	  ○ Transaction eligibility; and
	  ○ eNotarization eligibility; and
	  ○ RON eligibility

Employment/Income Verification	• For salaried employees the verbal verification of employment must be completed within 10 business days prior to the note date.
	• For self-employed borrowers the verbal verification of employment must be completed within 120 days prior to the note date.
	• For borrowers in the military, a military Leave and Earnings Statement dated within 120 calendar days prior to the note date is acceptable in lieu of a verbal verification of employment.
	• Trust income is eligible and must be documented and calculated in accordance with all Fannie Mae requirements
	• Mortgage Credit Certificates (MCCs) enable an eligible first-time home buyer to obtain a mortgage secured by his or her principal residence and to claim a federal tax credit for a specified percentage (usually 20% to 25%) of the mortgage interest payments.
	  ○ When calculating the borrower's debt-to-income ratio, treat the maximum possible MCC income as an addition to the borrower's income, rather than as a reduction to the amount of the borrower's mortgage payment. Use the following calculation when determining the available income: [(Mortgage Amount) x (Note Rate) x (MCC %)] ÷ 12 = Amount added to borrower's monthly income.
	  ○ For example, if a borrower obtains a $100,000 mortgage that has a note rate of 7.5% and he or she is eligible for a 20% credit under the MCC program, the amount that should be added to his or her monthly income would be $125 ($100,000 x 7.5% x 20% = $1500 ÷ 12 = $125).The lender must obtain a copy of the MCC and the lender's documented calculation of the adjustment to the borrower's income and include them in the mortgage loan file.
	  ○ For refinance transactions, the lender may allow the MCC to remain in place as long as it obtains confirmation prior to loan closing from the MCC provider that the MCC remains in effect for the new mortgage loan. Copies of the MCC documents, including the reissue certification, must be maintained in the new mortgage loan file.
	• Housing Choice Voucher Homeownership Program income (commonly known as Section 8 for homeowners) paid via Housing Assistance Payments (HAPs) are an acceptable source of income.

Employment Offers or Contracts	- Borrowers with employment beginning no more than 90 days after the note date are eligible when: - Purchase transaction, principal residence, one-unit property, the borrower is not employed by a family member or by an interested party to the transaction, and the borrower is qualified using only fixed based income. - Obtain and review the borrower's offer or contract for future employment. The employment offer or contract must - clearly identify the employer and the borrower, be signed by the employer, and be accepted and signed by the borrower; - clearly identify the terms of employment, including position, type and rate of pay, and start date; and - be non-contingent. Note: If conditions of employment exist, the lender must confirm prior to closing that all conditions of employment are satisfied either by verbal verification or written documentation. This confirmation must be noted in the mortgage loan file. - Start date for employment is no more than 30 days prior to the note date: - Employment offer or contract required; and - Verbal Verification of employment that confirms active employment status - Start date is no more than 90 days after the note date - Employment offer or contract only - Document, in addition to the amount of reserves required by DU or for the transaction, one of the following: - Financial reserves sufficient to cover principal, interest, taxes, insurance, and association dues (PITIA) for the subject property for six months; or - Financial reserves or current income sufficient to cover the monthly liabilities included in the debt-to-income ratio, including the PITIA for the subject property, for the number of months between the note date and the employment start date, plus one. For calculation purposes, consider any portion of a month as a full month. - Current income refers to income that is currently being received by the borrower (or co-borrower), may or may not be used for qualifying, and may or may not continue after the borrower starts employment under the offer or contract. - Current income may be used in lieu of or in addition to financial reserves. For this purpose, the lender may use the amount of income the borrower is expected to receive between the note date and the employment start date. - If the current income is not being used for qualifying purposes, it can be documented by the lender using income documentation, such as a paystub, and no verification of employment is required. - For Fannie Mae Employment Contracts option two is acceptable, <u>option one is not allowed</u>, see Seller Guide B3-3.1-09
Escrow Holdbacks	- Follow FNMA guidelines regarding reason, type of improvements, time to complete, quality, disbursements, and post-closing documentation. - Post funding stip for 1004D confirming completion will be placed on loans where appraisal is "subject to" completion of improvements. - Post funding stip for a final title policy endorsement that ensures the priority of the first lien will be placed on loans where the appraisal is "subject to" completion of improvements. - A copy of the escrow agreement will be required to show how the escrow account will be managed and how funds will be disbursed. - <u>Non-Del: not allowed</u>

<table>
<tr><td>Extenuating Circumstances</td><td>Extenuating circumstances are nonrecurring events that are beyond the borrower’s control that result in a sudden, significant, and prolonged reduction in income or a catastrophic increase in financial obligations.
If a borrower claims that derogatory information is the result of extenuating circumstances, the lender must substantiate the borrower’s claim. Examples of documentation that can be used to support extenuating circumstances include documents that confirm the event (such as a copy of a divorce decree, medical reports or bills, notice of job layoff, job severance papers, etc.) and documents that illustrate factors that contributed to the borrower’s inability to resolve the problems that resulted from the event (such as a copy of insurance papers or claim settlements, property listing agreements, lease agreements, tax returns (covering the periods prior to, during, and after a loss of employment), etc.).
The lender must obtain a letter from the borrower explaining the relevance of the documentation. The letter must support the claims of extenuating circumstances, confirm the nature of the event that led to the bankruptcy or foreclosure-related action, and illustrate the borrower had no reasonable options other than to default on their financial obligations.</td></tr>
<tr><td>Financing Concessions</td><td>Financing concessions for primary residences and second homes must be within the following allowable percentages:
9% of value with LTV/CLTV ratios less than or equal to 75%
6% of value with LTV/CLTV ratios greater than 75% up to and including 90%
3% of value with LTV/CLTV ratios greater than 90%
Value is the lesser of the sales price or appraised value</td></tr>
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<td>Hazard Insurance</td>
<td>Policies must provide for claims to be settled on a replacement cost basis. Insurance policies that provide for claims to be settled at actual cash value or limit, depreciate, reduce, or otherwise settle losses for less than a replacement cost basis are not eligible.

The insurance limits must equal the lesser of:

100% of the replacement cost of the improvements as of the current property insurance policy effective date, or
The unpaid principal balance of the mortgage, provided it equals no less than 80% of the replacement cost value (RCV) of the improvements as of the current property insurance policy effective date.

The replacement cost value must be verified in order to complete the calculation above (refer to Validating Property Insurance Sufficiency requirements outlined below).

For detached condominiums and PUDs where projects where the project's legal documents provide for a master property insurance policy that covers both the common elements and residential structures, the following applies:

The master policy coverage limits for condominium and PUD projects must be at least equal to 100% of the replacement cost value of the project's improvements, including common elements and residential structures, as of the current insurance policy effective date.
Verification the project insurance coverage is not less than the minimum required as described above is required (refer to Validating Property Insurance Sufficiency requirements outlined below).

Note: An HO-6 policy cannot be utilized to satisfy insufficient master property insurance coverage. Building Ordinance or Law Coverage cannot be utilized to offset insufficient master property insurance coverage.

Validating Property Insurance Sufficiency

Replacement cost sufficiency may be determined using one of the following:

A replacement cost estimator provided by the insurer; or
A recent property risk appraisal; or
A statement from the insurer affiliated with the property confirming the cost of improvements, as of the current property insurance policy effective date, such that the insurance limits meet the limits specified above; or
The presence of a guaranteed replacement cost endorsement.
A statement from an insurer or insurance industry professional not affiliated with the property insurer, or the HOA if applicable, is not acceptable evidence.

Refer to the Fannie Mae Selling Guide for complete property insurance requirements.</td>
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<td>High Cost / High Priced</td>
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<u>Pennymac will not purchase High-Cost Loans</u>
Higher Priced Mortgage Loans (HPML) transactions are eligible for purchase. HPML guidelines require:

Establishment of an escrow account for taxes and insurance premiums on any transaction secured by a principal residence.
Must meet all applicable state and/or federal compliance requirements.
A prohibition on ARM loans with an initial fixed rate period of less than seven years (7/1 ARMs are eligible). <u>Note that ARMS are not currently eligible for manufactured homes.</u>

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Land Value	<table><tr><th>Date of Land Purchase</th><th>Value of Land</th><th>Documentation Requirements</th></tr><tr><td>More than 12 months preceding the loan application</td><td>The current appraised value</td><td>None</td></tr><tr><td>12 or fewer months preceding the date of the loan application</td><td>The lesser of: • Sales price, or • Current appraised value</td><td>Document the borrower’s cash investment by obtaining: • A copy of the settlement statement • A copy of the warranty deed showing no outstanding liens against the property • A copy of the release of any prior lien</td></tr><tr><td>The borrower acquired the land at any time as a gift, inheritance, or other non-purchase transaction.</td><td>The current appraised value.</td><td>Obtain appropriate documentation to verify the acquisition and transfer of ownership of the land.</td></tr></table>

Loan Amount	• The loan amount may include the following costs:
	  ○ cost of the manufactured home;
	  ○ cost of the land;
	  ○ the costs of construction, including
	  ○ bona fide and documented transportation costs,
	  ○ costs for site preparation, which may include the cost to remove an existing manufactured home and other outbuildings,
	  ○ foundation,
	  ○ establishing utilities,
	  ○ all site improvements, and
	  ○ dwelling installation at the site.
	• Any personal property items (non-realty items) purchased in conjunction with the manufactured home must be deducted from the sales price and cannot be financed as part of the loan.

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<td>Loan Purpose: Purchase</td>
<td>
Purchase

Purchase price may include bonafide and documented costs associated with transportation, site preparation, and dwelling installation at the site
>95% LTV requires at least one borrower to be a first-time home buyer. When all borrowers are first time homebuyers on a purchase transaction with an LTV, CLTV, or HCLTV ratios >95%, at least one borrower must complete homeownership education prior to loan closing. Refer to Fannie Mae Selling Guide for complete requirements.
Allowed only with MH Advantage
LTV calculation applies to LTV, CLTV, and HCLTV as applicable.

<u>Newly built manufactured home[1]</u> that is being attached to a permanent foundation system in connection with a purchase transaction will be based on the lower of:

the sales price of the manufactured home plus:

The lowest sales price at which the land was sold during that 12 month period if the land was purchased in the 12 months preceding the loan application date; or
The current appraised value of the land if the land was purchased more than 12 months preceding the loan application date.

The “as completed” appraised value of the manufactured home and land.

Existing manufactured home that already exists on its foundation will be based on the lowest of:

the sales price of the manufactured home and land;
the current appraised value of the manufactured home and land; or
if the manufactured home was built in the 12 months preceding the loan application date, the lowest price at which the home was previously sold during that 12-month period, plus the lower of:

the current appraised value of the land, or
the lowest price at which the land was sold during that 12-month period (if there was such a sale)

Existing manufactured home being sold to a consumer by a builder, developer, or manufacturer acting as a developer as part of a new or existing manufactured home subdivision, the LTV ratio will be based on the lower of:

The sales price of the manufactured home and land, or
The current appraised value of the manufactured home and land.

[1] <u>Non-Del only: not eligible</u>
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<td>Loan Purpose: Rate Term</td>
<td>
Limited Cash-Out/Rate & Term Refinance

RT to buy out owner's interest: Written agreement must be legible and signed/<u>dated prior to or at application</u>. All other Fannie Mae requirements must be met.
LTV calculation applies to LTV, CLTV, and HCLTV as applicable.
>95% LTV requires the lender to document the existing loan being refinanced is owned (or securitized) by Fannie Mae. Documentation may come from any of the following:

The lender’s servicing system,
The current servicer (if the lender is not the servicer),
Fannie Mae’s Loan Lookup tool, or
Any other source as confirmed by the lender.

At least one borrower on the new loan must be a current owner of the subject property (on title) at the time of the initial loan application. Please see the Fannie Mae Selling Guide for permitted exceptions.
Properties held in a Limited Liability Corporation (LLC) do not meet Fannie Mae ownership eligibility requirements. At least one borrower (individually) must be on title prior to the application date of the new loan.
A transaction is not eligible as a limited cash-out refinance if the borrower completed a cash-out refinance transaction with a Note date 30 days or less prior to the application date of a new refinance secured by the same property.
Pay off the outstanding principal balance of an existing personal property lien or first lien mortgage secured by the manufactured home and land (or existing liens if the home and land were encumbered by separate first liens);
Pay off the outstanding principal balance of an existing subordinate mortgage or lien secured by the manufactured home and/or land, but only if it was used to purchase the manufactured home and/or land;
Proceeds can be used to pay off an existing first lien mortgage that includes a deferred balance

A deferred balance that is a second lien is not eligible for a limited cash-out refinance (refer to cash-out section below)

<u>Two close constructions to perm[1]</u> are eligible as rate and term refinances, to pay off an existing construction loan and documented construction cost overruns that were incurred outside of the interim construction financing. (These construction cost overruns must be paid directly to the builder at closing.)

Finance costs of construction;
Finance closing costs (including prepaid expenses); and
Provide cash back to the borrower in an amount not to exceed the lesser of 2% of the balance of the new refinance mortgage or $2,000
LTV calculation is the lowest of:

The current appraised value of the manufactured home and land; or
if the manufactured home was owned by the borrower for less than 12 months as of the loan application date and:

if the home and land are secured by separate liens, the lowest price at which the home was previously sold during that 12-month period plus the lower of the current appraised value of the land, or the lowest sales price at which the land was sold during that 12-month period (if there was such a sale);
if the home and land are secured by a single lien, the lowest price at which the home and land were previously sold during that 12-month period.

[1] <u>Non-Del only: not eligible</u>

Disaster-Related Limited Cash-Out Refinance Flexibilities - Standard limited cash-out refinance policies for borrowers who have been impacted by a natural disaster are allowed as follows:
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	• Permits the refinance of non-purchase money subordinate loans obtained to finance disaster-related property repairs, and • Provides for a higher cash-out amount to reimburse borrowers for documented out-of-pocket expenses related to disaster related property repairs. • These guidelines apply only to loans secured by the borrower’s principal residence. SFC 416 must be applied prior to loan delivery. Refer to the Fannie Mae Selling Guide for complete requirements.

Loan Purpose: Cash-Out	Cash-Out
	• **<u>Non-Del:</u>** <u>All cash-out refinance transactions must present a tangible benefit to the borrower. At Pennymac's discretion, cash-out loans where effective interest of proceeds are clearly more costly than alternative financing may be deemed ineligible.</u>
	• Maximum 30-year term
	• Borrower must own the manufactured home and land for a minimum of 12 months. If the manufactured home was installed after the land was purchased, seasoning begins when the manufactured home meets 12 months.
	• Student Loan Cash-Out Refinances are eligible. Must meet Fannie Mae requirements. See Fannie B2-1.2 for complete details.
	• Any existing first mortgage being paid off through the transaction must be at least 12 months old as measured from the note date of the existing loan to the note date of the new loan. This requirement does ***not*** apply
	    o When buying out a co-owner pursuant to a legal agreement
	• 6 months seasoning required; measured from settlement date to disbursement date (time spent in borrower's majority-owned or borrower controlled limited liability corporation (LLC) included in seasoning), unless
	        ▪ the borrower that inherits or was legally awarded (by divorce, separation, or dissolution of a domestic partnership) the property, or
	        ▪ Delayed financing is met.
	• A refinance transaction that is paying off an existing first mortgage lien and a second lien created due to a payment deferral is eligible subject to the above seasoning requirements
	• Fannie Mae's delayed financing provision is acceptable if all of the following requirements are met:
	        ▪ The new loan amount can be no more than the actual documented amount of the borrower's initial investment in purchasing the property plus the financing of closing costs, prepaid fees, and points (subject to the maximum LTV/CLTV ratios for the transaction).
	        ▪ The original purchase transaction was an arms-length transaction.
	        ▪ The borrower(s) may have initially purchased the property as one of the following:
	            • a natural person;
	            • an eligible Inter Vivos revocable trust, when the borrower is both the individual establishing the trust and the beneficiary of the trust;
	            • an eligible land trust when the borrower is the beneficiary of the land trust; or
	            • an LLC or partnership in which the borrower(s) have an individual or joint ownership of 100%.
	        ▪ The original purchase transaction is documented by the settlement statement, which confirms that no mortgage financing was used to obtain the subject property. A recorded trustee's deed (or similar alternative) confirming the amount paid by the grantee to trustee may be substituted for a settlement statement if a settlement statement was not provided to the purchaser at time of sale.
	        ▪ The sources of funds for the purchase transaction are documented (such as, bank statements, personal loan documents, HELOC on another property).
	        ▪ All other cash-out refinance eligibility requirements are met and cash-out pricing is applied.
	• Note for Delayed Financing: The preliminary title search or report must not reflect any existing liens on the subject property. If the source of funds to acquire the property was an unsecured loan or HELOC (secured by another property), the new HUD-1 must reflect that all cash out proceeds be used to pay down, if applicable, the loan (unsecured or secured by an asset other than the subject property) used to purchase the new property. Any payments on the balance remaining from the original loan must be included in the debt-to-income ratio calculation for the refinance transaction. Funds received as gifts and used to purchase the property may not be reimbursed with proceeds of the new mortgage loan.

Loan Purpose: Ineligible Transactions	Intra-family purchases as a means to obtain cash-out for the seller while avoiding cash-out qualifications and pricing are not eligible transactions. These types of transactions may seem to meet Agency guidelines, they are not bonafide purchase transactions and therefore not eligible for purchase by Pennymac. Unacceptable transactions of this type may have some or all of the following characteristics: • Gift of equity from the seller • Large amount of seller credits • Family member remaining in the home and on title after the "purchase" • Seller unable to qualify for a cash-out transaction of their own
Mortgage Insurance	Acceptable MI Types: • Borrower Paid Monthly • Borrower Paid Single Premium • Financed: Gross LTV cannot exceed program maximum • Split Premium • Lender Paid Single Premium • Reduced coverage Unacceptable MI Types: • <u>Lender Paid Monthly</u> • <u>Lender Paid Annual</u> • <u>Borrower Paid Annual</u> • <u>Any MI type not listed as acceptable</u> For properties in NY • To determine if MI is required on a purchase transaction, base the LTV calculation on the Appraised Value only instead of the lower of Appraised Value or Sales price. • When MI is required based on the above calculation, determine the level of MI required by using the standard LTV calculation (lower of Appraised Value or Sales price).
Occupancy	• Primary Residence – 1 unit • Second Homes - 1-unit only ○ See Documentation section for when borrowers do not currently own a primary residence.
Power of Attorney (POA)	<u>An individual employed by or affiliated with any party to the loan transaction e.g., title insurer, settlement agent etc. is not eligible as a POA.</u>

Property: Eligible Types	• Multiple width manufactured home
	• All homes must be attached to a permanent foundation and legally classified as real property
	• The unit must not have been previously installed or occupied at any other site or location, except from the manufacturer or the dealer's lot as a new unit.
	• Minimum of 12 feet wide and 400 square feet of gross living space
	• The towing hitch, wheels, and axles must be removed
	• Fee Simple land ownership only
	• Leaseholds are eligible for manufactured homes located in a Fannie Mae PERS approved condo or PUD
	    ○ Refer to the condo sections of the product profile for condominium leasehold requirements
	    ○ PUD projects subject to a ground lease, deed restriction, or shared equity arrangement, PERS approval is required.
	    ○ **Note:** Pennymac will not submit for PERS approval
	    ○ Homes located on a leasehold estate in a PUD project, the HOA must be the lessee, without any further subleases.
	• Condominiums (refer to the Condominium section of the product profile)
	• PUDs: PUD projects may be reviewed in accordance with Fannie Mae Waiver of Project Review

Property: Ineligible Types	• Single Width Manufactured Home • Manufactured home NOT affixed to the land or not real property • Located in a mobile home park or other area where the borrower does not own the land • Co-ops • Land trusts, including Community Land trust • 2-4 units • Condo and PUD projects subject to a ground lease (leasehold estate), deed restriction, or shared appreciation arrangement that are not Fannie Mae PERS approved. • Properties with accessory dwelling unit(s) • Properties that have been moved from a previously installed location
Property Flipping Policy (Properties resold within 180 days of purchase)	• Properties that involve a re-sale that occurred within the last 180 days that have a non-arm's length relationship between the buyer and seller and an increase in value are prohibited. Time frame is established by seller's date of acquisition as the date of settlement on the seller's purchase of that property and the execution of a sales contract to another party. • Lenders must pay particular attention and institute extra due diligence for those loans in which the appraised value is believed to be excessive or where the value of the property has experienced significant appreciation in a short time period since the prior sale. Pennymac believes that one of the best ways lenders can reduce the risk associated with excessive values and/or rapid appreciation is by receiving accurate appraisals from knowledgeable, experienced appraisers. • Pennymac recommends an additional value product to support the subject appraised value in instances of greater than 20% appreciation.
Property: Maximum Number of Financed Properties	• The loan must comply with Fannie Mae's limitations on the maximum number of financed properties. • Fannie Mae has imposed minimum credit score, reserves requirements. Refer to the Fannie Mae Seller Guide, section B2-2-03 for details.
Ratios	The Maximum DTI is 50% with a DU Approve/Eligible.

Recently Listed Properties	• The subject property must not be currently listed for sale. It must be taken off the market on or before the disbursement date of the new mortgage loan. Borrowers must confirm their intent to occupy the subject property (for principal residence transactions). • <u>If the property was listed in the prior 30 days to the application date, the Early Pay-off (EPO) provision will be extended to 1 year.</u>

Rental Income	• Rental income from a non-subject property is eligible. Eligible property types include:
	  ○ 1-4-unit investment property.
	• The use of a rental lease agreement may be justified in certain scenarios. When using a rental lease agreement, the amount reflected on the lease must be supported by the following:
	  ○ Form 1007 or 1025 as applicable; or
	  ○ Evidence the terms of the lease have gone into effect
	    ▪ Two months consecutive bank statements or electronic transfers of rental payments for existing lease agreements, or
	    ▪ Copies of the security deposit and first month's rent check with proof of deposit for newly executed agreements.
	    ▪ Cash payments are ineligible
	  ○ Maximum rental income used will be 75% of the lesser of the lease agreement or market rents
	• At the time of application, if the borrower does not own a principal residence, *and* does not have a current housing expense, rental income from the non-subject property (new or newly placed in service less than a year) may be ineligible.
	  ○ See Documentation section for when borrowers do not currently own a primary residence.
	• Ability to use full or partial net rental income for a non-subject investment property is dependent on many factors, which include, but are not limited to the length of time the property has been in service, the borrower's history of receiving rental income, and a documented primary housing expense.
	
	Please refer to the Fannie Mae Selling Guide for complete rental income and documentation requirements.

Reserves	• DU will determine the reserve requirements based on the overall risk assessment of the loan, the minimum reserve requirement that may be required for the transaction, and whether the borrower has multiple financed properties.
	• If the borrower owns other financed properties, additional reserves must be calculated and documented for financed properties other than the subject property and the borrower's principal residence. The other financed properties reserves amount must be determined by applying a specific percentage to the aggregate of the outstanding unpaid principal balance (UPB) for mortgages and HELOCs on these other financed properties. The percentages are based on the number of financed properties:
	  ○ 2% of the aggregate UPB if the borrower has one to four financed properties,
	  ○ 4% of the aggregate UPB if the borrower has five to six financed properties, or
	  ○ 6% of the aggregate UPB if the borrower has seven to ten financed properties (DU only).
	• The aggregate UPB calculation does not include the mortgages and HELOCs that are on the subject property, the borrower's principal residence, properties that are sold or pending sale, and accounts that will be paid by closing (or omitted in DU on the online loan application).
	• Note: DU will also include in the UPB calculation open mortgages and HELOCs on the credit report that are not disclosed on the online loan application.

Seasoning	Please refer to the Pennymac Seasoned Loan Policy located in the Pennymac Seller Guide for requirements and loan-level price adjustments.

State Restrictions	• Texas Non-Owner-Occupied Cash-Out transactions: A borrower must own a homestead property in the State of Texas in order to complete a non-owner occupied cash-out (non-A6) transaction in TX.
	• Texas 50 (a)(6) refinance mortgages are eligible with Pennymac Seller Approval:
	    ○ <u>Fixed Rate</u>
	    ○ Owner-Occupied, 1 unit only: non-occupant borrowers may not be eligible on TX A6 loans. Correspondents are responsible for determining acceptability.
	        ○ Non-Del only: non-occupant borrowers are not allowed on TX A6 loans.
	    ○ Maximum 80% LTV/CLTV
	    ○ 2% fee restriction in accordance with Texas Constitution
	    ○ Full appraisal required
	    ○ No new secondary financing
	    ○ Loans must comply with Fannie Mae and Texas Constitution requirements
	    ○ Power of Attorney allowed in accordance with Texas requirements.

Tax Transcripts	• Tax transcripts are not required. If red flags are present, tax transcripts may be requested at Pennymac's discretion.
	• A properly executed 4506-C is required for all transactions except:
	    ○ Loan file contains tax transcripts, or
	    ○ When all of a borrower's income is validated by the DU validation service (FNMA only).
	• **Delegated Only:** IRS form 8821 is an acceptable alternate form in lieu of IRS form 4506-C
	• **Non-Delegated Only:** <u>IRS form 8821 is not an acceptable alternate form in lieu of IRS form 4506-C</u>

Title Requirements	• Title policy required.
	• ALTA Endorsement 7, or 7.1, or 7.2, or equivalent state form is required.
	• A mortgage that is subject to a leasehold estate must have an ALTA Endorsement 13.1.
	• A mortgage, deed of trust, or security deed must be recorded in the land records and must identify the encumbered property as including both the home and the land. A manufactured home rider may be acceptable to meet this requirement.
	• The Loan must be secured by both the manufactured home and the land on which it is situated, and both the manufactured home and the land must be legally classified as real property under applicable state law evidenced by the following:
	  ○ Affidavit of affixture, and
	    ▪ Evidence of no certificate of title, or
	    ▪ Surrender of the certificate of title, or
	    ▪ Certificate of title with the land ownership indicated
	• If the manufactured home was previously converted from personal property to real property in accordance with applicable law, a new affidavit is not required unless applicable law requires a new affidavit.
	  ○ **Note:** Where applicable law does not require an affidavit to be recorded, Fannie Mae does prefer that an affidavit be recorded.
	• Non-Del: Manufactured home power of attorney required unless an affidavit of affixation and evidence of vehicular title surrender is provided prior to final approval
	• Loans with private transfer fee covenants are ineligible unless such covenants are “excepted transfer fee covenants”. Excepted transfer fee covenants are covenants that:
	  ○ Requires payment of a private transfer fee to a covered association (homeowner associations, condominiums, etc.) and limits the use of such transfer fees exclusively to purposes which provide a direct benefit to the real property encumbered by the private transfer fee covenants; or
	  ○ Requires payment of a private transfer fee under a program meeting the Duty to Serve shared equity loan program criteria identified in 12 CFR 1282.34(d)(4) (other than Duty to Serve 100% AMI)
	  ○ **Note:** Fees that do not meet these “excepted transfer fee covenants” requirements would disqualify mortgages on the property from being originated by Pennymac. (FHFA Final Ruling 12 C.F.R. Part 1228)
	• Refer to the Fannie Mae Selling Guide and “Titling by State” matrix for additional information and complete requirements.

Temporary Interest Rate Buydowns	Not allowed

Seller shall deliver loans that were originated in accordance with the Fannie Mae Single Family Selling Guide unless otherwise noted in the Pennymac Seller's Guide.

Pennymac does not discriminate in any aspect of a credit transaction on the basis of sex, gender identity or expression, sexual orientation, marital status, familial status, race, color, ethnicity, religion, national origin, age, handicap or disability status, income derived from public assistance, military status or the good faith exercise of rights under the Consumer Credit Protection Act.