



**Pennymac Correspondent
Rural Streamlined-Assist Product Profile**

03.19.25

Delegated Only

Overlays to Rural are underlined

Occupancy	Min FICO
Owner-Occupied	<u>580</u>
Lenders must comply with all USDA requirements including but not limited to Upfront Guarantee, Annual fees, and any other applicable requirements.	

<p>Ability To Repay and Qualified Mortgage Rule</p>	<ul style="list-style-type: none"> • For loans subject to the ATR/QM rule, Pennymac will only purchase loans that comply with the ATR/QM requirements. • 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.
<p>Age of Docs</p>	<ul style="list-style-type: none"> • Credit documents must be no more than 120 days 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.
<p>Appraisal</p>	<ul style="list-style-type: none"> • Valuation product not required
<p>Assignment of Mortgages</p>	<ul style="list-style-type: none"> • <u>All loans must be registered with MERS at time of delivery to Pennymac and a MERS transfer of beneficial rights and transfer of servicing rights must be initiated by the Seller, to Pennymac Corp, LLC (#1009313), within 24-hours of purchase.</u>
<p>Borrowers</p>	<ul style="list-style-type: none"> • U.S. citizens • Qualified alien or a U.S. non-citizen national <ul style="list-style-type: none"> ○ Evidence of the applicant's valid government-issued photo identification must be retained in the permanent loan file. ○ It is the client's responsibility to determine whether the applicant qualifies as a qualified alien based on the documentation provided to validate eligibility. <ul style="list-style-type: none"> ▪ Refer to the Pennymac Non-U.S. Citizen Requirements document for additional information. • All borrowers must have a valid social security number • Non-occupant borrowers are ineligible • Borrowers may be added to the new loan • Existing borrowers on the current mortgage note must remain on the refinanced loan; however, deceased borrowers may be removed from the loan. • 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.
<p>Condominiums</p>	<ul style="list-style-type: none"> • Warranty review not required
<p>Credit</p>	<ul style="list-style-type: none"> • Tri-merge credit report or mortgage account(s) rating report (includes credit score) is required. • The loan being refinanced does not reflect a delinquency in the previous 180 day period prior to the request for Conditional Commitment.
<p>Disaster Policy</p>	<ul style="list-style-type: none"> • <u>Pennymac may require a post-disaster inspection for a period of 90 days from the incident period end date. See Pennymac disaster policy located in the Seller's Guide for full details.</u>
<p>Eligible Mortgage Products - Existing Loan</p>	<ul style="list-style-type: none"> • Existing USDA Guaranteed Rural Housing loan

Eligible Mortgage Products - New Loan	<ul style="list-style-type: none"> • 30-year fixed rate only
eMortgages & eNotarization	<ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ○ State eligibility; and ○ Product eligibility; and ○ Transaction eligibility; and ○ eNotarization eligibility; and ○ RON eligibility
Escrows/Impounds	<ul style="list-style-type: none"> • An impound account for collection of taxes and insurance (or additional escrow items) is required.
Exclusionary Lists	<ul style="list-style-type: none"> • CAIVRS must be checked and cleared
Guarantee Fee	<ul style="list-style-type: none"> • Upfront Refinance Fee: 1% of the loan <ul style="list-style-type: none"> ○ Financed Guarantee Fee calculated: $(\text{loan amount} / .99) - \text{loan amount}$ ○ Not financed Guarantee Fee calculated: $\text{loan amount} * 1\%$ • Annual Fee: <ul style="list-style-type: none"> ○ 0.35%
High-Cost / Higher Priced	<ul style="list-style-type: none"> • Pennymac will not purchase High-Cost Loans • Higher Priced Mortgage Loans (HPML) transactions are eligible for purchase. HPML guidelines require that the transaction meets all applicable state and/or federal compliance requirements.

**Income:
Adjusted Annual Household
Income**

Adjusted Annual Household Income:

- Annual income from all adult household members, not just the parties on the loan note, must be certified to ensure that a request for loan guarantee does not exceed the adjusted annual income threshold for the applicable state and county where the dwelling is located.
- Documentation used to verify the annual adjusted household income must be retained in the loan file regardless of the GUS recommendation.
- **Considerations for Income Calculations:**
 - Income for each adult household member for the previous 2 years must be verified.
 - Annual and adjusted annual income calculations must include all eligible income sources from all adult household members, not just parties to the loan note.
 - Annual income is calculated for the ensuing 12 months, based on income verifications, documentation, and household composition.
 - Income from assets must be included in the annual and adjusted annual income
 - Household members with cumulative net family assets (non-retirement) of \$50,000 or greater, must have those assets reviewed for annual income purposes
 - The most recent asset information provided by applicants and household members at the time of loan application must be reviewed.
 - Net family assets with actual earnings will use the stated rate of interest to calculate annual income.
 - Net family assets that do not earn interest will use a current passbook savings rate (verified through the lender's personal banking rates, online website, etc.) to calculate annual income.
 - Deposits from virtual and/or cryptocurrency converted and deposited as U.S. currency should not be backed out when determining cumulative net family assets or the annual income calculations derived from assets.
- IRS transcripts are required for all required household members in addition to the documentation option selected by the lender. Refer to the Transcripts section below for additional information.
- Refer to Rural Housing Guidelines for complete income and documentation requirements.

Insurance

Flood Insurance:

- If a dwelling is in a Special Flood Hazard Area (SFHA) as identified by the FEMA, the property must be located within a National Flood Insurance Program (NFIP) participating community and the borrower must obtain flood insurance.
- The borrower must continuously maintain flood insurance for the life of the loan and the policy must be in force at the time of loan closing.
- Flood insurance must cover the lesser of the outstanding principal balance of the loan or the maximum amount of coverage allowed under NFIP.
- New or Proposed Dwellings: Rural Housing will not guarantee loans for new or proposed homes in an SFHA unless a Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR) is obtained that removes the property from the SFHA or obtains a FEMA elevation certificate that shows that the lowest habitable floor (including basement) of the dwelling and all related building improvements is built at or above the 100-year flood plain elevation in compliance with the NFIP. File must also document that there is a demonstrated need for the Single Family Housing Guaranteed Loan Program (SFHGLP) and there are no practicable alternatives to new construction within the SFHA that are acceptable to the borrower(s)
- Unless a higher amount is allowed by state or federal law (which includes FEMA policies), the maximum deductible clause for a flood insurance policy should not exceed \$10,000.

	<p>Hazard Insurance:</p> <ul style="list-style-type: none"> • Hazard insurance policies should conform to the GSE coverage requirements of “the standard extended coverage endorsement,” which states that a policy cannot be accepted that in whole or part excludes wind, hurricane or catastrophe insurance unless the coverage is provided in another policy with the same coverage limits as the hazard policy. • Borrower occupied properties should have replacement cost coverage in an amount equal to the guaranteed value of the improvements or the unpaid principal balance, whichever is less. • Deductible(s) should not exceed 5 percent of the total coverage amount. <p>Note: When using a high deductible, lenders must be mindful of the applicant’s repayment ability and ensure that chosen deductibles are reasonable for the applicant and will not cause undue hardship on the borrower.</p> <p>Refer to Rural Housing handbook for complete requirements.</p>
<p>Loan Purpose</p>	<ul style="list-style-type: none"> • Rate and term only. • Loan may include the principal balance of the loan plus the upfront guarantee fee, accrued interest and eligible loan closing costs. • Borrowers are not eligible to receive “cash-out” from the refinance transaction. However, streamlined-assist refinance loan applicants may receive reimbursement at settlement for their personal funds advanced for eligible loan purposes that are part of the refinance transaction, such as an appraisal fee or credit report fee. At loan closing, a nominal amount of “cash out” to the applicants may occasionally result due to final escrow and interest calculations. • Rural Streamline Refinance loans are not eligible.
<p>Net Tangible Benefit</p>	<ul style="list-style-type: none"> • The borrower must receive a Net Tangible Benefit. Net Tangible Benefit (NTB) is defined as a \$50 or greater reduction in the principal, interest, and annual fee (PI+A) payment on the new guaranteed loan when compared to the existing PI+A payment.
<p>Occupancy</p>	<ul style="list-style-type: none"> • Owner-Occupied only
<p>Property; Eligible Types</p>	<ul style="list-style-type: none"> • Single Family Attached/Detached • PUDs and condos • Leaseholds with a minimum length of lease of 15 years beyond the maturity date of the loan. • Property must be in an eligible rural area or an area that was eligible at the time of the original loan closing

<p>Property; Ineligible Types</p>	<ul style="list-style-type: none"> • <u>Manufactured homes. This includes on-frame modular homes built on a permanent chassis.</u> • Mobile homes • Cooperatives • Condotels • Hotel Condominiums • Timeshares • Geodesic Domes • Working Farms and Ranches • Unimproved Land and property currently in litigation • 2-4 units • Income producing properties that do not meet Rural Housing's requirements. Examples include, but not limited to grain bins, silos, dairy farms, hog barns and multiple equestrian stables.
<p>Ratios</p>	<ul style="list-style-type: none"> • DTI ratios are not calculated
<p>Reserves / Funds to Close</p>	<ul style="list-style-type: none"> • Not required
<p>Rural Housing Documentation</p>	<p>RD 3555-18 Conditional Commitment for Single Family Housing Loan Guarantee</p> <ul style="list-style-type: none"> • Must include completed, signed, and dated Lender Certification pages. The lender's signature on the Lender Certification certifies to Rural Housing the loan was closed in accordance with all applicable conditions listed and no adverse changes have occurred since the commitment was issued. • Loans may not have an outstanding contingent Conditional Commitment. All documentation used to satisfy the Conditional Commitment must be included in the file.
<p>Seasoning Requirements</p>	<ul style="list-style-type: none"> • The request for Conditional Commitment must be at least 180 days after the note date of the USDA loan being refinanced; AND • The following Ginnie Mae seasoning requirements also apply: <ul style="list-style-type: none"> ○ The borrower must have made at least six consecutive payments on the loan being refinanced as of the note date of the new loan, beginning with the payment made on the first payment due date; and ○ The first payment due date on the new loan must be no earlier than 210 after the first payment due on the loan being refinanced. • For modified loans the following seasoning requirements apply: <ul style="list-style-type: none"> ○ The borrower must have made at least six consecutive payments on the modified loan being refinanced as of the note date of the new loan, beginning with the payment made on the modified first payment due date; and ○ The first payment due date on the new loan must be no earlier than 210 days after the first payment due date of the modified loan.

<p>Temporary Interest Rate Buydowns</p>	<p>Temporary buydowns are eligible subject to</p> <ul style="list-style-type: none"> • Max total interest rate reduction of 2%, max increase per year of 1% (only 1/0, 1/1, and 2/1 buydowns allowed) • Maximum 2 years to reach standard note rate • <u>Minimum 660 credit score</u> • Must qualify at the standard note rate without benefit of the buydown • Both the full note rate and the initial buydown rate must be entered into GUS • Must meet all other applicable USDA requirements, including but not limited to qualification, documentation of buydown, and funding of buydown. • Borrower funded buydowns are not allowed • The borrower must agree in writing that the temporary buydown funds will be placed in an escrow and paid directly to the lender each month to reduce the monthly mortgage payment • The buydown account must be fully funded at origination • The funds must be placed in an escrow account with a financial institution supervised by a Federal or state agency • A copy of the executed escrow agreement, must be retained in the lender's permanent loan file
<p>Tax Transcripts</p>	<p>Guaranteed loans cannot be made to a household that exceeds the applicable adjusted annual income limit.</p> <ul style="list-style-type: none"> • Each adult household member, as applicable, must complete and sign IRS Form 4506-C for the previous two tax years at the time of loan application. • 4506-C must be used to request full transcripts with all schedules. • Full time students ages 18 and up that are not the applicant, co-applicant, or spouse of an applicant are not required to sign the 4506-C or have transcripts provided. • The transcripts must be obtained and reviewed prior to loan closing; transcripts must be retained in the permanent loan file. <p>Notes:</p> <ul style="list-style-type: none"> • Transcripts may be provided in lieu of tax returns • W2/1099 transcripts are not sufficient. • Refer to the Rural Housing handbook for additional information and complete requirements.
<p>Underwriting Method</p>	<ul style="list-style-type: none"> • Manual underwriting. GUS is not used.
<p>Seller shall deliver loans that were originated in accordance with USDA Rural Housing, unless otherwise noted in these Matrices. 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.</p>	