



**Pennymac Correspondent – Delegated Only  
VA Renovation Product Profile  
01.17.25**

Overlays to VA are underlined.

Maximum LTV / CLTV and FICO Requirements		
<u>Purchase Only</u> <sup>3</sup>		
Maximum Base Loan Amount	Maximum LTV <sup>1</sup> /CLTV <sup>1</sup>	Minimum FICO
<u>&lt;= \$1,000,000</u>	100.00%	<u>580</u>
<u>\$1,500,000</u>	100.00%	<u>680</u>
<u>\$2,000,000</u> <sup>2</sup>	100.00%	<u>700</u>
<u>\$2,500,000</u> <sup>2</sup>	<u>90.00%</u>	<u>720</u>

<sup>1</sup> Excludes the financing of the VA Funding Fee  
<sup>2</sup> Refer to the Underwriting section for additional requirements for loan amounts >\$1.5M  
<sup>3</sup> Refer to the Underwriting section for manual underwriting requirements when applicable

<p><b>Ability To Repay and Qualified Mortgage Rule</b></p>	<ul style="list-style-type: none"> <li>• For loans subject to the ATR/QM rule, Pennymac will only purchase loans that comply with the ATR/QM requirements. <ul style="list-style-type: none"> <li>○ 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.</li> </ul> </li> <li>• Correspondents are responsible for providing evidence of compliance with the ATR/QM rules.</li> <li>• Clear itemization of fees and application of all credits that indicate paid by/to will be required on all loans.</li> <li>• See Seller Guide section "Ability to Repay and Qualified Mortgage Rule" under "Delivery Procedures" for more details.</li> </ul>
<p><b>Age of Docs</b></p>	<ul style="list-style-type: none"> <li>• 120 days from the date the note is signed.</li> </ul>
<p><b>Appraisals</b></p>	<ul style="list-style-type: none"> <li>• All appraisals must be ordered through VA WebLGY, which will assign the order to a VA approved appraiser</li> <li>• All loan files must have a COE in "Active or Pending" status prior to ordering an appraisal through WebLGY</li> <li>• If the project is primarily cosmetic and does not require permitting and inspection from local authority, Lender may condition the NOV for Lender certification or appraiser re-inspection/certification.</li> <li>• If the project requires permitting and/or local authority inspections and/or construction exhibits to be provided to the appraiser, NOV must be conditioned for appraiser re-inspection/certification.</li> <li>• A notice of value for property appraised as existing or new construction is valid for six months. Rapidly fluctuating real estate market conditions may temporarily dictate the use of a shorter validity period.</li> <li>• <u>Any previously unpermitted additions or improvements must be permitted or removed by the end of the project.</u></li> <li>• Properties must meet HUD and VA Minimum Property Requirements (MPRs) by the end of the project</li> <li>• Properties with evidence of commercial production of marijuana, including but not limited to grow rooms, or hydroponic equipment, are ineligible.</li> </ul>
<p><b>Assets/Gift Funds/Large Deposits</b></p>	<ul style="list-style-type: none"> <li>• 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> <ul style="list-style-type: none"> <li>○ <u>Documentation from a cryptocurrency exchange account verifying the borrower as the legal owner and not the nickname of the account, AND</u></li> <li>○ <u>Previous borrower bank statement showing funds going into the same cryptocurrency exchange account that the large deposit came from, OR</u></li> <li>○ <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></li> </ul> </li> <li>• Assets derived from the production or sale of marijuana are ineligible</li> </ul>

<p style="text-align: center;"><b>Borrowers</b></p>	<ul style="list-style-type: none"> <li>• Must be a veteran or served as an Officer for the U.S. Public Health Service (PHS) or National Oceanic &amp; Atmospheric Administration, with eligibility documented with a Certificate of Eligibility (COE), which will also indicate the veteran's entitlement.</li> <li>• Resident Alien permitted as long as primary borrower is a veteran.</li> <li>• Veterans with DACA status are eligible</li> </ul> <p>Joint Loans</p> <ul style="list-style-type: none"> <li>• Joint loans are allowed. <ul style="list-style-type: none"> <li>○ VA prior approval may be required in some instances.</li> <li>○ See VA Lenders Handbook for complete requirements.</li> </ul> </li> <li>• VA considers a veteran and a non-spouse who is on title but not on the loan to be a joint loan.</li> <li>• A loan involving a veteran and his or her spouse will not be treated as a "joint loan" if the spouse: <ul style="list-style-type: none"> <li>○ is not a veteran, or</li> <li>○ Is a veteran who will not be using his or her entitlement on the loan</li> </ul> </li> <li>• A loan to a Veteran and fiancé who intend to marry prior to loan closing and take title as Veteran and spouse will be treated as a loan to a Veteran and spouse (conditioned upon their marriage), and not a joint loan. Refer to the VA Lenders Handbook for complete requirements.</li> <li>• See the Entitlement section for information when multiple entitlements are being used.</li> </ul>
<p style="text-align: center;"><b>Condominiums</b></p>	<ul style="list-style-type: none"> <li>• Condos must be approved by VA. The approved condo list is available on WebLGY.</li> <li>• Interior repair or renovation only</li> <li>• If required by the HOA, HOA must approval repairs and renovations</li> </ul>
<p style="text-align: center;"><b>Credit</b></p>	<ul style="list-style-type: none"> <li>• <u>All borrowers must return at least 1 credit score via three-in-file merged credit report. Non-traditional credit is not allowed.</u> If the subject property is located in a community property state and the borrower has a non-purchasing spouse, a credit report for the non-purchasing spouse must also be ordered</li> <li>• Frozen Credit: No credit bureaus may be frozen. Borrowers must unfreeze all bureaus, and the AUS (if applicable) rerun with the updated credit</li> <li>• <u>0x30x3 months payment history required. No exceptions.</u> <ul style="list-style-type: none"> <li>○ <u>Payment history may be from renovation period. Loans with no payments during renovation are not eligible for purchase.</u></li> </ul> </li> <li>• Cannot be delinquent on any federal debt unless the delinquent account has been brought current or a satisfactory arrangement has been made</li> <li>• The credit of a spouse who will not be contractually obligated on the loan does not need to be considered, except: <ul style="list-style-type: none"> <li>○ If the applicant is relying on alimony, child support, or maintenance payments from the spouse (or former spouse), or</li> <li>○ In community property states, whether or not the spouse will be personally liable on the note.</li> <li>○ Refer to the VA Lenders Handbook for complete requirements</li> </ul> </li> </ul>

<p style="text-align: center;"><b>Construction Documentation</b></p>	<ul style="list-style-type: none"> <li>• When applicable, Lender to include letter in file regarding why loan was guaranteed more than 60 days from note date</li> <li>• All construction documents must be included, including but not limited to <ul style="list-style-type: none"> <li>○ Any applicable construction documentation</li> <li>○ All draw administration documentation</li> <li>○ Accounting summary to show how funds were allocated, including any principle reductions</li> <li>○ Document in file evidencing final sign off from borrower showing that all work was completed according to the borrower's satisfaction.</li> <li>○ Change Orders <ul style="list-style-type: none"> <li>▪ Borrowers are permitted to pay for change orders and upgrades out of pocket.</li> <li>▪ Change orders/upgrades made after the appraisal cannot be mortgaged into the new loan, unless the appraisal is updated. Change orders must be approved, in advance by the appraiser, to ensure there is no loss in value.</li> <li>▪ The veteran is allowed to pay an additional appraisal charge if change orders are requested.</li> </ul> </li> </ul> </li> </ul>
<p style="text-align: center;"><b>Derogatory Credit</b></p>	<ul style="list-style-type: none"> <li>• Chapter 7 BK <ul style="list-style-type: none"> <li>○ 2 years seasoning with no additional requirements</li> <li>○ 1-2 years seasoning requires 2 trade lines re-established with satisfactory credit history (0x30x12) and BK must be due to a documented extenuating circumstance</li> <li>○ Divorce is not an extenuating circumstance</li> <li>○ Less than 12 months seasoning is not allowed</li> </ul> </li> <li>• Chapter 13 BK <ul style="list-style-type: none"> <li>○ 12 months under payment plan with BK judge approval OR plan is completed</li> </ul> </li> <li>• Deed-in-Lieu/Short Sale follows Chapter 7 BK requirements</li> <li>• Foreclosure follows Chapter 7 BK requirements</li> <li>• Medical collections and charged-off medical accounts do not need to be considered in the qualifying ratios or when determining residual income.</li> <li>• Non-medical collection accounts without a minimum payment amount listed on the credit report, use 5% of the outstanding balance for qualification purposes.</li> <li>• All judgments must be paid in full or subject to a repayment plan with a history of timely payments.</li> </ul>
<p style="text-align: center;"><b>Disaster Policy</b></p>	<ul style="list-style-type: none"> <li>• <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></li> </ul>
<p style="text-align: center;"><b>Down Payment Assistance and Secondary Financing</b></p>	<ul style="list-style-type: none"> <li>• Down payment assistance is acceptable.</li> <li>• If in the form of secondary financing, the second must meet VA's requirements. Refer to VA Lenders Handbook for complete requirements, including but not limited to: <ul style="list-style-type: none"> <li>○ May not put the veteran in substantially worse position than if the entire amount borrowed had been guaranteed by VA,</li> <li>○ May not be used to cover any portion of a down payment required by VA to cover the excess of the purchase price over VA's reasonable value.</li> </ul> </li> </ul>

<b>DTI</b>	<ul style="list-style-type: none"> <li>• Any allotments reflected on the LES (Leave and Earnings Statement) or paystubs must be investigated to determine if the allotment has an affiliated debt.</li> <li>• In community property states, the spouse's debts and obligations must be considered even if the veteran wishes to obtain the loan in his or her name only.</li> <li>• Maximum DTI per AUS approval. For manually underwritten loans, see Underwriting Method section below.</li> </ul>
<b>Eligible Mortgage Products</b>	<ul style="list-style-type: none"> <li>• Fixed Rate: 10, 15, 20, 25 and 30 year terms. High Balance allowed on all terms.</li> <li>• CMT ARM: 5/1 (1/1/5 caps). High Balance allowed on ARMs. 7/1 ARMs are not eligible</li> </ul>
<b>Eligible Renovation</b>	<ul style="list-style-type: none"> <li>• Eligible alterations and repairs must be those ordinarily found on similar properties of comparable value in the community.</li> </ul>
<b>eMortgages and eNotarization</b>	<ul style="list-style-type: none"> <li>• eMortgages and eNotarization are eligible for Delegated correspondents only</li> <li>• Lenders must be approved by Pennymac prior to delivering eMortgages, transactions closed using eNotarization or Remote Online Notarization (RON)</li> <li>• 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"> <li>○ State eligibility; and</li> <li>○ Product eligibility; and</li> <li>○ Transaction eligibility; and</li> <li>○ eNotarization eligibility; and</li> <li>○ RON eligibility</li> </ul> </li> </ul>
<b>Employment/Income</b>	<ul style="list-style-type: none"> <li>• Documented per AUS and Pennymac guidelines</li> <li>• Active military income must be documented with an LES.</li> <li>• Provide an acceptable VVOE for all borrowers that are a source of repayment.</li> <li>• Mortgage Credit Certificates (MCCs) issued by state and local governments may qualify a borrower for a federal tax credit and are eligible of income use per VA's requirements. 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.</li> <li>• Income derived from the following sources are ineligible for qualifying: <ul style="list-style-type: none"> <li>○ The production or sale of marijuana</li> <li>○ Bitcoin or other cryptocurrencies</li> </ul> </li> </ul> <p><i>Note: Regardless of the AUS documentation requirements, the loan file will be underwritten based on all the documentation provided in the file.</i></p>

<p style="text-align: center;"><b>Entitlement</b></p>	<ul style="list-style-type: none"> <li>• Entitlement is the amount of VA guaranty available to a veteran for use on a loan. The amount of entitlement will be displayed near the center of the COE.</li> <li>• The COE will never reflect any additional specific entitlement amount over \$36,000 for loans greater than \$144,000, but will reflect "Available"</li> <li>• Loan amounts &gt;\$1.5M, full entitlement is required.</li> <li>• VA loans must conform to GNMA secondary market guidelines which include: <ul style="list-style-type: none"> <li>○ Purchase: Cash down payment and/or equity, plus the amount of available VA entitlement guaranty must equal at least 25% of: <ul style="list-style-type: none"> <li>▪ The purchase price of the property, or</li> <li>▪ The Certificate of Reasonable Value (CRV)/NOV, whichever is less.</li> <li>▪ Note: The funding fee charged by VA must not be included in this calculation.</li> </ul> </li> </ul> </li> <li>• For veterans with full entitlement, the maximum amount of guaranty for a loan amount over \$144,000 is 25 percent of the loan amount, regardless of the Freddie Mac CLL. For loan amounts equal to \$144,000 or less, refer to the VA maximum guaranty requirements in the VA Lenders Handbook.</li> <li>• For veterans with partial or unrestored entitlement, the maximum amount of guaranty is reduced by the amount of unrestored entitlement. <ul style="list-style-type: none"> <li>○ For loan amounts over \$144,000: The maximum amount of guaranty entitlement available is 25% of the single-unit Freddie Mac Conforming Loan Limit (CLL) for the county where the subject property is located reduced by the amount of unrestored entitlement.</li> <li>○ For loan amounts less than or equal to \$144,000: The maximum amount of guaranty entitlement is \$36,000 reduced by the amount of unrestored entitlement. VA refers to the first \$36,000 of a veteran's entitlement as their "basic" entitlement.</li> </ul> </li> <li>• Multiple Entitlements: If more than one veteran is involved, the entitlement charge is divided equally between them. If a veteran does not have enough entitlement, then unequal entitlement charges may be made with the written agreement of the veterans.</li> <li>• Freddie Mac Conforming Loan Limits (CLL) can be found at: <a href="https://www.fhfa.gov/data/conforming-loan-limit-cll-values">https://www.fhfa.gov/data/conforming-loan-limit-cll-values</a></li> </ul>
<p style="text-align: center;"><b>Escrow / Impounds</b></p>	<ul style="list-style-type: none"> <li>• <u>An impound account for collection of taxes and insurance (or additional escrow items) is required.</u></li> </ul>
<p style="text-align: center;"><b>Exclusionary Lists</b></p>	<ul style="list-style-type: none"> <li>• All borrowers must be screened by CAIVRS to determine there have been no late payments on federal debt obligations</li> </ul>

<p style="text-align: center;"><b>Funding Fee</b></p>	<ul style="list-style-type: none"> <li>• Funding fee may be financed in the loan.</li> <li>• Funding fee must be paid within 15 days of loan close.</li> <li>• The following veterans are exempt from paying the funding fee: <ul style="list-style-type: none"> <li>○ Veterans receiving VA compensation for service connected disabilities</li> <li>○ Veterans who would be entitled to receive compensation for service connected disabilities if they did not receive retirement pay</li> <li>○ Veterans who are rated by VA as eligible to receive compensation as a result of pre-discharge disability exam and rating</li> <li>○ Veterans entitled to receive compensation, but who are not presently in receipt of the compensation because they are on active duty</li> <li>○ Surviving spouse of a veteran who died in service or from a service-connected disability <ul style="list-style-type: none"> <li>▪ The surviving spouse must be in receipt of Dependency and Indemnity Compensation (DIC) before the loan closing takes place.</li> </ul> </li> <li>○ Members of the armed forces who are serving on active duty and provide, on or before the date of loan closing, certificate or military orders of having been awarded the Purple Heart.</li> </ul> </li> </ul>
<p style="text-align: center;"><b>High-Cost / Higher-Priced Mortgage</b></p>	<ul style="list-style-type: none"> <li>• <u>Pennymac will not purchase High-Cost Loans</u></li> <li>• Higher-Priced Mortgage Loans (HPML) transactions are eligible subject to: <ul style="list-style-type: none"> <li>○ Establishing and maintaining an escrow account</li> <li>○ Meeting all applicable state and/or federal compliance requirements.</li> </ul> </li> </ul>
<p style="text-align: center;"><b>Ineligible Transactions</b></p>	<ul style="list-style-type: none"> <li>• 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: <ul style="list-style-type: none"> <li>○ Gift of equity from the seller</li> <li>○ Large amount of seller credits</li> <li>○ Family member remaining in the home and on title after the “purchase”</li> <li>○ Seller unable to qualify for a cash-out transaction of their own</li> </ul> </li> </ul>
<p style="text-align: center;"><b>Loan Amount Calculation</b></p>	<ul style="list-style-type: none"> <li>• Loans for alteration and repair must use the lessor of the acquisition cost or the as-completed value determined by the VA fee panel appraiser.</li> <li>• To determine the acquisition costs for a purchase, add the following: <ul style="list-style-type: none"> <li>○ Contract sales price,</li> <li>○ Total cost of alterations and repairs,</li> <li>○ Contingency reserve (if any up to 15 percent of the repair cost),</li> <li>○ Inspection fees,</li> <li>○ Title update fees; and</li> <li>○ Permits.</li> </ul> </li> </ul>

<p><b>Loan Purpose</b></p>	<ul style="list-style-type: none"> <li>• Purchase <ul style="list-style-type: none"> <li>○ For purchase contracts signed and dated on or after August 10, 2024, the temporary local variance permitting Veterans to pay reasonable and customary amounts for any buyer-broker charges (including commissions and any other broker-related fees) on purchase transactions is eligible per VA requirements.</li> </ul> </li> <li>• <u>Refinance transactions are ineligible</u></li> </ul>
<p><b>Occupancy</b></p>	<ul style="list-style-type: none"> <li>• Owner-occupied only</li> <li>• Second Homes not allowed</li> <li>• Investment Properties not allowed</li> </ul>
<p><b>Power of Attorney</b></p>	<ul style="list-style-type: none"> <li>• Can be general or specific. To complete the loan transaction using an attorney-in-fact, VA also requires the veteran's written consent to the specifics of the transaction. This requirement can be satisfied by either: <ul style="list-style-type: none"> <li>○ the veteran's signature on both the sales contract and the Uniform Residential Loan Application, as long as the veteran's intention to obtain a VA loan on the particular property is expressed somewhere in those documents, or</li> <li>○ a specific power of attorney or other document(s) signed by the veteran, which encompasses the following elements: <ul style="list-style-type: none"> <li>▪ Entitlement—A clear intention to use all or a specified amount of entitlement.</li> <li>▪ Purpose—A clear intention to obtain a loan for purchase, construction, repair, alteration, improvement, or refinancing.</li> <li>▪ Property Identification—Identification of the specific property.</li> <li>▪ Price and Terms—the sales price, if applicable, and other relevant terms of the transaction.</li> <li>▪ Occupancy—the veteran's intention to use the property as a home to be occupied by the veteran (or other applicable VA occupancy requirement).</li> </ul> </li> </ul> </li> <li>• In addition, at the time of loan closing, the lender must: <ul style="list-style-type: none"> <li>○ verify that the veteran is alive, and, if on active military duty, not missing in action (MIA), and</li> <li>○ make the following certification:  "The undersigned lender certifies that written evidence in the form of correspondence from the veteran or, if on active military duty, statement of his or her commanding officer (including statement of person authorized to act for said officer), affirmatively indicating that the veteran was alive and, if the veteran is on active military duty, not missing in action status on (date), was examined by the undersigned and that the said date is subsequent to the date the note and security instruments were executed on the veteran's behalf by the attorney-in- fact."</li> </ul> </li> <li>• Verification that the veteran is alive and not MIA is required whether or not the veteran is still in the military.</li> </ul>
<p><b>Property: Eligible Types</b></p>	<ul style="list-style-type: none"> <li>• Single Family Attached/Detached</li> <li>• 2-4 Units</li> <li>• PUDs</li> <li>• Condominiums</li> <li>• Leaseholds with proof of prior VA approval</li> </ul>



<p><b>Property: Ineligible Types</b></p>	<p>In addition to the ineligible property types identified in VA Lenders Handbook, the following property types are ineligible:</p> <ul style="list-style-type: none"> <li>• <u>Manufactured homes. This includes on-frame modular homes built on a permanent chassis.</u></li> <li>• <u>Mobile homes</u></li> <li>• <u>Cooperatives</u></li> <li>• Condotels</li> <li>• Hotel condominiums</li> <li>• Timeshares</li> <li>• <u>Geodesic dome and berm homes</u></li> <li>• <u>Working farms and ranches</u></li> <li>• Unimproved land and property currently in litigation</li> <li>• Commercial enterprises (e.g., bed and breakfast, boarding house, hotel)</li> </ul>
<p><b>Property: Max. Number of Financed</b></p>	<ul style="list-style-type: none"> <li>• No restrictions</li> </ul>
<p><b>Qualifying</b></p>	<ul style="list-style-type: none"> <li>• Fixed rate, qualify at the note rate.</li> <li>• 5/1 ARMs qualify at the note rate Exceptions: ARMs in IL, MA and NM require qualifying at the greater of the note rate or the fully indexed rate (margin + index).</li> </ul>
<p><b>Renovation Requirements (specific to program)</b></p>	<ul style="list-style-type: none"> <li>• See Circular 26-18-6 for additional details.</li> <li>• <u>Renovation must be complete at time of delivery to Pennymac</u> <ul style="list-style-type: none"> <li>○ <u>Reduced guaranty option is not eligible for purchase</u></li> <li>○ <u>Loans will be purchased after completion of the final inspection required for guaranty.</u></li> </ul> </li> <li>• VA issues guaranty after a clear final inspection has been completed, not at close of escrow</li> <li>• <u>Pennymac will not administer the draw process. The Correspondent will be responsible for managing the project, as well as the draw administration, according to VA requirements.</u></li> <li>• Builder/contractor must be registered with the VA per VA requirements</li> <li>• Construction fee charged to the veteran is permitted per VA requirements. <ul style="list-style-type: none"> <li>○ Up to 2% of the loan amount if 51% or more of the loan proceeds are paid out by the lender during the actual progress of the construction</li> <li>○ Up to 1% of the loan amount if less than 51% of the loan proceeds are paid out by the lender during the actual progress of the construction</li> </ul> </li> <li>• Fees charged on the loan must comply with the VA Lenders Handbook</li> <li>• VA funding fee to be paid within 15 days of closing, not when the rehab has been completed</li> </ul>
<p><b>Reserves</b></p>	<ul style="list-style-type: none"> <li>• Required per VA requirements.</li> </ul>
<p><b>Residual Income</b></p>	<ul style="list-style-type: none"> <li>• Residual Income is the borrower's net effective income minus monthly shelter expenses</li> <li>• Residual Income must be in accordance with regional table and is a required calculation in addition to DTI</li> <li>• Net Effective Income is taken from Line 41 of VA Form 26-6393</li> <li>• Monthly Shelter Expense is taken from Line 21 of VA Form 26-6393</li> </ul>

<b>Sales Concessions</b>	<ul style="list-style-type: none"> <li>• Sales concessions cannot exceed 4% of the established reasonable value of the property (NOV).</li> <li>• Does not include normal discount points and payment of the buyer's closing costs.</li> <li>• <b>Note:</b> Seller's payment of buyer-broker charges is not treated as a seller concession</li> </ul>
<b>Seasoning</b>	<ul style="list-style-type: none"> <li>• Seasoning is not applicable on purchase transactions</li> </ul>
<b>State Restrictions</b>	<ul style="list-style-type: none"> <li>• <u>Texas 50(a)(6) 50(a)(4) loans are not allowed.</u></li> <li>• West Virginia purchases are limited to 100% LTV/CLTV</li> </ul>
<b>Title Insurance</b>	<ul style="list-style-type: none"> <li>• <u>Title insurance is required.</u></li> </ul>
<b>Transcripts</b>	<ul style="list-style-type: none"> <li>• Tax transcripts are not required. If red flags are present, tax transcripts may be requested at Pennymac's discretion.</li> <li>• A properly executed 4506-C is required for all transactions except when the loan file contains tax transcripts</li> </ul>
<b>Temporary Interest Rate Buydowns</b>	<p>Temporary buydowns are eligible subject to</p> <ul style="list-style-type: none"> <li>• Max total interest rate reduction of 3%, max increase per year of 1% (only 1/0, 1/1, 2/1, and 3/2/1 buydowns allowed)</li> <li>• Maximum 3 years to reach standard note rate</li> <li>• <u>Must qualify at the standard note rate without benefit of the buydown</u></li> <li>• <u>The greater of 660 FICO or the FICO floor referenced on the Maximum LTV/CLTV and FICO</u></li> <li>• Fixed rate only</li> <li>• Must meet all other applicable VA requirements, including but not limited to qualification, documentation of buydown, and funding of buydown.</li> </ul>
<b>Underwriting Method</b>	<ul style="list-style-type: none"> <li>• <u>Loans must be submitted through DU or LPA.</u></li> <li>• <u>Loan amounts &gt;\$1.5M</u> <ul style="list-style-type: none"> <li>○ <u>AUS approval required</u></li> <li>○ <u>Maximum DTI 45.00% regardless of AUS approval</u></li> <li>○ <u>Borrowers must have a primary mortgage or primary housing history of 0x30x12 for the most recent consecutive 12-month period, ending with the application date.</u> <ul style="list-style-type: none"> <li>▪ <u>Gaps in history or less than 12 months will not be acceptable.</u></li> </ul> </li> </ul> </li> <li>• <u>Manual underwriting permitted under the following conditions:</u> <ul style="list-style-type: none"> <li>○ <u>Loan amounts &lt;= \$1.5M</u></li> <li>○ <u>The greater of 660 FICO or the FICO floor referenced on the Maximum LTV/CLTV and FICO Requirements grid</u></li> <li>○ <u>0 x 30 in the most recent 12 months for all prior mortgages</u></li> <li>○ <u>Maximum DTI of 45%</u></li> <li>○ Loan must comply with all VA requirements for manual underwriting</li> <li>○ <u>Include a copy of the AUS Refer/Eligible in the loan file</u></li> </ul> </li> </ul>

**For guidance not addressed in this Product Profile, refer to the VA Lenders Handbook posted in AllRegs or direct at:**

[http://www.benefits.va.gov/warms/pam26\\_7.asp](http://www.benefits.va.gov/warms/pam26_7.asp)

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