

This document is a summary of most of Pennymac guideline overlays to FHA, VA, and USDA requirements. This document should be used as a reference tool in conjunction with the Pennymac Sellers Guide and the appropriate Government guidelines. "X" indicates an overlay.

Topic	Overlay/Modification	FHA 203(b)	FHA Manf. Home	FHA 247	FHA 203(k)	FHA Streamline	VA	VA Manf. Home	VA Renovation	VA IRRRL	Rural Housing	RH Streamlined Assist
Appraisal	<ul style="list-style-type: none"> A current valuation product is required Base loan amount <=\$2,000,000 Estimate of value using: <ul style="list-style-type: none"> Pennymac Home Value Estimator (HVE) or Clear Capital ClearAVM with a maximum FSD score of 15 <ul style="list-style-type: none"> If the Pennymac Home Value Estimator or Clear Capital ClearAVM does not return a value or meet the maximum FSD requirement, then one of the following two options are required: <ul style="list-style-type: none"> CoreLogic Total Home Valuex (THVx) with a maximum FSD score of 13; OR External appraisal or full appraisal report is required A Corelogic THVx AVM may only be used if the Pennymac HVE or Clear Capital AVM does not return a value or the FSD > 15%. An external only appraisal or full appraisal is required for manufactured homes regardless of loan amount. If an appraisal is obtained, the value from the appraisal must be used. Base loan amount >\$2,000,000 External appraisal or full appraisal report is required 									X		
	<ul style="list-style-type: none"> Any previously unpermitted additions or improvements must be permitted or removed by the end of the project 								X			
Assets/Gift Funds/ Large Deposits	<ul style="list-style-type: none"> VODs are not acceptable for asset documentation. 											X
	<ul style="list-style-type: none"> VODs are not acceptable for asset documentation for household income eligibility requirements 										X	

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	<ul style="list-style-type: none"> Acceptable documentation to use cryptocurrency/virtual currency includes the following: <ul style="list-style-type: none"> Documentation from a cryptocurrency exchange account verifying the borrower as the legal owner and not the nickname of the account, AND Previous borrower bank statement showing funds going into the same cryptocurrency exchange account that the large deposit came from, OR 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 	X	X	X	X		X	X	X		X	
Cash-Out	<ul style="list-style-type: none"> VA Type I Cash-Out Refinances > 90% LTV are limited to 30-year terms 						X					
	<ul style="list-style-type: none"> VA Type II Cash-Out Refinances max 90% LTV, including financed funding fee (total loan amount) 						X					
	<ul style="list-style-type: none"> Loan amounts >\$2M maximum 80.00% LTV/CLTV including financed funding fee. <ul style="list-style-type: none"> Maximum cash-out \$500,000 (includes consumer debt payoffs and cash-in-hand) Excludes second mortgage lien payoff 						X					
Condos	<ul style="list-style-type: none"> DELRAP condo approvals are ineligible 	X	X	X								
Credit	<ul style="list-style-type: none"> Minimum credit report requirement is a single-bureau soft-pull that includes a complete mortgage payment history with trended data for all mortgages and a credit score. Clients may utilize either a single-bureau credit report or a tri-merge credit report. <ul style="list-style-type: none"> All loan transactions must use the credit report type selected by the Client (i.e., If a single-bureau is selected all transactions must utilize single bureau credit reports; if a tri-merge is selected, all transactions must utilize tri-merge credit reports). If single-bureau credit reports are used: <ul style="list-style-type: none"> All transactions must utilize the same credit bureau (i.e., Experian, Trans Union, Equifax) Clients may change their preferred credit bureau at most once every 6 months And if a single-bureau credit report from the Client's selected credit bureau returns no score or an un-scorable credit history, the Client must utilize a tri-merge credit report on such transaction, and such tri-merge must show that the Client's preferred credit bureau shows no score. 						X			X		

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	<ul style="list-style-type: none"> For loan amounts greater than \$1.5M the following primary mortgage or housing payment history applies: <ul style="list-style-type: none"> Borrowers must have a primary mortgage or primary housing history of 0x30x12 for the most recent 12-month period, ending with the application date. Gaps in history or less than 12 months will not be acceptable 									X		
	<ul style="list-style-type: none"> Must have a subject mortgage history of 0 x 30 for the last 3 payments 									X		
	<ul style="list-style-type: none"> 0x30x3 months subject payment history required. No exceptions. <ul style="list-style-type: none"> Payment history may be from renovation period. Loans with no payments during renovation are not eligible for purchase. 								X			
	<ul style="list-style-type: none"> Non-traditional credit is not allowed. 						X	X	X	X		
	<ul style="list-style-type: none"> All borrowers must return at least 1 credit score via a three-in-file merged credit report 						X	X	X			
	<ul style="list-style-type: none"> Each borrower must return at least 1 credit score. 	X	X	X	X					X	X	
	<ul style="list-style-type: none"> At least one borrower must have a minimum of one credit score to be eligible. 					X						X
	<ul style="list-style-type: none"> Frozen Credit: No credit bureaus may be frozen. Borrowers must unfreeze all bureaus, and the AUS rerun with the updated credit 	X	X	X	X		X	X	X			
Disaster Policy	<ul style="list-style-type: none"> 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. 	X	X	X	X	X	X	X	X	X	X	X
Eligible Properties	<ul style="list-style-type: none"> Manufactured housing, including on-frame modular homes built on a permanent chassis are ineligible. 				X				X			
	<ul style="list-style-type: none"> Mobile Homes are ineligible 						X	X	X	X		
	<ul style="list-style-type: none"> Single-width manufactured homes are ineligible 							X		X		
	<ul style="list-style-type: none"> Cooperatives are ineligible 	X	X	X	X	X	X	X	X	X	X	X
	<ul style="list-style-type: none"> Working farms and ranches are ineligible 						X	X	X	X		
	<ul style="list-style-type: none"> Geodesic dome and berm homes are ineligible 						X		X	X		
	<ul style="list-style-type: none"> Land trusts, including but not limited to Illinois, Native American trust land and restricted land and leasehold, Hawaiian Home Lands, and Community Land Trusts 										X	X

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Employment/Income	<ul style="list-style-type: none"> Salaried borrowers require a Verbal VOE Self-employed borrowers require verification of the business through a 3rd party source 					X				X		
Entitlement	<ul style="list-style-type: none"> Loan amounts >\$1.5M, full entitlement is required. 						X	X	X			
Escrow/Impound Account	<ul style="list-style-type: none"> Escrow or impound accounts are required for collection of taxes, insurance, or any other required items. 						X			X		
FICO - Minimum	<ul style="list-style-type: none"> Minimum FICO score of 580. 	X		X	X	X						
	<ul style="list-style-type: none"> Minimum FICO score requirement is dependent on base loan amount, transaction type, and property type. Refer to the applicable product profile for minimum FICO requirements. 						X	X	X	X		
	<ul style="list-style-type: none"> Minimum FICO Score of 620 for manufactured home FHA Purchase/R&T/Streamline 		X				X					
	<ul style="list-style-type: none"> Minimum FICO Score of 640 for manufactured home FHA Cash-Out (TOTAL & manually underwritten) 		X									
	<ul style="list-style-type: none"> Minimum FICO Score of 620 for manually underwritten FHA 203b, 247, 203K, and FHA manufactured homes 	X	X	X	X							
	<ul style="list-style-type: none"> Minimum FICO score of 580 for non-manufactured homes Minimum FICO score 620 for manufactured homes 											X
Funds to Close	<ul style="list-style-type: none"> Cash on hand is not allowed. 										X	X
High-Cost Loans	<ul style="list-style-type: none"> Pennymac will not purchase High-Cost Loans 						X	X	X	X		
Ineligible Mortgages	<ul style="list-style-type: none"> All ARM terms not referenced in eligible section above 	X		X	X	X	X	X	X		X	
	<ul style="list-style-type: none"> ARMs are ineligible 		X					X				
	<ul style="list-style-type: none"> 203(k) only eligible with specific Pennymac approval. 				X							
	<ul style="list-style-type: none"> Any FHA programs/mortgage types identified in the FHA Handbook that are not specifically allowed in the Eligible Mortgage Types above, including but not limited to Energy Efficient Mortgages, Weatherization, Solar and Wind, GPM, and One Time Close Construction to Permanent CP. 	X	X	X	X							

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	<ul style="list-style-type: none"> Any FHA programs/mortgage types identified in the FHA Handbook that are not specifically allowed in the Eligible mortgage types above, including but not limited to Energy Efficient Mortgages, Weatherization, Solar & Wind, and GPM 					X						
	<ul style="list-style-type: none"> Energy Efficient Mortgages 						X	X		X	X	
	<ul style="list-style-type: none"> No Graduated Payment Mortgages. 						X	X		X		
	<ul style="list-style-type: none"> Alterations and Repairs or Single Close Construction-To-Perm are ineligible. 						X	X				
	<ul style="list-style-type: none"> Streamline Refinances 										X	
	<ul style="list-style-type: none"> USDA Single Close Construction to Perm are ineligible Rehab and Repair with purchase (including USDA REOs and manufactured homes) 										X	
	<ul style="list-style-type: none"> Existing loan being refinanced: USDA 502 Direct Rural Housing loans 											X
	<ul style="list-style-type: none"> Any SFHGLP programs/mortgage types/loan purpose/property types identified in HB-1-3555 or SFHGLP Procedure Notices that are not specifically allowed in any section of this product profile or the eligible mortgage products referenced above 										X	X
Loan Limits	<ul style="list-style-type: none"> Maximum base loan amount cannot exceed \$2,500,000 						X	X	X	X		
Manufactured Homes	<ul style="list-style-type: none"> Single-width not eligible Fee Simple land ownership only (no leaseholds or land trusts) 		X			X					X	X
	<ul style="list-style-type: none"> Minimum 700 square feet 		X			X						
	<ul style="list-style-type: none"> Principal residence only 		X			X				X		
	<ul style="list-style-type: none"> One-unit only 								X	X		
	<ul style="list-style-type: none"> ARMs ineligible 					X				X		
	<ul style="list-style-type: none"> Affidavit of affixation or state equivalent document required 					X						
	<ul style="list-style-type: none"> Appraisal / Property condition rating must be C4 or better 		X									
	<ul style="list-style-type: none"> 2055 or BPO required and property condition must be average or better Max LTV based on current market value is 110% 					X						
<ul style="list-style-type: none"> MH that has been moved from one site to another or will move to another location are not eligible 							X		X			

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	<ul style="list-style-type: none"> New Construction must be complete and have Certificate of Occupancy by loan closing 						X					
	<ul style="list-style-type: none"> ALTA Endorsement 7, or 7.1, or 7.2, or equivalent state form required. 					X			X	X		
Properties Listed For Sale	<ul style="list-style-type: none"> For cash-out transactions, the listing must have expired or been withdrawn prior to the application date. Note: if the property was listed in the prior 30 days to the application date, the Early EPO provision will be extended to one year. 	X	X	X								
	<ul style="list-style-type: none"> For refinances, the subject property must be off the market on or before the application date 				X							
	<ul style="list-style-type: none"> The listing must have been expired or been withdrawn on or before the application date. If the property was listed in the prior 30 days to the application date, the Early EPO provision will be extended to one year. 										X	
	<ul style="list-style-type: none"> VA IRRRL and Cash-Out Type I (rate & term): The listing must have been expired or been withdrawn on or before the application date. If the property was listed in the prior 30 days to the application date, the Early EPO provision will be extended to one year. 						X	X		X		
	<ul style="list-style-type: none"> Cash-Out Type II (cash-out): The listing must have been expired or been withdrawn 180 days prior to the application date. 						X	X				
<p>Renovation Specific Requirements FHA 203(k)</p> <p>Pennymac Client Approval Required</p> <ul style="list-style-type: none"> Refinances: The appraiser must provide the as-is value in the body of the report. If the appraiser refuses to provide the as-is value within the as-repaired report, Pennymac will require both an as-is appraisal and as-repaired appraisal. The existing debt plus fees may not be used to determine the Adjusted as-is Value. Self Help is not allowed. Homes that have been demolished, or will be razed as part of the rehabilitation work are ineligible. Homes located on another site, that will be moved onto a new foundation are ineligible. Historic Homes – homes designated by an official body as “historic” e.g., listed on the National Register of Historic Places are ineligible. Manufactured homes and on-frame modular homes built on a permanent chassis are ineligible Mixed-use properties 				X								

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Renovation Specific Requirements VA Reno (alterations and repairs)	<ul style="list-style-type: none"> All borrowers must return at least 1 credit score via three-in-file merged credit report. Non-traditional credit is not allowed. Refinances are ineligible Renovation must be complete at time of delivery to Pennymac <ul style="list-style-type: none"> Reduced guaranty option is not eligible for purchase Loans will be purchased after completion of the final inspection required for guaranty. 								X			
Temporary Interest Rate Buydowns	<ul style="list-style-type: none"> Minimum 660 FICO Score 	X	X	X	X						X	X
	<ul style="list-style-type: none"> The greater of 660 FICO or the FICO floor referenced on the Maximum LTV/CLTV and FICO Requirements grid. 						X	X	X	X		
	<ul style="list-style-type: none"> Temporary buydown ineligible 					X						
Title Insurance	<ul style="list-style-type: none"> The subject 247 mortgage must be in first lien position upon closing/recordation. Refer to the product profile for possible exception. 			X								
	<ul style="list-style-type: none"> Title insurance is required for all properties 						X	X	X	X		
UW Method	<ul style="list-style-type: none"> All loans must be submitted to Guaranteed Underwriting System (GUS). Loans receiving a Refer or Refer with Caution recommendation or loans that require a downgrade must be manually underwritten in accordance with Pennymac overlays and Rural Housing manual underwriting requirements. 										X	
	<ul style="list-style-type: none"> All loans must be submitted through FHA TOTAL Mortgage Scorecard utilizing DU or LPA. Loans receiving a Refer recommendation or loans that require a downgrade must be manually underwritten in accordance with Pennymac overlays and FHA manual underwriting requirements. Approve/ineligible due to LTV are acceptable for HUD REOs only 	X	X	X	X							

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	<ul style="list-style-type: none"> • Loans must be submitted and approved through DU or LP. • Loan amounts >\$1.5M <ul style="list-style-type: none"> ○ AUS approval required ○ Maximum DTI 45.00% regardless of AUS approval ○ Borrowers must have a primary mortgage or primary housing history of 0x30x12 for the most recent consecutive 12month period, ending with the application date. <ul style="list-style-type: none"> ▪ Gaps in history or less than 12 months will not be acceptable. 						X	X	X			
	<ul style="list-style-type: none"> • Manual underwriting on non-IRRRL, non-manufactured home transactions is permitted under the following conditions: <ul style="list-style-type: none"> ○ Loan amounts <= \$1.5M ○ The greater of 660 FICO or the FICO floor referenced on the Maximum LTV/CLTV and FICO Requirements grid for purchase and Cash-out Type I refinance transactions ○ Min. 700 FICO for cash-out Type II transactions (does not apply to VA Renovation) ○ 0 x 30 in the most recent 12 months for all prior mortgages ○ Maximum DTI of 45%, refer to the Residual Income Section for DTIs over 41% ○ Include a copy of the AUS Refer/Eligible in the loan file 						X		X			
	<ul style="list-style-type: none"> • Manual underwriting is not allowed 							X				
<p>These requirements apply to programs currently offered by Pennymac. Programs including, but not limited to, Section 184 Indian Housing, Graduated Payment Plan Mortgage, or any other program that requires government specific approval, are not eligible for purchase. If there is a conflict between the overlay matrices and the product profile, follow the product profile.</p>												