March 2022

PENNYMAC℠ CORRESPONDENT

RefiNow Delivery Checklist

Before delivering a RefiNow loan to Pennymac, please verify that all of the following requirements have been met. Please note that these requirements must be met at the time of closing. Post-close cures will not be available.

RefiNow

- ☐ Appraisal credit of $500 has been provided to the borrower if a full appraisal was obtained
- ☐ Interest rate reduction of at least 0.50%
- ☐ Monthly payment reduction (no minimum)
- ☐ Cash back to borrower does not exceed $250
- ☐ Seasoned at least 12 months (note date to note date)
- ☐ All borrower(s) on RefiNow are the same as the borrower(s) on the previous mortgage (with certain exceptions)
- ☐ If mortgage history is not reflected in the credit report in past 90 days, payment history has been verified and meets GSE requirements
- ☐ If MI is required, MI provider requirements have been met as applicable (e.g. same provider as previous loan, RefiNow pricing, etc)
- ☐ The borrower(s) income is at or below 100% of the applicable AMI
- ☐ DU certificate reflects RefiNow & matches the product it was originated to
- ☐ Existing mortgage is owned or securitized by Fannie Mae

All above conditions must be met in addition to meeting GSE underwriting guidelines and Pennymac overlays for a RefiNow loan to be sold to Pennymac.

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RefiNow Delivery FAQ

Q1: Will DU default eligible loans to the RefiNow product?

A: Yes, DU will automatically evaluate loans as a RefiNow loan and if eligible, will return RefiNow as the loan product. To prevent DU from running the loan as a RefiNow and rather as a Rate/Term refinance, you must enter "Standard LCOR" in the Product Description field in DU and resubmit the loan in DU.

Q2: How can we check if the existing loan is owned or securitized by Fannie Mae?

A: You can determine whether a mortgage is owned by Fannie Mae by using the Mortgage Loan Lookup tool at www.knowyouroptions.com/loanlookup

Additionally, DU will issue messages when a loan is eligible for RefiNow.

Q3: The borrower meets credit history requirements but was in COVID-19 forbearance in the last 12 months. Does their servicing history need to be reviewed for missed payments?

A: No, as of Fannie Mae LL 2021-10, payment missed during a COVID-19 forbearance is not considered a delinquency as long as it has been resolved as per temporary eligibility requirements in LL-2021-03. Thus, servicing history does not need to be reviewed for missed payments. However, if mortgage history is not reflected in the credit report in the past 90 days, payment history must be verified and meet GSE requirements.

Q4: Will fixed period loan terms other than 15/30 years be available for RefiNow?

A: Yes, the flex terms (e.g. 11-15, 16-20, etc) will be available. Please note that the borrower must still meet Net Tangible Benefit requirements.

Q5: Are ARMs allowed for a RefiNow?

A: No, ARMs are not allowed.

Q6: When/how will the lender receive the $500 appraisal credit?

A: Pennymac will credit the fee on the loan and will be shown on the purchase advice. Please note that the $500 appraisal credit must have been passed on to the borrower in order for Pennymac to credit the fee back to the lender.

Q7: Will the lender receive the full $500 credit even if the appraisal cost was less than $500?

A: The lender will receive a $500 credit regardless of the cost of the appraisal. This is true in both scenarios when the appraisal cost is less than $500 and greater than $500. Please note that the full $500 credit must have been passed on to the borrower in order for Pennymac to credit the fee back to the lender.

Q8: Is the mortgage insurance provider on RefiNow restricted to the PMI provider on the previous loan?

A: Please note that this is neither a Fannie Mae underwriting requirement nor a Pennymac overlay. However, some PMI providers may only insure RefiNow loans if they were the MI provider on the previous loan being refinanced. Please verify with the MI provider on the original loan.

DU will assist this by indicating the PMI provider on the existing loan, but it is up to the originator to obtain appropriate coverage.

Q9: The borrower did not receive the $500 appraisal credit when an appraisal report is required, but the loan meets all other RefiNow requirements - is the loan still saleable as a RefiNow?

A: No, the loan is not saleable as a RefiNow.

Q10: How is the RefiNow product different from a HomeReady?

A: RefiNow may be advantageous for borrowers who have higher DTIs and limited funds to pay for upfront appraisal costs. If the borrower is within DTI limits for both RefiNow and HomeReady, additional factors will need to be considered to see which program is the best option for the borrower.

A detailed comparison between the RefiNow, HomeReady, and standard refinance products can be found in our Pennymac Correspondent Portal.