

Announcement # 22-62

Date: October 7, 2022

Release of Temporary Interest Rate Buydowns on Conventional and Government Loans

Currently, temporary interest rate buydowns are not allowed on our conventional, FHA and VA loan programs.

Effective immediately, Pennymac is pleased to announce the availability of temporary interest rate buydowns on conventional and government loans.

The eligible loans programs and program highlights are provided in the below table:

| Temporary Buydowns: Eligible Programs and Highlights | |
|--|--|
| <i>Conventional and VA</i> | <i>Highlights include</i> |
| <ul style="list-style-type: none"> • Fannie Mae Standard & High Balance • Fannie Mae HomeReady • Freddie Mac Standard & Super Conforming • Freddie Mac Home Possible • VA Full Doc • VA IRRRL • VA Manufactured Homes | <ul style="list-style-type: none"> • Max total interest rate reduction of 3%, max increase per year of 1% (1/0,1/1, 2/1, and 3/2/1 buydowns allowed) • Maximum 3 years to reach standard note rate • Must qualify at the standard note rate without benefit of the buydown • Minimum 660 FICO • Must meet all other applicable Agency requirements, including but not limited to qualification, documentation of buydown, and funding of buydown. |
| <i>FHA</i> | <i>Highlights include</i> |
| <ul style="list-style-type: none"> • FHA Full Doc • FHA Manufactured Homes | <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 • Must qualify at the standard note rate without benefit of the buydown • Minimum 660 FICO • Must meet all other applicable FHA requirements, including but not limited to qualification, documentation of buydown, and funding of buydown. |

Please refer to the specific loan program product profile for complete temporary buydown requirements.

In addition, Pennymac will update our Best Effort rate sheet on **Friday, October 7, 2022**, as follows:

- Add new 'Temporary Interest Rate Buydown' LLPA to the following Conventional LLPA grid:
 - 'Other Adjustments'
- . Add new 'Temporary Interest Rate Buydown' LLPA to the following Government LLPA grids:
 - 'FHA Other Price Adjustments'
 - 'VA Other Price Adjustments'
 - 'Guaranteed Rural Housing Other Price Adjustments'

Please contact your Sales Representative with any questions.