

Announcement # 26-20**Date:** February 17, 2026

Non-QM Program Updates

Effective with new loan applications dated on or after February 17, 2026, Pennymac is updating our Non-QM program guidelines including but not limited to the guidance outlined below:

ATR Requirements (A-, A, A+)

All consumer-purpose loans must be delivered with Form 1008.

Qualifying Income Exceeds Income Stated on the 1003 (A-, A, A+)

Previously, qualifying income for certain income types was based on the lower of the monthly income/expense ratio amount (as applicable), or the monthly income stated on the initial signed 1003. To allow for greater flexibility guidance has been updated as follows:

- If the monthly qualifying income/expense ratio (as applicable) exceeds the amount stated on the initial signed 1003 **by more than 20%**, additional underwriter scrutiny and a signed letter of explanation from the borrower is required.
- This update applies to the following income types: Bank Statement (Personal and Business) and Written Verification of Income (WVOE).

Agency GSE Eligibility (A-, A, A+)

The Agency (GSE) Eligibility section has been updated to clarify that **only loans qualifying with W-2/paystubs, tax returns, or WVOEs** require specific documentation to validate GSE eligibility. The loan file must include documentation validating that the transaction was either:

- Not GSE eligible; or
- The price and/or terms of the transaction in the Non-QM program was more beneficial to the borrower than the comparable GSE program.

Additionally, all income documentation submitted with the file is subject to review and may be used for qualification purposes."

Note: The Agency (GSE) Eligibility section is not applicable to the DSCR program and has been removed from the DSCR product profile.

Prepayment Penalties (A-, A, A+, DSCR)

Prepayment penalties are now eligible for loans secured by properties in the state of Virginia. All other prepayment penalty requirements outlined in the product profiles must be met.

Age of Documents (A-, A, A+, DSCR)

The Age of Documents section has been updated to clarify requirements when appraisal reports are dated more than 120 days from the note date:

- Any appraisal dated greater than 120 days from the note date will require a recertification of value completed by the original licensed appraiser, and is good for an additional 120 days.
- If the loan does not close within the initial recertification, then another update may be obtained but the original appraisal must be dated within 12 months of the note date.

Note: If an appraisal update is required it must be completed prior to the note date of the subject transaction.

Program Matrices (A-, A, A+, DSCR)

The program matrices have been updated and are now sorted by loan amount for easier reference. Please note that no guideline changes have been made.

Please contact your Sales Representative with any questions.