

## **CORPORATE GOVERNANCE GUIDELINES OF PENNYMAC FINANCIAL SERVICES, INC.**

The following Corporate Governance Guidelines (these “Guidelines”) have been adopted by the Board of Directors (the “Board”) of PennyMac Financial Services, Inc., a Delaware corporation (the “Company”), to assist the Board in the exercise of its responsibilities. These Guidelines are not intended to change or interpret any Federal or state law or regulation, including the laws of the State of Delaware, the Certificate of Incorporation or Bylaws of the Company, as amended and/or restated from time to time, or to affect any rights or obligations under any agreement. These Guidelines are subject to modification from time to time by the Board.

The formal requirements pertaining to the Company’s corporate governance structure can be found in the Certificate of Incorporation and Bylaws of the Company, as amended and/or restated from time to time. The Company is committed to responsible and responsive corporate governance.

### **THE BOARD**

#### **Role of Directors**

The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its stockholders. In discharging that obligation, directors are entitled to rely on the honesty and integrity of the Company’s senior executives and its outside advisors and auditors. The Company shall purchase directors’ and officers’ liability insurance on behalf of the directors, and shall provide to the directors indemnification to the fullest extent permitted by law and the Company’s charter, bylaws and any indemnification agreements, and exculpation as provided by state law and the Company’s Certificate of Incorporation.

A director is expected to spend the time and effort necessary to properly discharge such director’s responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board and committees on which such director sits and to review, prior to meetings, material distributed in advance for such meetings. A director who is unable to attend a meeting (which, it is understood, will occur on occasion) is expected to notify the Chairman of the Board or the chairman of the appropriate committee in advance of such meeting.

#### **The Board’s Goal**

The Board’s goal is to build long-term value for the Company’s stockholders and to assure the vitality of the Company.

To achieve this goal the Board will monitor both the performance of the Company (in relation to its goals, strategy and competitors) and the performance of the Chief Executive Officer and other officers of the Company, offering each officer constructive advice and feedback. When it is appropriate or necessary, it is the Board’s responsibility to remove the Chief Executive Officer or any other officer of the Company and to select such officer’s successor.

## **Selection of the Chairman of the Board**

The Board does not require the separation of the offices of the Chairman of the Board and the Chief Executive Officer. The Board shall be free to choose its Chairman of the Board in any way that it deems best for the Company at any given point in time.

## **Lead Independent Director**

If the Chairman of the Board is not an Independent Director (as hereafter defined), then the Independent Directors shall select a “Lead Independent Director” to chair executive sessions and assume such other responsibilities as the Independent Directors may assign, including those set forth in the PennyMac Financial Services, Inc. Description of Lead Director Responsibilities, which shall be approved by the Independent Directors and amended from time to time in their discretion. If the Chairman of the Board is an Independent Director, then the Chairman of the Board will serve as the Lead Independent Director to carry out the responsibilities described above.

## **Size of the Board**

The Board believes that it should generally have no fewer than three nor more than 11 directors. The size of the Board could, however, be increased or decreased by a majority of the entire Board, provided that the number of directors is never less than the minimum required under Delaware law nor, unless our Bylaws are amended to allow a larger number of directors, more than 11. The tenure of office of a director will not be affected by any decrease in the number of directors.

## **Selection of New Directors**

The Board is responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders. The Nominating and Corporate Governance Committee is responsible for seeking, considering and recommending to the Board candidates qualified to be directors of the Company.

When formulating its director nomination recommendations, the Nominating and Corporate Governance Committee may consider candidates recommended by stockholders and others, as it deems appropriate. In considering candidates submitted by stockholders, the Nominating and Corporate Governance Committee will take into consideration the needs of the Board and the qualifications of the candidate. The Nominating and Corporate Governance Committee may establish procedures, from time to time, regarding submission of candidates by stockholders and others.

## **Director Qualifications**

The Nominating and Corporate Governance Committee is responsible for assessing the appropriate balance of qualifications required of directors. The Nominating and Corporate Governance Committee may apply several criteria in recommending nominees. At a minimum, the Committee shall consider (i) whether each such nominee has demonstrated, by significant accomplishment in his or her field, an ability to make a meaningful contribution to the Board’s

oversight of the business and affairs of the Company and (ii) the nominee's reputation for honesty and ethical conduct in his or her personal and professional activities. Additional factors which the Committee may consider include a candidate's judgment, skill, integrity, diversity, business or other experience, time availability in light of other commitments and conflicts of interest.

### **Other Directorships**

No director who serves as a chief executive officer of a public company may serve on the boards of directors of more than two public companies (other than the company for which the director serves as chief executive officer). No other directors may serve on the boards of directors of more than five public companies (including the Company). The Nominating and Corporate Governance Committee will consider the number of other company boards, both for profit and not-for-profit, and such other boards (or comparable governing bodies) of which a prospective nominee is a member. Directors shall inform the Chair of the Nominating and Corporate Governance Committee if they are considering joining or standing for election to the board of directors of an additional for-profit entity. The Nominating and Corporate Governance Committee, in consultation with management, shall also determine whether any new directorship being considered by a director relates to a competitor of the Company or otherwise creates a conflict of interest and communicate such determination to the director. If such director agrees to accept any such new directorship after a determination by the Nominating and Corporate Governance Committee that it relates to a competitor of the Company or otherwise creates a conflict of interest, such director shall immediately submit a resignation to the Board, which resignation shall be accepted by the Board.

The Company recognizes the substantial time commitments attendant to directorship and expects that the members of its Board be fully committed to devoting such time as is necessary to fulfill their Board responsibilities, both in terms of preparation for, and attendance and participation at, meetings.

No member of the Audit Committee of the Company may serve on more than two (2) other public company audit committees unless the Board shall determine that such simultaneous service would not impair the director's ability to serve effectively on the Audit Committee.

### **Independence of the Board**

The Board shall be comprised of a majority of directors ("Independent Directors") who meet the independence requirements of the New York Stock Exchange (the "NYSE"), Section 10A of the Securities Exchange Act of 1934, as amended (as necessary), and other applicable laws, rules and regulations regarding independence then in effect from time to time.

The Board shall review annually the relationships that each director has with the Company (either directly or as a member, partner, shareholder or officer of an organization that has a relationship with the Company). Following such annual review, only those directors whom the Board affirmatively determines have no material relationship with the Company (either directly or as a member, partner, shareholder or officer of an organization that has a relationship with the Company) will be considered Independent Directors, subject to additional qualifications prescribed under the listing standards of the NYSE or under applicable law. The Board will follow

the standards set forth in NYSE Rule 303A.02, applied to both the Company and its affiliates. The Board may adopt categorical standards, from time to time, to assist in its assessment of the independence of directors. In the event that a director becomes aware of any change in circumstances that may result in such director no longer being considered independent under the listing standards of the NYSE or under applicable law, the directors shall promptly inform the Chair of the Nominating and Corporate Governance Committee.

### **Changes in Personal Circumstances**

The Board believes that any director who experiences a significant change in his or her personal circumstances, including a material change in employment or circumstances that reasonably may have an adverse effect on a director's continued service on the Board or the Company's business or reputation, should promptly tender a written resignation to the Board. The Nominating and Corporate Governance Committee would then evaluate and recommend to the Board whether the Board should accept the resignation based on a review of whether the individual continues to satisfy the Board's membership criteria in light of his or her changed status. The affected director is expected to act in accordance with the Nominating and Corporate Governance Committee's recommendation following such review. In addition, the Nominating and Corporate Governance Committee, in consultation with management, shall also determine whether any new job or change of position being considered by a director relates to a competitor of the Company or otherwise creates a conflict of interest and communicate such determination to the director. If such director agrees to accept any such new job or change of position after a determination by the Nominating and Corporate Governance Committee that it relates to a competitor of the Company or otherwise creates a conflict of interest, such director shall immediately submit a resignation to the Board, which resignation shall be accepted by the Board.

### **Board Composition and Related Matters**

In an uncontested election, if an incumbent director fails to receive the affirmative vote of a majority of the total votes cast "for", "against" or affirmatively withheld as to such individual at a meeting of stockholders duly called and at which a quorum is present in accordance with the Bylaws, he or she must offer to resign from the Board, and the Nominating and Corporate Governance Committee must consider such offer to resign, determine whether to accept such director's resignation and submit such recommendation for consideration by the Board. The director whose offer to resign is under consideration may address the Nominating and Corporate Governance Committee or the Board but may not participate in any deliberation or vote of the Nominating and Corporate Governance Committee or the Board regarding that offer to resign. Notwithstanding the foregoing, in the event that all directors offer to resign in accordance with this policy, the Nominating and Corporate Governance Committee shall make a final determination as to whether to recommend to the Board whether to accept any or all offers to resign, including those offers to resign from members of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept a director's resignation. Within 90 days after the date of certification of the election results, the Board must disclose its decision in a press release, filing with the United States Securities and Exchange Commission or by other public announcement. If such incumbent director's offer to resign is not accepted by the Board, such director will continue to serve until his or her successor is elected and qualifies, or

his or her death, resignation, retirement or removal, whichever event shall occur first. If a director's offer to resign is accepted by the Board, or if a nominee for director is not elected and the nominee is not an incumbent director, then the Board, in its sole discretion, may fill any resulting vacancy pursuant to the Bylaws.

### **Director Tenure**

In connection with each director nomination recommendation, the Nominating and Corporate Governance Committee shall consider the issue of continuing director tenure and take steps as may be appropriate to ensure that the Board maintains an openness to new ideas and a willingness to critically re-examine the status quo. An individual director's renomination is dependent upon such director's performance evaluation, as well as a suitability review, each to be conducted by the Nominating and Corporate Governance Committee in connection with every director nomination recommendation.

### **Retirement Policy**

It is the general policy of the Company that no director having attained the age of 73 years shall be nominated for re-election or re-appointment to the Board. However, the Board may determine to waive this policy in individual cases.

### **Board Compensation**

A director who is also an officer of the Company or its affiliates shall not receive additional compensation for such service as a director.

The Company believes that compensation for Independent Directors should be competitive and should encourage increased ownership of shares of common stock, par value \$0.0001 per share ("Common Stock"), of the Company. As a result, the Company permits the Independent Directors to elect to receive all or a portion of their compensation in shares of Common Stock. The Compensation Committee will periodically review the level and form of the Company's director compensation, both direct and indirect, including how such compensation relates to director compensation of companies of comparable size, industry and complexity. Changes to director compensation will be proposed to the full Board for consideration.

### **Separate Sessions of Independent Directors**

The Independent Directors of the Company shall meet in executive session without management on a regularly scheduled basis. In the event that an Independent Director is designated by the Independent Directors as the Lead Independent Director, such director shall preside at such executive sessions, or in such director's absence, another Independent Director designated by the Lead Independent Director shall preside at such executive sessions.

Any interested parties desiring to communicate with the Lead Independent Director, if a Lead Independent Director is so designated, and the other Independent Directors regarding the Company may directly contact such directors by delivering such correspondence in care of the Company's Secretary at PennyMac Financial Services, Inc., 3043 Townsgate Road, Westlake Village, California 91361.

## **Self-Evaluation by the Board**

The Nominating and Corporate Governance Committee will sponsor an annual self-assessment of the Board's performance as well as the performance of each committee of the Board, the results of which will be discussed with the full Board and each committee. The assessment should include a review of any areas in which the Board or management believes the Board can make a better contribution to the Company. The Nominating and Corporate Governance Committee will utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of Board members to various committees.

## **Strategic Direction of the Company**

Normally, it is management's job to formalize, propose and implement strategic choices and the Board's role to approve strategic direction and evaluate strategic results. However, as a practical matter, the Board and management will be better able to carry out their respective strategic responsibilities if there is an ongoing dialogue among the Chief Executive Officer, other members of senior management and other Board members. To facilitate such discussions, members of senior management who are not directors may be invited to participate in Board meetings when appropriate.

## **Board Access to Management**

Board members shall have access to the management of the Company and its affiliates and, as appropriate, to any other outside advisors of the Company. Board members shall coordinate such access through the Chief Executive Officer or the Lead Independent Director and Board members will use judgment to assure that this access is not distracting to the business operation of the Company.

## **Board Materials Distributed in Advance**

Information and materials that are important to the Board's understanding of the agenda items and other topics to be considered at a Board meeting should, to the extent practicable, be distributed sufficiently in advance of the meeting to permit prior review by the directors. In the event of a pressing need for the Board to meet on short notice, or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.

## **Board Interaction with Institutional Investors, Analysts, Press and Customers**

The Board believes that management should generally speak for the Company. It is suggested that each director shall refer all inquiries from institutional investors, analysts, the press or customers to the Chief Executive Officer or his or her designee.

## **Board Orientation and Continuing Education**

The Company shall provide directors elected to the Board after the adoption of these Guidelines with a director orientation program to familiarize such directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, allocation policies, code of business conduct and ethics, corporate governance guidelines and statement of policy against insider trading.

Each director is encouraged to participate in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a director. The Company will provide continuing education on business matters, industry trends, corporate governance and other appropriate subjects to assist the directors in discharging their duties. Directors may also be offered access from time to time to continuing educational programs sponsored by an independent organization.

### **Director Attendance at Annual Meeting of Stockholders**

Directors are invited and generally expected to attend the Company's annual meeting of stockholders.

## **BOARD MEETINGS**

### **Frequency of Meetings**

There shall be at least four regularly scheduled meetings of the Board each year. At least one regularly scheduled meeting of the Board shall normally be held each quarter.

### **Selection of Agenda Items for Board Meetings**

The Chairman of the Board shall establish a topical calendar of agenda items at the beginning of the year. This topical agenda shall set forth a general agenda of items to be considered by the Board at each of its specified meetings during the year. Thereafter, the Chairman of the Board shall coordinate with the Lead Independent Director and may adjust the agenda to include items not contemplated during the initial preparation of the topical agenda. Upon completion, a copy of the topical agenda shall be provided to the entire Board. Each Board member shall be free to suggest inclusion of items on the agenda as well as free to raise at any Board meeting subjects that are not specifically on the agenda for that meeting.

## **COMMITTEE MATTERS**

### **Number and Names of Board Committees**

The Company shall have six standing committees: the Audit Committee, the Compensation Committee, the Finance Committee, the Nominating and Corporate Governance Committee, the Related Party Matters Committee and the Risk Committee. The purpose and responsibilities for these committees shall be outlined in committee charters adopted by the Board. Upon recommendation from the Nominating and Corporate Governance Committee (after its consultation with the Lead Independent Director), the Board, by duly adopted resolution, may establish a new standing or ad hoc committee or disband a current standing or ad hoc committee from time to time depending on circumstances and determine the chairs, composition and areas of

competence of such committees. The Compensation Committee shall evaluate and recommend to the full Board the appropriate compensation for the directors of any newly formed standing or ad hoc committees and shall propose to the full Board for consideration any changes to such director compensation.

### **Independence of Board Committees**

Each of the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Related Party Matters Committee shall be composed entirely of Independent Directors satisfying applicable legal, regulatory and stock exchange requirements necessary for an assignment to any such committee.

### **Assignment and Rotation of Committee Members**

The Nominating and Corporate Governance Committee shall be responsible for recommending to the Board nominees for each committee thereof on an annual basis. After reviewing the Nominating and Corporate Governance Committee's recommendations, the Board shall be responsible for appointing the Chair of each committee and members to the committees on an annual basis.

The Nominating and Corporate Governance Committee shall annually review the Committee assignments and shall consider the rotation of the Chair and members with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors.

### **Evaluation of Chief Executive Officer**

The Board, acting through the Compensation Committee, will evaluate annually the performance of the Chief Executive Officer. The Compensation Committee shall establish policies, principles and procedures for the evaluation of the Chief Executive Officer. Such evaluation shall be based on objective criteria, including performance of the Company, accomplishment of long term strategic objectives and development of management. The evaluation shall solicit the views of the Independent Directors regarding the Chief Executive Officer's performance. The Chairman of the Compensation Committee and the Lead Independent Director, if a Lead Independent Director is so designated, shall communicate the evaluation to the Chief Executive Officer.

### **Succession Planning**

The Board shall plan for the succession to the position of the Chief Executive Officer and the Company's other executive officers. To assist the Board, the Chief Executive Officer shall prepare and distribute to the Board any materials, including recommendations and evaluations of potential successors, that the Chief Executive Officer deems necessary or that the Board shall request from time to time.