



Announcement 16-42

Date: November 10, 2016

Topic: Six Month Payment History for All VA IRRRL Transactions

Ginnie Mae has recently seen trends involving the rapid refinance of loans in Ginnie Mae pools, often originated at above market interest rates, which can increase the cost of financing. In order to better align refinances with Ginnie Mae's purpose of providing lower-cost financing, Ginnie Mae is requiring all streamline refinance transactions to have a minimum of six payments prior to refinancing for TBA deliverable Ginnie Mae pools.

Effective with deliveries on or after January 4, 2017, all VA IRRRL loans require the loan being refinanced to have a minimum of six payments as of the note date of the new loan. Borrowers cannot prepay the loan to meet the six month rule, therefore the note date on the new loan must be at least six months after the first payment due date of the prior loan. Transactions that do not meet this requirement must be delivered to PennyMac by January 4, 2017, and funded by PennyMac by January 12, 2017.

In addition and effective immediately, VA IRRRL transactions with first payment dates after February 1, 2017 must meet the new requirements, regardless of delivery date.

Please contact your Sales Representative with any questions.