



**Announcement 16-49**

**Date: December 23, 2016**

**Topic: Overlay Update: HUD REO Title Insurance and VVOE for Retired Borrowers on FHA Streamline and VA IRRRL Transactions.**

HUD REO Title Insurance

The HUD REO program allows borrowers to purchase properties currently owned by HUD with FHA financing. Previously, PennyMac required a title policy on all properties, including HUD REOs.

Effective immediately, for HUD REO transactions financed through FHA, title insurance is no longer required. Since HUD is the property seller, the lender is not held responsible for any title defects arising prior to the sale by FHA.

Verbal Verification of Employment (VVOE)

Previously, for FHA Streamlines and VA IRRRLs, PennyMac required a VVOE be obtained for all borrowers to verify the source of income, regardless if the borrower is employed or retired.

Effective immediately, for all FHA Streamlines and VA IRRRLs, VVOEs are no longer required for all retired borrowers age 60 and older.

Please contact your Sales Representative with any questions.