



Announcement 17-08

Date: March 6, 2016 (to be finalized by publisher)

Topic: Overlay Update: VA Joint Loans and FHA Texas (a)(6)

In PennyMac's continuing effort to ensure guidelines support current lending conditions, the following overlay updates are effective with commitments taken on or after March 10, 2017.

VA

Previously, VA joint loans were not eligible for purchase by PennyMac. A joint loan is defined as a transaction where the veteran borrower and co-borrower(s) are not married or multiple entitlements are being used.

With this change, VA joint loans are eligible for purchase by PennyMac. As a reminder, VA will only guaranty the veteran's portion of the loan. Also, VA loans must conform to GNMA secondary market guidelines which include the minimum 25% coverage requirement. Coverage is a combination of VA provided entitlement plus cash down payment/equity. Note that VA prior approval may be required for many joint loans. Please see the VA Lender's Handbook Chapter 7 for complete details.

FHA

Previously, FHA Texas (a)(6) loans were not eligible for purchase by PennyMac.

With this change, FHA Texas (a)(6) transactions will be eligible for purchase by PennyMac with specific Lender approval. The following requirements will apply:

- Owner-occupied, 1 unit only
- Fixed Rate and 5/1 & 7/1 ARMs
- Maximum 80% LTV/CLTV
- 3% fee restriction in accordance with Texas Constitution, which includes the FHA Up-Front Mortgage Insurance Premium (UFMIP)
- Full appraisal required
- No new secondary financing
- Loans must comply with FHA and Texas Constitution requirements
- Power of Attorney allowed in accordance with FHA and Texas requirements

As a reminder, approved Lenders must provide a satisfactory Compliance Certificate, confirming the loan adheres to all applicable regulations.

Please contact your Sales Representative with any questions.