



Announcement 17-51

Date: November 13, 2017

Topic: Update to Tax Transcript Requirements

Currently PennyMac requires tax transcripts for W2 wage earners, unless the income is documented with The Work Number or other similar third party income verification service.

Effective immediately for all Delegated Fannie Mae, Freddie Mac, FHA, and VA programs, PennyMac is no longer requiring tax transcripts for borrowers qualifying solely with W2 wage earner income and/or fixed income reported on a 1099.

Tax transcripts will continue to be required for all borrowers where tax returns are required to document qualifying income and all qualifying income sources for Non-Delegated, USDA and Jumbo loans. This includes but is not limited to self-employed borrowers, commission greater than 25% of income, borrowers working for family, etc. The tax transcript requirement may be applied on a per borrower basis. Note that properly executed 4506-Ts will continue to be required at closing for all borrowers on all programs unless specifically addressed in the product guidelines.

PennyMac remains concerned with income misrepresentation and fraud and believes that validation of income through the use of tax transcripts is a valuable tool for our industry and must remain an integral component of a Lender's origination and quality control practices. It is expected that even with this documentation change, Lenders will continue to pull transcripts on a meaningful percentage of total production to maintain the deterrent to income documentation fraud.

Please contact your Sales Representative with any questions.