



**Announcement 16-07**

**Date: March 10, 2016**

**Topic: VA Circular 26-16-8 Water Contamination in Flint, Michigan**

As previously announced in PennyMac Announcement 16-04, all loan programs requiring an appraisal require documentation to evidence the subject property is served by water that meets the requirements of the EPA.

In accordance with VA Circular 26-16-8, PennyMac is aligning with VA's requirements to document all loans secured by properties in Flint, Michigan meet the Minimum Property Requirements (MPR) for safe and potable water.

**VA Full Doc**

If an appraisal is provided, the lender must follow VA requirements to document the water meets the MPRs for safe and potable water, as summarized below:

- Lead contaminated water must be mitigated by a central filtering system that meets local health authority requirements
- Appraisers must comment on the market impact of the water contamination, and indicate if the subject is connected to the Flint water district
- Lenders must document the NOV, indicating the water is acceptable
- Lenders must provide an acknowledgement stating the Veteran is aware the municipal system is lead contaminated and the home contains a central water filter system.

Please refer to the Circular for complete details.

**IRRRL**

If an appraisal is not required, a water test must evidence the property meets the MPRs for safe and potable water.

Please contact your Sales Representative with any questions.