



Announcement 17-05

Date: February 13, 2017

Topic: Updates to PennyMac’s VA Full Doc and IRRRL Programs

In PennyMac’s continuing effort to ensure guidelines support current lending conditions, effective immediately, PennyMac is updating overlays for VA loans as follows:

Topic	Current	New
Derogatory Credit: VA Full Doc	<ul style="list-style-type: none"> • 2 years elapsed since the discharge of Ch. 7, Ch. 13 Bankruptcy or Deed-in-Lieu/Short Sales when the borrower was not delinquent at transfer • 3 years elapsed since completion of Foreclosure, Deed-in-Lieu/Short Sale when the borrower was delinquent at time of transfer 	<p>Follow applicable VA guidelines, however PennyMac interprets VA guidelines as follows:</p> <ul style="list-style-type: none"> • Chapter 7 BK <ul style="list-style-type: none"> ○ 2 years seasoning with no additional requirements ○ 1-2 years seasoning requires 2 trade lines re-established with satisfactory credit history (0x30x12) and BK must be due to a documented extenuating circumstance ○ Divorce is not an extenuating circumstance ○ Less than 12 months seasoning is not allowed • Chapter 13 BK <ul style="list-style-type: none"> ○ 12 months under payment plan with BK judge approval OR Plan is completed • Deed-in-Lieu/Short Sale follows Chapter 7 BK requirements • Foreclosure follows Chapter 7 BK requirements
Maximum Cash-Out: VA Full Doc	<p>Cash-out funds, including non-purchase money second liens are limited to \$100,000.</p>	<p>Follow applicable VA guidelines.</p> <p>Note: VA requires the subject property to have a lien secured against it, when completing a cash-out refinance. Cash-out of a free and clear property is not allowed.</p>

Borrower Eligibility: VA IRRRL	<p>The borrower must be the same except for the removal of a non-veteran spouse due to death or divorce (provide supporting documentation indicating event occurred at least 12 months before the time of application).</p>	<p>Follow VA guidelines for borrower removal. Removal is no longer restricted to death or divorce.</p>
Mortgage and Housing History: VA IRRRL	<ul style="list-style-type: none"> • 0x30 for all mortgages/housing in the last 12 months. • If mortgage/housing history is less than 12 months, verify 0x30 for all history. 	<p>Must have a mortgage history of 0 x 30 for the last 3 payments.</p> <p>Note: Due to GNMA pooling rules, all loans being refinanced into an IRRRL must have a minimum of 6 payments. See PennyMac Announcement 16-42 for details.</p>

Please contact your Sales Representative with any questions.