



Announcement

Announcement # 18-57

Date: December 4, 2018

Topic: USDA PN 518 Chapter 9 Income Updates

Effective with loan applications submitted to USDA for conditional commitment on or after December 15, 2018, PennyMac is aligning with the updates USDA has made to Chapter 9 of the Technical Handbook. Changes include but are not limited to:

- Annual income and repayment income requirements have been consolidated to Appendix 9-A. This matrix includes guidance for the treatment of income and assets specifically for annual and repayment income consideration.
- The limit for assets to be considered an income source has increased to \$50,000 from \$5,000.
- The transcripts requirement has been reinstated for all adult household members, with the exception of full time students age 18 and older that are not an applicant, spouse of an applicant, or head of household. USDA will continue to require full transcripts to be ordered for all applicable parties; however lenders may now request a conditional commitment without submitting the transcripts. Note lenders must still review and receive the full transcripts prior to the loan closing.
- Additional guidance has been provided on assets including eligible gift donors, and acceptable usage of gift funds and general asset documentation.

As chapter 9 has been extensively revised, Lenders are encouraged to read the entirety of chapter 9 for complete details on the updates.

Please contact your Sales Representative with any questions.