

Announcement #25-80

Date: October 17, 2025

New Flexibility for Disabled Veteran Property Tax Exemption

Pennymac will now recognize and utilize property tax exemptions for qualified Veterans with a 100% permanent and total disability rating on certain purchase transactions. This flexibility enhances our ability to serve Veterans and is applicable to GSE, Government, and AUS Jumbo loan programs.

This policy is effective immediately and may be applied to loans currently in process.

Property Tax Exemption Requirements

In select states, Veterans can apply for a property tax exemption after executing a purchase contract but before closing. Pennymac will permit the use of the anticipated reduced property tax amount for qualification and escrow account purposes, provided **ALL** of the following requirements are met:

- Purchase transaction.
- Primary residence located in one of the following states: CA, FL, MD, TX, UT, VA.
- Proof of the Veteran's 100% permanent and total disability rating (must be retained in the loan file).
- Proof the Veteran has applied for the exemption with the relevant taxing authority prior to the note date (must be retained in the loan file).
- A signed attestation from the Veteran borrower acknowledging their full understanding of the following:
 - The property tax exemption process and requirements
 - Their responsibility to finalize the exemption post-closing
 - Their liability for any future property tax increases or penalties.
- Initial disclosures must include the full non-exempt tax rate. Disclosures may be updated to the reduced tax amount only after receiving proof the Veteran has applied for the exemption.
- All other state-specific laws and restrictions apply
 - Note: Texas does not allow the Veteran to receive cash from the seller's tax proration at closing. It must be applied toward a principal reduction or closing costs.

Transactions that do not meet **all** the criteria listed above must use the full, non-exempt property tax amount for qualification and escrow account purposes.

All other product and program requirements apply.

Please contact your Sales Representative with any questions.