



Announcement

Announcement # 19-36

Date: June 20, 2019

Topic: FHA ML 2019-08 and Reminder Regarding Illegal Activities

FHA Building On Own Land

Effective with case numbers assigned on or after June 17, 2019, PennyMac is aligning with FHA's updates to Building On Own Land (BOOL). FHA is updating the requirements for the BOOL option to be a "two-step close" structure instead of based on the length of time the borrower has owned the land. This update preserves the existing mortgage calculations that vary based on the length of time of land ownership.

FHA's single close option, Construction to Permanent is currently not eligible as PennyMac does not currently purchase single close construction financing transactions.

Reminder Regarding Illegal Activities

As a reminder, when delivering loans to PennyMac, Lenders rep and warrant that individual loans comply with all applicable laws, including any local, state or federal law. Specifically income or asset sources derived from the production or sale of marijuana are ineligible. This is applicable for both self-employed borrowers and borrowers employed by marijuana dispensaries, co-ops, etc.

Furthermore, properties with evidence of commercial production of marijuana, including but not limited to grow rooms or hydroponic equipment, are ineligible for purchase by PennyMac.

Please contact your Sales Representative with any questions.