



**Announcement 15-40**

**Date: July 28, 2015**

**Topic: FHLMC Bulletin 2015-12: Various Changes**

For conforming LP approved transactions, effective immediately, PennyMac is aligning with the following Freddie Mac changes announced in Bulletin 2015-12:

HOA Dues as Interested Party Contributions

Currently, the payment of HOA dues by an interested party is considered a mortgage abatement and not eligible for sale to PennyMac.

With this change, the payment of no more than 12 months of HOA dues by an interested party is not considered an abatement but is considered an interested party contribution, subject to the interested party contribution requirements in Freddie Mac chapter 25.3. The funds for the payment of the homeowners association dues must be collected at closing and transferred directly to the homeowners association, as documented on the Settlement/Closing Disclosure Statement.

Multiple Financed Properties

Currently, each borrower and all borrowers collectively may not own or be obligated on more than four financed properties when the subject property is a second home or investment property.

With this change, each borrower and all borrowers collectively may not own and/or be obligated on more than six 1-4 unit financed properties, including the subject and the borrower's primary residence. Properties that do not need to be considered in the number of financed properties own include:

- Commercial real estate
- Multifamily (five or more units) real estate
- Timeshares
- Undeveloped land
- Manufactured homes not titled as real property, unless located on land that is titled as real property
- Property titled in the name of the borrower's business, provided the borrower, is his/her individual capacity, is not on title and/or not obligated on the property
- Property titled in the name of a trust where the borrower is a trustee, provided the borrower, is his/her individual capacity, is not on title and/or not obligated on the property

### Debt Payment-to-Income Ratio Calculation

Currently, 2% of a student loan's balance may be used if there is no monthly payment reported on the credit report or it is reported as deferred, and the loan file does not contain documentation of the proposed payment.

With this change, if no monthly payment is reported on a student loan that is deferred or is in forbearance, and there is no documentation in the file indicating the proposed monthly payment amount (e.g., the loan verification letter), 1% of the outstanding balance will be considered to be the monthly amount for qualifying purposes.

### Gift Letters

Currently, gift letters require the subject property to be identified in the letter. With this change, gift letters will not require the subject property to be identified. All other gift letter requirements remain in effect.

### Verbal Verification of Employment (VVOE)

Freddie Mac has updated the VVOE form to no longer ask whether the borrower is active or on leave, but continues to ask whether the borrower is currently employed. As an example, a borrower on leave is considered employed.

For borrowers on temporary leave, lenders must continue to qualify income and capacity in accordance with section 37.13 Stable Monthly Income and Asset Qualification Sources, Temporary Leave.

**Note:** PennyMac will also be aligning with Freddie Mac's changes regarding rental income. A separate announcement with more information regarding these changes, and the effective date for the changes, will be released at a later date.

Please contact your Sales Representative with any questions.