



Announcement

Announcement # 19-69

Date: December 17, 2019

Topic: FHA and VA Loan Limit Increase for 2020

FHA

Per FHA ML **2019-19**, effective with case numbers assigned on or after January 1, 2020, PennyMac is aligning with FHA's updates to the floor and ceiling loan amounts.

Complete details of FHA loan limits can be found at http://www.hud.gov/pub/chums/file_layouts.html.

Note: FHA has decreased loan limits for 11 jurisdictions from the 2019 loan levels. The list may be viewed at http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/lender/origination/mortgage_limits

PennyMac will accept loans delivered with an ineligible AUS due **only** to the loan limit increase. FHA loans delivered with an ineligible AUS must have the case number assigned on or after January 1, 2020 to be eligible for purchase by PennyMac. No exceptions will be approved.

VA

As a reminder, for all VA loans closed on or after January 1, **2020**, PennyMac is aligning with VA's removal of loan limits per VA Circular 26-19-23 for veterans with full entitlement. For veterans with previously used entitlement, VA requires that Conventional Loan Limits (CLL) continue to be used when calculating the maximum amount of entitlement still available to the veteran. As a reminder, PennyMac does not allow base loan amounts over \$1,500,000. Base loan amounts between \$1,000,000 and \$1,500,000 require a minimum FICO score of 700.

Complete details of the updated Conventional Loan Limits can be found at <https://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx>

VA loans delivered using the increased loan limits must close on or after January 1, 2020 to be eligible for purchase by PennyMac. No exceptions will be approved.

PennyMac continues to require that all VA loans conform to GNMA secondary market guidelines which include the minimum 25% coverage requirement.

Please contact your Sales Representative with any questions.