



Announcement 18-20

Date: May 14, 2018

Topic: VA Circulars 26-18-6 and 26-18-7: Loans for Alteration and Repairs and Construction Financing

VA recently announced updated guidance on Loans for Alteration and Repairs and Construction to Permanent Home Loans. The Alterations and Repair loan is intended to help borrowers upgrade and repair an existing home, while the Construction to Permanent loan can function either as a single-close or two-times close construction loan. For both loan programs, the loan is eligible for VA guarantee once repairs or construction are completed.

PennyMac currently requires all VA loans to be eligible for VA guarantee at time of delivery. Alteration and Repair and Construction to Permanent Home loan programs will continue to remain ineligible for purchase, as the VA guarantee is not provided until after completion of repairs or construction. Two-times close construction loans that are eligible for VA guarantee at time of delivery, and meet all other applicable requirements, will continue to remain eligible for purchase.

Please contact your Sales Representative with any questions.