

PennyMac Mortgage Investment Trust
Form 8-K
October 03, 2012

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **September 28, 2012**

PennyMac Mortgage Investment Trust

(Exact Name of Registrant as Specified in Charter)

Maryland
(State or Other Jurisdiction of
Incorporation or Organization)

001-34416
(Commission
File Number)

27-0186273
(I.R.S. Employer
Identification No.)

6101 Condor Drive, Moorpark, California
(Address of Principal Executive Offices)

93021
(Zip Code)

(818) 224-7442

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Edgar Filing: PennyMac Mortgage Investment Trust - Form 8-K

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

 - o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

 - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 1.01 Entry into a Material Definitive Agreement.

On September 28, 2012, PennyMac Mortgage Investment Trust (the Company), through its wholly-owned subsidiary PennyMac Operating Partnership, L.P. (the Operating Partnership) entered into a Master Repurchase Agreement with Credit Suisse First Boston Mortgage Capital LLC (CSFB), pursuant to which the Operating Partnership may sell to CSFB, and later repurchase, newly originated mortgage loans for which the Operating Partnership provides financing to third party mortgage loan originators (the Re-warehouse Facility). The Re-warehouse Facility will be used to help finance the Company's warehouse lending business, which it runs through the Operating Partnership. The Re-warehouse Facility is committed to September 27, 2013, and the obligations of the Operating Partnership are fully guaranteed by the Company.

The Re-warehouse Facility provides for repurchases in an aggregate principal amount of up to \$50 million. The principal amount paid by CSFB for each eligible mortgage loan is based upon a percentage of the lesser of the market value or the unpaid principal balance of such mortgage loan. Upon the Operating Partnership's repurchase of a mortgage loan, it is required to repay CSFB the principal amount related to such mortgage loan plus accrued interest (at a rate reflective of the current market and based on CSFB's cost of funds plus a margin) to the date of such repurchase. The Operating Partnership is also required to pay CSFB certain administrative costs and expenses in connection with CSFB's structuring, management and ongoing administration of the Re-warehouse Facility.

The Re-warehouse Facility contains margin call provisions that provide CSFB with certain rights in the event of a decline in the market value of the purchased mortgage loans. Under these provisions, CSFB may require the Operating Partnership to transfer cash or additional eligible mortgage loans with an aggregate market value in an amount sufficient to eliminate any margin deficit resulting from such a decline.

The Re-warehouse Facility requires the Operating Partnership to maintain various financial and other covenants, which include maintaining (i) a minimum tangible net worth of \$550 million, (ii) a minimum of \$12.5 million in unrestricted cash and cash equivalents, as of the end of each calendar month, (iii) a maximum ratio of total liabilities to tangible net worth of less than 5:1, and (iv) profitability for at least one (1) of the previous two (2) consecutive fiscal quarters, as of the end of each fiscal quarter.

The Re-warehouse Facility also requires the Company to maintain various financial and other covenants, which include maintaining (i) a minimum tangible net worth of \$300 million, and (ii) a minimum of \$20 million in unrestricted cash and cash equivalents in the aggregate at the Company and its subsidiaries, as of the end of each calendar month.

In addition, the Re-warehouse Facility contains events of default (subject to certain materiality thresholds and grace periods), including payment defaults, breaches of covenants and/or certain representations and warranties, cross-defaults, guarantor defaults, material adverse changes, bankruptcy or insolvency proceedings and other events of default customary for this type of transaction. The remedies for such events of default are also customary for this type of transaction and include the acceleration of the principal amount outstanding under the Re-warehouse Facility and the liquidation by CSFB of the mortgage loans then subject to the Re-warehouse Facility.

PennyMac Loan Services, LLC is the Company's loan servicer pursuant to a loan servicing agreement.

Edgar Filing: PennyMac Mortgage Investment Trust - Form 8-K

The foregoing description of the Re-warehouse Facility does not purport to be complete and is qualified in its entirety by reference to the full text of the Re-warehouse Facility and the related guaranty, which have been filed with this Current Report on Form 8-K as Exhibit 1.1 and Exhibit 1.2, respectively.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth under Item 1.01 of this report is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
1.1	Master Repurchase Agreement, dated as of September 28, 2012, among Credit Suisse First Boston Mortgage Capital, LLC, PennyMac Operating Partnership, L.P. and PennyMac Mortgage Investment Trust
1.2	Guaranty, dated as of September 28, 2012, by PennyMac Mortgage Investment Trust in favor of Credit Suisse First Boston Mortgage Capital, LLC

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PENNYMAC MORTGAGE INVESTMENT TRUST

Dated: October 3, 2012

/s/ Anne D. McCallion
Anne D. McCallion
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
1.1	Master Repurchase Agreement, dated as of September 28, 2012, among Credit Suisse First Boston Mortgage Capital, LLC, PennyMac Operating Partnership, L.P. and PennyMac Mortgage Investment Trust
1.2	Guaranty, dated as of September 28, 2012, by PennyMac Mortgage Investment Trust in favor of Credit Suisse First Boston Mortgage Capital, LLC