

PennyMac Mortgage Investment Trust
Form 8-K
November 26, 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): **November 20, 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)

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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:

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

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

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

 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On November 20, 2012, PennyMac Mortgage Investment Trust (the Company) entered into a master repurchase agreement with Morgan Stanley Bank, N.A. (Morgan Stanley), pursuant to which one of the Company's wholly-owned subsidiaries, PennyMac Corp. (PMC), may sell, and later repurchase, newly originated mortgage loans in an aggregate principal amount of up to \$300 million (the Loan Repo Facility). The Loan Repo Facility will be used to fund newly originated mortgage loans that are purchased from correspondent lenders by PMC and held for sale and/or securitization. The Loan Repo Facility is committed for a period of 364 days, and the obligations of PMC are fully guaranteed by the Company. The mortgage loans are serviced by PennyMac Loan Services, LLC.

The principal amount paid by Morgan Stanley for each eligible mortgage loan is based upon a percentage of the lesser of the unpaid principal balance or the market value of such mortgage loan. Upon PMC's repurchase of a mortgage loan, it is required to repay Morgan Stanley the principal amount related to such mortgage loan plus accrued interest (at a rate reflective of the current market and based on LIBOR plus a margin) to the date of such repurchase. PMC is also required to pay Morgan Stanley a structuring fee for the Loan Repo Facility, as well as certain other administrative costs and expenses in connection with Morgan Stanley's management and ongoing administration of the Loan Repo Facility.

The Loan Repo Facility contains margin call provisions that provide Morgan Stanley with certain rights in the event of a decline in the market value of the purchased mortgage loans. Under these provisions, Morgan Stanley may require PMC 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 Loan Repo Facility requires PMC to maintain various financial and other covenants, which include maintaining (i) a minimum tangible net worth of not less than \$65 million, plus an amount equal to 50% of its aggregate positive net income (without deduction for quarterly losses) for the period from the effective date through the most recently ended fiscal quarter, (ii) a minimum of \$7.5 million in unrestricted cash and cash equivalents, (iii) a maximum ratio of total liabilities to tangible net worth of less than 10:1, and (iv) profitability over a six (6) month period, measured as of the last day of each fiscal quarter.

The Loan Repo Facility also requires the Company to maintain various financial and other covenants, which include maintaining (i) a minimum tangible net worth of not less than \$400,000,000, plus 75% of the aggregate net proceeds received by the Company in connection with any future equity issuances, (ii) a minimum of \$20 million in unrestricted cash and cash equivalents among the Company and/or its subsidiaries, and (iii) a maximum ratio of total liabilities to tangible net worth among the Company and/or its subsidiaries of less than 3:1.

In addition, the Loan Repo 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, servicer termination events and 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 Loan Repo Facility and the liquidation by Morgan Stanley of the mortgage loans then subject to the Loan Repo Facility.

The foregoing description of the Loan Repo Facility and the related guaranty by the Company does not purport to be complete and is qualified in its entirety by reference to the full text of the master repurchase agreement and 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 November 20, 2012, among PennyMac Corp., Morgan Stanley Bank, N.A. and Morgan Stanley Mortgage Capital Holdings LLC |
| 1.2 | Guaranty, dated as of November 20, 2012, by PennyMac Mortgage Investment Trust in favor of Morgan Stanley Bank, N.A. and Morgan Stanley Mortgage Capital Holdings 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: November 26, 2012

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

EXHIBIT INDEX

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