



IMPORTANT UPDATE BULLETIN 11 03192021

Issued to: All Channels

Date: 3-19-2021

Subject: GHMC COVID-19 Overlay Updates

Effective: Immediately - For Current Loans in Pipeline and New Submissions

Great news! Effective immediately, Guaranty Home Mortgage Corporation (GHMC) has updated or removed the following COVID-19 overlays to Conventional and Government products as noted below:

<i>Previous Guidance</i>	<i>New Guidance</i>
<p><i>Forbearance- All Products</i></p> <ul style="list-style-type: none">• Cash out was not permitted on loans where the borrower had been in forbearance, even when deferment had been completed• Borrowers must document the reason a forbearance was	<p><i>Forbearance- All Products</i></p> <ul style="list-style-type: none">• Overlay removed- allowed as per Agency requirements• Overlay removed- allowed as per Agency requirements

<p>requested, and that the reason was subsequently resolved</p>	
<p><i>Employment Verification- All Products</i></p> <ul style="list-style-type: none"> • Verbal Verification of Employment must be completed within 7 days for Wage Earners, and 10 days of note 	<p><i>Employment Verification- All Products</i></p> <ul style="list-style-type: none"> • Overlay removed- allowed as per Agency requirements
<p><i>Cash Out- Conventional</i></p> <ul style="list-style-type: none"> • W2 Wage Earner- Investment Property, 6 months PITI required • Self-Employed- Investment Property- not allowed 	<p><i>Cash Out- Conventional</i></p> <ul style="list-style-type: none"> • Overlay removed- allowed as per Agency requirements • Allowed with 9 months PITI- business assets may not be used to meet reserve requirement.
<p><i>Use of Rental Income to Qualify- Conventional</i></p> <ul style="list-style-type: none"> • <u>Purchase-Primary Residence- 2-4 unit</u> <ul style="list-style-type: none"> ○ The non-owner-occupied unit(s) must have a current tenant(s) subject to a lease, with proof existing lease will be transferred to borrower at closing AND; ○ Documentation to support receipt of rent for the <u>most recent</u> two months (from Seller) OR; ○ Document the borrower has a total of 12 months PITI reserves for <u>each property</u> in which rental income is being used to qualify (including subject property). 	<p><i>Use of Rental Income to Qualify- Conventional</i></p> <ul style="list-style-type: none"> • <u>Purchase 2-4 Unit Primary:</u> <ul style="list-style-type: none"> ○ Must have a signed lease, and proof of receipt of first month's rent ○ Must have 3 months PITI reserves for subject property ○ Tenant may not have any familial, personal, business affiliation • <u>Refinance:</u> <ul style="list-style-type: none"> ○ Document receipt of rent for the most recent 2 months: OR ○ 6 months PITI reserves for subject property • <u>All Other REO:</u>

- **Refinance- Primary Residence- 2-4-unit or Investment Property**
 - Receipt of rent for the most recent two months, OR;
 - Document the borrower has a total of 12 months PITI reserves for each property in which rental income is being used to qualify (including subject property)
- **All other REO properties**
 - Provide receipt of rent for the most recent two months, OR;
 - Document the borrower has a total of 12 months PITI reserves for each property in which rental income is being used to qualify (including subject property)
- **Purchase-Investment Property**
 - Use of proposed rental income for subject is not permitted
- **Departing Residence (as subject or other REO)**
 - Use of rental income is not permitted

- Document receipt of rent for the most recent 2 months:
OR
- 3 months PITI for each property
- **Purchase Investment**
 - Must have a signed lease, and proof of receipt of first month's rent
 - Must have 6 months PITI reserves for subject property
 - Tenant may not have any familial, personal, business affiliation
- **Departing Residence:**
 - Must have a signed lease, and proof of receipt of first month's rent
 - Must have 6 months PITI reserves for subject property
 - Tenant may not have any familial, personal, business affiliation

Use of Rental Income to Qualify- FHA

- **Purchase-Primary Residence- 2-4 unit**
 - The non-owner-occupied unit(s) must have a current tenant(s) subject to a lease, with proof existing lease will be transferred to borrower at closing AND;
 - Documentation to support receipt of rent for the most

Use of Rental Income to Qualify- FHA

- Overlay removed- allowed as per Agency requirements

recent two months (from Seller) OR;

- Document the borrower has a total of 12 months PITI reserves for each property in which rental income is being used to qualify (including subject property).
- **Refinance- Primary Residence- 2-4-unit**
 - Provide receipt of rent for the most recent two months, OR;
 - Document the borrower has a total of 12 months PITI reserves for each property in which rental income is being used to qualify (including subject property)
- **All other REO properties**
 - Receipt of rent for the most recent two months, OR;
 - Document the borrower has a total of 12 months PITI reserves for each property in which rental income is being used to qualify
- **Departing Residence (other REO)**
 - Use of rental income not permitted

Use of Rental Income to Qualify- VA

- **Purchase-Primary Residence- 2-4 unit**
 - The non-owner-occupied unit(s) must have a current tenant(s) subject to a lease, with proof existing lease will

Use of Rental Income to Qualify- VA

- **Purchase 2-4 Unit Primary:**
 - Must have a signed lease, and proof of receipt of first month's rent

<p>be transferred to borrower at closing AND;</p> <ul style="list-style-type: none"> ○ Documentation to support receipt of rent for the <u>most recent</u> two months (from Seller) OR; ○ Document the borrower has a total of 12 months PITI reserves for <u>each property</u> in which rental income is being used to qualify (including subject property). <ul style="list-style-type: none"> • <u>Refinance-Subject- Primary Residence- 2-4-unit REMOVE "or Investment Property</u> <ul style="list-style-type: none"> ○ Receipt of rent for the <u>most recent</u> two months, OR; ○ Document the borrower has a total of 12 months PITI reserves for <u>each property</u> in which rental income is being used to qualify (including subject property) • <u>All other REO Properties</u> <ul style="list-style-type: none"> ○ Receipt of rent for the <u>most recent</u> two months, OR; ○ Document the borrower has a total of 12 months PITI reserves for <u>each property</u> in which rental income is being used to qualify • <u>Departing Residence (other REO)</u> <ul style="list-style-type: none"> ○ Use of rental income is not permitted 	<ul style="list-style-type: none"> ○ Tenant may not have any familial, personal, business affiliation <ul style="list-style-type: none"> • <u>Refinance:</u> <ul style="list-style-type: none"> ○ Document receipt of rent for the most recent 2 months: OR ○ 6 months PITI reserves for subject property • <u>Departing Residence:</u> <ul style="list-style-type: none"> ○ Must have a signed lease, and proof of receipt of first month's rent ○ Must have 6 months PITI reserves for subject property ○ Tenant may not have any familial, personal, business affiliation
<p><i>Use of Rental Income to Qualify-USDA</i></p> <ul style="list-style-type: none"> • <u>All other REO Properties</u> 	<p><i>Use of Rental Income to Qualify-USDA</i></p> <ul style="list-style-type: none"> • <u>Other REO:</u>

<ul style="list-style-type: none"> ○ Receipt of rent for the <u>most recent</u> two months, OR; ○ Document the borrower has a total of 12 months PITI reserves 	<ul style="list-style-type: none"> ○ Document receipt of rent for the most recent 2 months: OR ○ 3 months PITI
<p><i>High Balance- Government</i></p> <ul style="list-style-type: none"> • No Cash-Out Allowed 	<p><i>High Balance- Government</i></p> <ul style="list-style-type: none"> • Allow Cash-Out with credit score \geq 700
<p><i>Gift Funds as Reserves- Government</i></p> <ul style="list-style-type: none"> • All reserves must be borrower's own funds 	<p><i>Gift Funds as Reserves- Government</i></p> <ul style="list-style-type: none"> • Overlay removed- Allowed as per Agency requirements
<p><i>Loan Officer Forbearance Attestation Form</i></p> <ul style="list-style-type: none"> • Separate GHMC form that must be signed and dated on every loan 	<p><i>Loan Officer Forbearance Attestation Form</i></p> <ul style="list-style-type: none"> • Overlay removed

The “**COVID-19 Temporary Agency Guidance – GHMC All Products**” document has been updated to reflect above revisions. It is posted in the Resource Center in the Product Guidelines – Conventional and Government sub-folders.

Please contact your Account Executive for assistance.

We appreciate your business!