



IMPORTANT UNDERWRITING UPDATE

BULLETIN 14 03252021

Issued to: All Channels
Date: 3-25-2021
Subject: Lending Updates - January and February 2021

This announcement covers recent updates made by Fannie Mae, Freddie Mac, FHA, VA, and USDA. The summary below covers the updated topics and their respective effective dates, and the agency communication number for reference.

Fannie Mae	FNMA Lender Letter (LL-2021-01) This letter reiterates lenders' responsibilities for appraisal review and for compliance with Appraiser Independence Requirements; provides examples of appraisal findings and defects; suggests best practices for lenders' appraisal-related underwriting processes.
LL-2021-01 SEL 2021-01 LL-2021-06	FNMA SEL 2021-01- Effective Immediately- Secondary Employment: Clarified that while a borrower may have different employers, they may not have any gap in employment greater than one month in the most recent 12-month period, unless the secondary employment is considered seasonal income. Seasonal Income: Removed the requirements to confirm with the employer if the borrower is likely to be rehired the next season and to confirm if the work is in the same job (or same line of work) as the previous two years.
Freddie Mac	FNMA Lender Letter LL-2021-06- List of Approved Mortgage Insurance forms, and a reminder that Lenders are prohibited from entering into any agreement that modified the terms of any approved mortgage insurance master policy on loans delivered to FNMA.
Bulletin: 2021-1 2021-2 2021-3 2021-4 2021-7	FHLMC Bulletin 2021-1- Extension of Temporary Flexibilities Related to COVID-19 (Selling) Further extended the effective date for Mortgages with Application Received Dates through February 28, 2021 for the following: <ul style="list-style-type: none"> ❖ Employed Income- verification flexibilities ❖ Condominium Project flexibilities
	FHLMC Bulletin 2021-2- Age of Tax Requirements and Guidance (Servicing) To provide Sellers with additional specificity, this Guide Bulletin announces:

- ❖ Age of tax return date and documentation requirements
- ❖ Self-employed income guidance when tax returns from the most recent calendar year are not yet available.

Effective Immediately

- ✓ To help ensure that the most recently filed tax returns are obtained and analyzed when determining Borrower’s stable monthly income, FHLMC has created a chart, included in bulletin 2021-2.
- ✓ The most recent federal income tax return is considered as the last tax return, individual and/or business, that was filed with the IRS by the Borrower and, if applicable, the Borrower’s business.
- ✓ Underwriters should always confirm with the Borrower that the tax returns provided are the ones most recently filed with the IRS.

[FHLMC Bulletin 2021-3- Extension of COVID-19 Foreclosure Moratorium](#)

Extension of Foreclosure moratorium for all foreclosure actions including foreclosure sales through February 28, 2021.

[FHLMC Bulletin 2021-4](#)

Effective immediately-

Direct Account Verifications: When using a VOD, when the current balance in an account was significantly greater than the average balance, additional documentation is now required only for purchase transactions and when the current balance in an account exceeds the average balance by more than 50% of the sum of the total monthly qualifying income and the amount derived from the asset calculation for establishing the DTI ratio. i.e., If the current balance reflected on the Borrower’s verification of deposit form is \$15,000 and the average balance is \$12,000, the source of the \$3000 increase must be verified if the Borrower’s total monthly qualifying income is less than \$6,000.

Reminders:

Age of Tax Return Requirements - effective 1-15-21
 LTV ratio for Home Possible (reducing max LTV to 85% for 2-4 units) - effective now
 Condos in 2–4-unit project and detached condos must be marked “exempt from review”

[FHLMC Bulletin 2021-7](#)

Extended the effective date for Mortgages with Application Received dates through March 31, 2021 related to Employed Income verification flexibilities, Appraisal flexibilities, Condo Project flexibilities.

FHA

Info #21-01
Info #21-02
Info #21-03
Info #21-04
Info #21-05
Info #21-06
Info #21-07

[FHA INFO #21-01](#) A New FHA INFO Single Family News and Updates Email is Coming Soon- Same Great Information with a Brand New Look

- ❖ The new FHA INFO was redesigned to make it easier to read and access information on FHA Single Family Housing news including policy announcements, Mortgagee Letters, Federal Register Notices, Single Family Housing Policy Handbook updates, training and education offerings, job opportunities, and more.

Info #21-08
Info #21-09
ML-2021-05
ML-2021-06
ML-2021-07
ML-2021-08

[FHA INFO #21-02](#) **FHA Connection Updated to Collect Expanded Home Mortgage Disclosure Act Data**

[FHA INFO #21-03](#) **FHA Introduces a Unified View of Case Recordings with Launch of the FHA Catalyst: Servicing Module**

[FHA INFO #21-04](#) **FHA to Permit DACA Status Recipients to Apply for FHA Insured Mortgages**

- ❖ Effective January 19, 2021, the Federal Housing Administration (FHA) is permitting individuals classified under the Deferred Action for Childhood Arrivals program (DACA) with the U.S. Citizenship & Immigration Service (USCIS) and are legally permitted to work in the U.S. are eligible to apply for mortgages backed by the FHA. Please see entire notice for additional information related to requirements.
- ❖ GHMC will align with the guidance as noted in Handbook 4000.1 and FHA INFO #21-04.

[FHA INFO #21-05](#) **FHA Extends Foreclosure and Eviction Moratorium Policy**

[FHA INFO #21-06](#) **FHA Updates its COVID-19 Forbearance Start Date and Home Equity Conversion Mortgage (HECM) Extension Period**

[FHA INFO #21-07](#) **FHA Issues Multiple COVID-19 Temporary Policy Waivers**

[FHA INFO #21-08](#) **FHA Publishes its Annual Notice of Administrative Actions taken by the Mortgage Review Board in the Federal Register**

[FHA INFO #21-09](#) **FHA Extends its Foreclosure and Eviction Moratorium and Expands Temporary COVID-19 Forbearance and Servicing Policies to Provide Additional Homeowner Relief**

*Mortgagee Letter references are contained in the INFO announcements

[FHA ML- 2021-05](#) **Extension of Single-family Foreclosure and Eviction Moratorium & start date of Forbearance**

[FHA ML- 2021-06](#) **Extension of Re-Verification of Employment and Exterior-Only Appraisal scope of work** which announced the continuation of re-verification of employment for ***cases closed*** on or before June 30, 2021, and the extension of the Exterior-Only Appraisal option for appraisals ***with an effective date*** on or before June 30, 2021.

[FHA ML-2021-07](#) **Extension of the End Date for COVID-19 Multisubject: Guidance for Verification of Self-Employment; Rental Income; 203(k) Rehabilitation Escrow Account** which announced that the verification of business operations for self-employed borrowers and the Rental Income guidance in ML 2020-24 is extended for ***case numbers assigned*** on or before June 30, 2021.

[FHA ML-2021-08](#)

Changes to Interest Rate Requirements including Removal of the London Interbank Offered Rate (LIBOR) Index.

<p>VA</p> <p>Circulars 26-21-2 26-21-3</p>	<p>VA Circular 26-21-2 Extended Foreclosure and Eviction Relief for Borrowers Affected by COVID-19</p> <p>VA Circular 26-21-03 Certificate of Eligibility Enhancements to streamline Income Verification Beginning March 19, 2021, lenders are no longer expected to submit VA Form 26-8937 to VA when the COE already lists the information the lender is seeking to verify. If the COE already lists the information the lender is seeking to verify, VA will not process the VA Form 26-8937 if it is submitted by the Lender.</p> <p>VA expects Lenders will only submit VA Form 26-8937 in cases where additional information is needed, for example, an active-duty service member has received a proposed or memorandum rating or a pre-discharge claim for VA disability comp is pending; a COE conditions expressly states that the form must be submitted to VA; or system limitations cause anomalies on the COE and lenders are unable to resolve the issue after calling the VA at 877-827-3702.</p>
<p>USDA-RD</p> <p>Program Extension of Temporary Exceptions</p> <p>New GUS Highlights</p>	<p>USDA SFHG Application Bookmark Technical Bulletin Jan 13 2021</p> <p>New GUS Goes Live on March 1, 2021 Jan 19 2021</p> <p>USDA Extends Eviction Moratorium, Foreclosure Moratorium, and Mortgage Forbearance Deadline to March 31, 2021 Jan 20 2021</p> <p>Advance Copy Notice HB-1-3555, Form RD 3555-21, and Appendix 7 January 21 2021 This update proposed changes related to “New GUS” and references to FNMA 3.2 file, MISMO 2.3.1 file, and the FNMA Form 1003</p> <p>New GUS Highlights of Handbook and Form Revisions Jan 27, 2021</p> <p>SFH Guaranteed Origination February 25, 2021 Single Family Housing Guaranteed Loan Program Ext. of Temp Exceptions COVID-19 The temporary exceptions originally issued on March 27, 2020, pertaining to appraisals, repair inspections, and income verifications for the SFHGLP have been extended until June 30, 2021.</p> <p>SFH Guaranteed Origination February 23, 2021- Advance Copy Notice: HB-1-3555 Chapter 9</p> <p>SFH Guaranteed Origination February 16, 2021- HB-1-3555, Chapter 16, and Form RD 3555-17, Loan Note Guarantee and form RD 3555-18 Conditional Commitment for Single Family Housing Loan Guarantee</p>

This bulletin, and all other GHMC issued bulletins, are posted in the Resource Center in the Bulletins folder.

Please contact your Account Executive for assistance.

We appreciate your business!