



IMPORTANT UNDERWRITING UPDATE

BULLETIN 20-06072022

Issued to: All Channels

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SUBJECT	Lending Updates – May 2022
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This announcement covers recent updates made by Fannie Mae and Freddie Mac. The summary below covers the updated topics and their respective effective dates, and the agency communication number for reference.

Fannie Mae	<p>Selling Guide Announcement (SEL 2022-04) Published May 4, 2022</p> <p>Virtual Currency – Fannie Mae added requirements on the use of virtual currency.</p> <ul style="list-style-type: none"> Income paid in the form of virtual currency may not be considered when qualifying a borrower. Assets used to establish continuance for certain income types cannot be in the form of virtual currency The purchase price of the property and any earnest money deposit may not be designated in virtual currency. The payment used as rental income must be in U.S Dollars. Payment on any installment debt secured by virtual currency must be included in the debt-to-income ratio <p>Virtual currency that has been exchanged into U.S. dollars is acceptable for down payment, closing costs, and reserved provided that:</p> <ul style="list-style-type: none"> There is documented evidence that the virtual currency was exchanged into U.S. dollars and is held in a U.S. or state regulated financial institution, and The funds are verified in U.S. dollars prior to closing. <p>Foreign Assets – Fannie Mae updated requirements on the source of funds from assets located outside of the United States</p> <ul style="list-style-type: none"> When the source of funds needed for down payment, closing costs, or reserves originates from assets located outside of the United States, those assets must be exchanged and transferred into a U.S. or state-regulated financial institution and must be verified prior to the closing of the loan. All income and asset documents of foreign origin must be completed in English, or the originator must provide a translation. <p>Community Seconds</p> <ul style="list-style-type: none"> The Selling Guide has been updated to include an exhaustive list of all types of eligible Community Second providers and further defined applicable requirements.
Freddie Mac	<p>Bulletin 2022-10 Published May 4, 2022</p> <p>Change in borrowers on a refinance mortgage Effective immediately for new submissions</p> <p>Updated requirements for refinance transactions where none of the borrowers on the mortgage being refinanced is a borrower on the new mortgage. For these mortgages, unless the borrower inherited or was legally awarded the mortgaged premise, the new borrower must:</p> <ul style="list-style-type: none"> Have held title to and resided in the mortgaged premise as a primary residence for the most recent 12-month period, and Provide documentation evidencing that they have been making timely mortgage payments on the mortgage being refinanced for most recent 12-month period.

Financing real estate taxes in a “no cash-out” refinance mortgage.

- Specified that past due and/or delinquent real estate taxes may not be paid with proceeds of the “no cash-out” refinance mortgage. Except refinance proceeds may be used to disburse cash out to the borrower up to the greater of 1% or \$2,000 and this portion of the proceeds may be used toward the payment of delinquent taxes.

Prorated real estate tax credits

- Prorated real estate tax credits paid by the property seller in areas where the real estate taxes are paid in arrears are not required to be treated as financing concessions and cannot be considered when determining whether the borrower has sufficient funds.

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