



# IMPORTANT UNDERWRITING UPDATE

## BULLETIN 50-10102022

**Issued to:** All Channels  
**Date:** 10-10-2022  
**Subject:** Lending Updates – September 2022

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

<b>Fannie Mae</b>	<a href="#">Selling Guide Announcement 2022-08</a> Published September 7, 2022								
	<b>Effective immediately</b> Fannie Mae has expanded the list of acceptable gift donors to include a non-relative that shares a familial relationship with the borrower, specifically a former relative, relative of domestic partner, and godparent. The following table lists all acceptable donors and how to enter in DU.								
	<table border="1"><thead><tr><th>Acceptable Donor</th><th>Source field in DU</th></tr></thead><tbody><tr><td><ul style="list-style-type: none"><li>Relative (as defined in the Selling Guide)</li></ul></td><td><ul style="list-style-type: none"><li>Relative</li></ul></td></tr><tr><td><ul style="list-style-type: none"><li>Domestic Partner</li><li>Individual engaged to marry the borrower</li></ul></td><td><ul style="list-style-type: none"><li>Unmarried partner</li></ul></td></tr><tr><td><ul style="list-style-type: none"><li>Former relative</li><li>Godparent</li><li>Relative of domestic partner</li></ul></td><td><ul style="list-style-type: none"><li>Unrelated friend</li></ul></td></tr></tbody></table>	Acceptable Donor	Source field in DU	<ul style="list-style-type: none"><li>Relative (as defined in the Selling Guide)</li></ul>	<ul style="list-style-type: none"><li>Relative</li></ul>	<ul style="list-style-type: none"><li>Domestic Partner</li><li>Individual engaged to marry the borrower</li></ul>	<ul style="list-style-type: none"><li>Unmarried partner</li></ul>	<ul style="list-style-type: none"><li>Former relative</li><li>Godparent</li><li>Relative of domestic partner</li></ul>	<ul style="list-style-type: none"><li>Unrelated friend</li></ul>
	Acceptable Donor	Source field in DU							
<ul style="list-style-type: none"><li>Relative (as defined in the Selling Guide)</li></ul>	<ul style="list-style-type: none"><li>Relative</li></ul>								
<ul style="list-style-type: none"><li>Domestic Partner</li><li>Individual engaged to marry the borrower</li></ul>	<ul style="list-style-type: none"><li>Unmarried partner</li></ul>								
<ul style="list-style-type: none"><li>Former relative</li><li>Godparent</li><li>Relative of domestic partner</li></ul>	<ul style="list-style-type: none"><li>Unrelated friend</li></ul>								
<b>Transfer of gift funds</b> Clarified that evidence of electronic transfer of funds from a donor's account to the borrower's account (or closing agent) represents acceptable documentation to meet the requirement for verifying donor availability of funds and transfer of gift funds.									

<p><b>Freddie Mac</b></p>	<p><a href="#">Bulletin 2022-18</a> Published September 7, 2022</p> <p><b>Effective immediately unless otherwise stated.</b></p> <p><b>Employment/Income Characteristics – Income Reported on IRS Form 1099</b></p> <p>The Selling Guide is being updated for borrowers who receive IRS Form 1099 income for services performed and reported on IRS Schedule C as non-self-employed income. This type of pay structure is often referred to as “contractor” or “contingent worker”. <b>Please refer to UW Memo 22-09-59 for detailed guidance.</b></p> <p><b>Gift Funds and Gift Letter Requirements:</b></p> <p>Freddie Mac has expanded their guidelines to permit graduation gifts from related or unrelated person(s) as an eligible source of funds for a purchase of a primary residence. <b>Please refer to UW Memo 22-09-59 for detailed guidance.</b></p>
<p><b>FHA</b></p>	<p><a href="#">Mortgagee Letter 2022-17</a> Published September 27, 2022</p> <p>This Mortgagee Letter provides guidance to lenders regarding the introduction of positive rental history for First Time Homebuyers on purchase transactions in FHA’s Technology Open to Approved Lenders (TOTAL) Mortgage Scorecard. <b>A future UW Memo will be published detailing the changes. These changes are currently not in effect.</b></p>
<p><b>VA</b></p>	<p><a href="#">Circular 26-22-15</a> Published September 9, 2022</p> <p>VA is incorporating revisions made to VA Form 26-1805 (Released in July 2022) into corresponding web-based technology. <b>Effective immediately</b> VA will collect information on the revised VA Form 26-1805, <i>Request for Determination of Reasonable Value</i>, for all new appraisal requests via the WebLGY Request Single Property Appraisal UI Screen.</p> <p><a href="#">Circular 26-22-16</a> Published September 15, 2022</p> <p><b>Effective December 1, 2022</b>, lenders are to include the Uniform Loan Application Dataset (ULAD), and the Uniform Closing Dataset (UCD) when a loan is selected for Full File Loan Reviews (FFLR). VA has also updated the stacking order and list of loan origination documents to be provided by the lender when submitting the file to VA.</p> <p><a href="#">Circular 26-21-20</a> Published September 15, 2022</p> <p>VA has extended the rescission date on original <a href="#">Circular 26-21-20</a>, published September 29, 2021 to March 1, 2023 for borrowers who have experienced financial hardship due to the COVID 19 pandemic.</p>
<p><b>USDA-RD</b></p>	<p><a href="#">Fiscal Year 2023</a> Published September 7, 2022</p> <p>USDA has issued their fiscal year 2023 conditional commitment notice announcing the end of fiscal year 2022 on September 30, 2022.</p> <p>The upfront guarantee fee of 1.00% and the annual fee of 0.35% will remain unchanged.</p> <p><b>Please refer to UW Memo 22-09-58 for detailed guidance.</b></p> <p><a href="#">Form RD 3555-21, Request for SFH Loan Guarantee</a> Published September 8, 2022</p> <p><b>Effective immediately</b>, all loan requests submitted to USDA must include the newly revised form with the August 2022 revision date. Previous form dated March 2021 will be retired on November 30, 2022.</p>

The following changes have been made to the Prime Jumbo Product:

Updates		
All new updates will be in RED font.		
Section	Date	Update
<b>Prime Jumbo</b>	<b>Construction – to – Permanent Financing</b>	<p><b>09.15.2022</b></p> <p><b>Updated:</b></p> <ul style="list-style-type: none"> <li>Two-Closing Transactions Only (Single/ One-time close not permitted)</li> <li>Borrower must have acquired title to the lot before <u>applying for</u> the construction loan</li> <li>Borrower must be the primary obligor on the construction loan &amp; current owner of the lot</li> <li>All work must be complete as per plans/specs prior to closing- no escrow holdbacks allowed (no exceptions even due to weather)</li> <li>Lots purchased &lt;90 days prior to date of loan application- funds must be documented/sourced</li> </ul> <p>Loan may be done as a rate/term cash-out refinance</p> <p><b>Rate/Term:</b></p> <ul style="list-style-type: none"> <li>Must meet all other criteria of a rate/term refinance (Freddie Mac)</li> <li>Cash back to the borrower may not exceed 1% of the principal amount of the new mortgage or \$5,000 whichever is less</li> </ul> <p><b>Cash-Out:</b></p> <ul style="list-style-type: none"> <li>Borrower must have held legal title to the lot for at least six months prior to the closing of the permanent mortgage</li> <li>Loans where unsecured liens or construction costs paid by the borrower outside of the interim construction loan will be included in the new loan must be considered a cash-out refinance</li> <li>Must meet all other criteria of a standard cash-out refinance</li> </ul> <p><b>Additional Documentation required:</b></p> <ul style="list-style-type: none"> <li>Copy of current deed to document borrower is presently the lotowner, and was the owner of the lot prior to APPLYING FOR the Construction Loan</li> <li>Copy of Construction loan agreement evidencing that the Borrower is the primary obligor</li> <li>Copy of Build Contract and all change orders as applicable</li> <li>Copy of Plans &amp; Specs</li> <li>Certificate of Occupancy or equivalent</li> <li>Construction loan lender must provide proof that all work has been paid for; all mechanics liens, materialmen's liens and any other liens and claims that could become a lien relating to the construction have been satisfied</li> </ul>
	<b>Student Loans</b>	<b>09.15.2022</b>

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

We appreciate your business!