



# IMPORTANT UNDERWRITING UPDATE

## BULLETIN 23-03032023

**Issued to:** All Channels  
**Date:** 3-03-2023  
**Subject:** Lending Updates – February 2023

This announcement covers recent updates made by Fannie Mae, Freddie Mac, FHA, VA, 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>	<p><a href="#">Selling Guide Announcement (SEL-2023-01)</a> February 1, 2023</p> <p>See UW Memo 23-02-18 Fannie Mae Cash Out Refinance Update for additional information.</p> <p><b>Cash-Out Refinance Eligibility</b> <b>Effective April 1, 2023</b> Cash-out refinance transaction require that any existing first mortgage being paid off be at least 12 months old as measured from the note date of the existing loan to the note date of the new loan.</p> <p><b>This requirement was effective with GHMC for new submissions/locks on or after February 20, 2023.</b></p> <p><a href="#">Lender Letter (LL-2021-03)</a> February 15, 2023</p> <p>See UW Memo 23-02-21 Updates to Conventional Temporary COVID-19 Guidelines for additional information.</p> <p><b>Effective immediately</b> Fannie Mae retired their temporary COVID-19 guidelines pertaining to verification of self-employment and verification of mortgage accounts.</p> <p>Standard credit and verification of employment guidelines as noted in the applicable selling guide section is now acceptable.</p>
<b>Freddie Mac</b>	<p><a href="#">Bulletin 2023-5</a> February 15, 2023</p> <p>See UW Memo 23-02-21 Updates to Conventional Temporary COVID-19 Guidelines for additional information.</p> <p><b>Effective immediately</b> Freddie Mac retired their temporary COVID-19 guidelines pertaining to verification of self-employment and verification of mortgage accounts.</p>

	Standard credit and verification of employment guidelines as noted in the applicable selling guide section is now acceptable.															
<b>FHA</b>	<p><a href="#">Mortgagee Letter 2023-05</a> February 22, 2023</p> <p>See UW Memo 23-02-26 FHA Reduction of Annual Mortgage Insurance Premium Rates for additional information.</p> <p>Effective for case numbers <b>endorsed</b> on or after March 20, 2023, there has been a reduction of Federal Housing Administration Annual Mortgage Insurance Premium Rates.</p> <p>With the exception of Streamline Refinance and Simple Refinance Mortgages used to refinance a previous FHA-endorsed Mortgage, the Upfront Mortgage Insurance Premium (UFMIP) is reduced to 1.75% of the base loan amount.</p>															
<b>VA</b>	<p><a href="#">Circular 26-23-06</a> February 14, 2023</p> <p>See UW Memo 23-03-27 VA Funding Fee Charge Update for additional information.</p> <p>For loans closed on or after April 7, 2023, non-exempt veterans will be charged the new funding fee percentages announced in <a href="#">Circular 26-23-06 Exhibit B</a></p>															
<b>Prime Jumbo</b>	<table border="1"> <thead> <tr> <th colspan="3">Updates</th> </tr> <tr> <th colspan="3">All new updates will be in <b>RED</b> font.</th> </tr> <tr> <th>Section</th> <th>Date</th> <th>Update</th> </tr> </thead> <tbody> <tr> <td><b>Temporary Leave Income</b></td> <td><b>02.28.2023</b></td> <td> <p><b>Added:</b></p> <p>The requirements and guidance for income while on temporary leave do not extend to employer-initiated actions such as furloughs and layoffs.</p> </td> </tr> <tr> <td><b>Contingent Liabilities: Debt Paid by Others</b></td> <td><b>02.28.2023</b></td> <td> <p><b>Added:</b></p> <p>A contingent liability being paid by others may be excluded from the monthly debt payment ratio when meeting the following requirements:</p> <p><b><u>Installment debt (not including mortgages), Revolving, or Monthly Lease Payment:</u></b></p> <ul style="list-style-type: none"> <li>The most recent 12 months' cancelled checks or bank statements from the party making the payments,</li> <li>There must be no delinquencies in the most recent 12 months, and</li> <li>The party making the payments cannot be an interested party to the subject real estate or mortgage transaction.</li> </ul> <p><b><u>Mortgage Payment or other property related expenses (taxes, insurance, etc):</u></b></p> <ul style="list-style-type: none"> <li>The party making the payments must be obligated on the note,</li> <li>The most recent 12 months' cancelled checks or bank statements from the party making the payments,</li> </ul> </td> </tr> </tbody> </table>	Updates			All new updates will be in <b>RED</b> font.			Section	Date	Update	<b>Temporary Leave Income</b>	<b>02.28.2023</b>	<p><b>Added:</b></p> <p>The requirements and guidance for income while on temporary leave do not extend to employer-initiated actions such as furloughs and layoffs.</p>	<b>Contingent Liabilities: Debt Paid by Others</b>	<b>02.28.2023</b>	<p><b>Added:</b></p> <p>A contingent liability being paid by others may be excluded from the monthly debt payment ratio when meeting the following requirements:</p> <p><b><u>Installment debt (not including mortgages), Revolving, or Monthly Lease Payment:</u></b></p> <ul style="list-style-type: none"> <li>The most recent 12 months' cancelled checks or bank statements from the party making the payments,</li> <li>There must be no delinquencies in the most recent 12 months, and</li> <li>The party making the payments cannot be an interested party to the subject real estate or mortgage transaction.</li> </ul> <p><b><u>Mortgage Payment or other property related expenses (taxes, insurance, etc):</u></b></p> <ul style="list-style-type: none"> <li>The party making the payments must be obligated on the note,</li> <li>The most recent 12 months' cancelled checks or bank statements from the party making the payments,</li> </ul>
Updates																
All new updates will be in <b>RED</b> font.																
Section	Date	Update														
<b>Temporary Leave Income</b>	<b>02.28.2023</b>	<p><b>Added:</b></p> <p>The requirements and guidance for income while on temporary leave do not extend to employer-initiated actions such as furloughs and layoffs.</p>														
<b>Contingent Liabilities: Debt Paid by Others</b>	<b>02.28.2023</b>	<p><b>Added:</b></p> <p>A contingent liability being paid by others may be excluded from the monthly debt payment ratio when meeting the following requirements:</p> <p><b><u>Installment debt (not including mortgages), Revolving, or Monthly Lease Payment:</u></b></p> <ul style="list-style-type: none"> <li>The most recent 12 months' cancelled checks or bank statements from the party making the payments,</li> <li>There must be no delinquencies in the most recent 12 months, and</li> <li>The party making the payments cannot be an interested party to the subject real estate or mortgage transaction.</li> </ul> <p><b><u>Mortgage Payment or other property related expenses (taxes, insurance, etc):</u></b></p> <ul style="list-style-type: none"> <li>The party making the payments must be obligated on the note,</li> <li>The most recent 12 months' cancelled checks or bank statements from the party making the payments,</li> </ul>														

		<ul style="list-style-type: none"> <li>• There must be no delinquencies in the most recent 12 months,</li> <li>• The borrower is not using rental income from the property to qualify, and</li> <li>• The party making the payments cannot be an interested party to the subject real estate or mortgage transaction.</li> </ul> <p><b>Court ordered assignment of debt:</b></p> <p>When a borrower has outstanding debt that was assigned to another party by court order (such as under a divorce decree), regardless of whether the creditor has not released the borrower from liability, the underwriter is not required to count this contingent liability as part of the borrower's recurring debt obligations.</p> <ul style="list-style-type: none"> <li>• Must document the order with a copy of the appropriate divorce decree/ separation agreement.</li> </ul>
<b>Contingent Liabilities: Co-Signed Loans</b>	<b>02.28.2023</b>	<b>Section Removed.</b>
<b>Gift Funds</b>	<b>02.28.2023</b>	<p><b>Added:</b></p> <p><b>Eligible donors:</b></p> <ul style="list-style-type: none"> <li>• Former relative, godparent, or relative of a domestic partner.</li> </ul> <p><b>Gift Letter:</b></p> <ul style="list-style-type: none"> <li>• The actual or the maximum dollar amount of the gift.</li> </ul>
<b>Asset Verification Requirements</b>	<b>02.28.2023</b>	<p><b>Added:</b></p> <p><b>Note:</b> When a single deposit includes both verified and unverified funds as defined above, only the unverified funds are used to determine the 50% requirement.</p> <ul style="list-style-type: none"> <li>• If the large deposit is from another account belonging to the borrower, that account must also be verified to ensure the funds into the account are properly sourced. <b>To source a large deposit from another account belonging to the borrower, the complete one month's statement from the source account must be obtained for the month the withdrawal of the funds occurred. This does not change the number of months that are required.</b></li> </ul>
<b>Public Assistance</b>	<b>02.28.2023</b>	<p><b>Added:</b></p> <ul style="list-style-type: none"> <li>• Income cannot be grossed up when using a Freddie Mac 1<sup>st</sup> Mortgage Program or when using a Federal Home Loan Bank Funded Community Second. <b>Income may be grossed up for Fannie Mae salable 1<sup>st</sup> Mortgage programs.</b></li> </ul>

	<b>Ineligible Product Types, Transactions &amp; Scenarios</b>	<b>02.28.2023</b>	<b>Updated:</b> <ul style="list-style-type: none"><li>• Properties located in Idaho with more than 80 acres.</li><li>• Properties located in Montana or South Dakota with more than 30 acres.</li></ul>
--	---------------------------------------------------------------	-------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

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

We appreciate your business!