

Memo

COVID-19 Temporary Guidance – All Products

Issue Date: 02.16.2023

Version: XVI

Subject	GHMC & Agency COVID-19 Temporary Guidance
----------------	--

Guaranty Home Mortgage (GHMC) and each of the Agencies, Fannie Mae, Freddie Mac, FHA, VA, and USDA have published announcements providing temporary measures to address the impacts of COVID-19. This document provides a summary of interim guidance from Agency as well as GHMC in a consolidated format. Updates are highlighted in yellow.

The Agency guides and handbooks, AUS messaging (except as noted by the respective Agency), as well as GHMC Standard Overlay and Matrix documents will not be updated to reflect these temporary requirements. **[GHMC Overlays are noted in BLUE](#)**

FANNIE MAE FREDDIE MAC COVID-19 COMMUNICATIONS	<p>Lender Letter (LL-2021-03) FNMA-Lender Letter LL-2021-04-Impact of COVID-19 on Appraisals-updated 4-21-2021 FNMA Lender Letter 2021-03-Impact of COVID-19 on Originations- updated 3-11 2021- FNMA-COVID-19 Frequently Asked Questions (FAQ's)-Selling-updated 3-11-2021</p> <p>Bulletin 2021-28 Selling Updates Related to COVID-19 – Extension with Notice of Expiration FHLMC Bulletin 2021-10- Selling Updates Related to COVID-19-Issued 3-11-2021 FHLMC Bulletin 2021-07-Extension of Temporary Flexibilities Related to COVID-19-Issued 2-10-2021 FHLMC Bulletin 2021-06-Temporary Servicing Guidance Related to COVID-19-Issued 2-10-2021 FHLMC Bulletin 2020-47- Extension of Temporary Flexibilities Related to COVID-19-Issued 12-10-2020 FHLMC Bulletin 2020-44-Selling Guidance Related to COVID-19 FHLMC- Bulletin 2020.40-Extension of Temporary Flexibilities Related to COVID-19-Issued 10.19.2020 FHLMC- Bulletin 2020.37-Updates- Temp COVID-19 requirements from previous bulletins- issued 9.24.2020 FHLMC-Bulletin 2020.35-Updates- Temp COVID-19 requirements from previous bulletins- issued 8.27.2020 FHLMC- Bulletin 2020.27-Updates- Temp COVID-19 requirements from previous bulletins- issued 7.9.2020 FHLMC- Bulletin 2020.23-Updates- Temp COVID-19 requirements from previous bulletins- issued 6.11.2020 FHLMC-Bulletin 2020.19- issued 5.28.2020 FHLMC-Bulletin 2020.17- Issued 5.19.2020 FHLMC-Bulletin 2020-14- issued 5.5.2020 FHLMC-Bulletin 2020-11- issued 4.14.2020 FHLMC-Bulletin 2020-08- issued 3.31.2020 FHLMC-Bulletin 2020-05- issued 3.23.2020 FHLMC-COVID-19 Selling-Related Frequently Asked Questions (FAQ's)-updated 3-11-2021</p>
Continuity of Income	<p>Income Disruption</p> <ul style="list-style-type: none"> If the employer is not open for business at the time of loan close, the loan is not eligible If documentation reflects reduced hours and/or pay, follow standard Agency guidance for decreasing income. (Declining income may not be averaged). <p>Unemployment Compensation- Cannot be used to qualify a borrower unless it is clearly associated with seasonal employment and meets all other Agency requirements. Refer to applicable Agency selling requirements for complete details.</p> <p>Temporary Leave- A borrower who is furloughed or laid off is not considered to be actively employed and is therefore ineligible under the temporary leave requirements, regardless of whether there is a projected return to work date. Refer to the applicable Agency requirements for certain types of temporary leave that may be eligible for qualifying.</p> <p>Gap of Employment- Variable Income. A gap in employment or a reduction in income due to COVID-19 cannot be excluded from the calculation, and the year-to-date income must be continuing to be calculated over the entire time-period. Refer to applicable Agency COVID-19 FAQs for complete details.</p>
Federal Student Loan in a COVID-19 Automatic Forbearance	<p>Excluding from the monthly debt-to-income (DTI) ratio- The monthly student loan payments can be considered a contingent liability that can be excluded from the borrower's DTI ratio provided the following requirements are met. Refer to Agency COVID-19 FAQs for additional details.</p> <ul style="list-style-type: none"> The responsible party (not the borrower) had been making timely payments for at least 9 months prior to the automatic forbearance. The responsible party resolved the missed payments prior to closing of the new loan. The loan file includes documentation evidencing that the student loan is a federal loan in a COVID-19 related automatic forbearance and that all missed payments have been paid; and All other Agency selling requirements for contingent liabilities have been met. <ul style="list-style-type: none"> For FNMA only- Evidence of 12 total payments, either monthly or in aggregate, on the omitted debt is required.

Memo

COVID-19 Temporary Guidance – All Products

Issue Date: 02.16.2023

Version: XVI

Subject	GHMC & Agency COVID-19 Temporary Guidance
Forbearance-Purchase and Refinance Eligibility for Borrowers with recent Forbearance	<p>In addition to reviewing the credit report, the Seller must apply due diligence for each mortgage loan on which the borrower is obligated (including co-signed and non-subject property transactions) to determine whether the payments are current as of the Note date. A borrower who is not current on any mortgage loan must meet the applicable additional eligibility requirements below to be eligible for a new mortgage loan.</p> <p>Refer to Agency announcement for complete requirements.</p> <ul style="list-style-type: none"> • Borrower in forbearance with no missed payments <ul style="list-style-type: none"> ○ Eligible for new mortgage with no additional eligibility requirements • Borrower in forbearance with missed payments resolved through reinstatement <ul style="list-style-type: none"> ○ Reinstatement prior to the application date: Eligible for a new mortgage loan with no additional eligibility ○ Reinstatement after the application date: Document source of funds in accordance with Agency selling requirements. Proceeds from refinance may not be used to reinstate any mortgage loan • Borrower in forbearance with missed payment resolved through a loss mitigation solution <ul style="list-style-type: none"> ○ The Seller must verify that the borrower has made at least three timely payments in accordance with the requirements in the Agency announcement(s)
Paycheck Protection Program (PPP)	<ul style="list-style-type: none"> • No payment estimated or otherwise, need be included in the DTI at this time; however, once it is determined that any portion of the PPP loan must be repaid, follow Agency requirements for loans paid by a business. • Loan proceeds from the Small Business Administration (SBA) PPP or any other similar COVID-19 related loans or grants are not considered business assets. • An SBA PPP or any other similar COVID-19 related loans or grant is not considered a source of business revenue. Refer to applicable Agency COVID-19 FAQs for additional details. • An SBA PPP or any other similar COVID-19 related loans are designed to provide short-term relief whereas the payroll, rent/mortgage payments and utilities are ongoing business expenses; therefore, those expenses must be considered in the analysis. Refer to applicable Agency COVID-19 FAQs for additional details.
Self-Employed Income	<ul style="list-style-type: none"> • If the most recent income tax returns are dated 2020 or later you may now follow standard Selling Guide policies with respect to self-employment income. • If the most recent income tax returns are dated before 2020, you must continue to apply the COVID-19 temporary guidelines: <ul style="list-style-type: none"> ○ Audited YTD Profit and loss (P & L) Statement (should be prepared in accordance with FAAP and audited by an independent certified public accountant), OR ○ Unaudited YTD Profit and Loss (P & L) Statement, in addition to three (3) months business depository account statements no older than the latest three (3) months represented on the YTD P & L Statement. ○ The P & L Statement must report business revenue, expenses, and net income up to an including the most recent month preceding the loan application date. Must be no older than 60 days prior to the Note Date. (Refer to Agency announcement for complete details) ○ If the information on the unaudited YTD P & L statement and business bank statements, is not reasonably consistent with the revenue on the business account statements, then additional documentation as outlined in the Agency announcements must be obtained to support the information and resolve the discrepancy. Otherwise, the income is not eligible for use in qualifying. ○ The seller must complete a business income assessment by comparing the YTD business income from the YTD P & L Statement to historical business income calculated in accordance with the Agency announcements and Agency Selling Requirements. ○ Declining income is not considered stable and therefore not eligible for use in qualifying.
Verbal Verification of Employment and Verification of Self-Employment	<p>Verification of Self-Employment</p> <ul style="list-style-type: none"> • Confirmation that the borrower's business is open and operating within 20 business days of the note date is required. • Evidence of current work can include executed contracts or signed invoices that indicate the business is operating on the day the lender verifies self-employment, evidence of current business receipts within 20 days of the note date (payment for services performed), business website demonstrating activity supporting current business operations, etc.
GHMC COVID-19 Overlay's to Fannie Mae and Freddie Mac Guidance	<p>In addition to those already noted, the following GHMC guidance applies.</p> <ul style="list-style-type: none"> • COVID-19 relief for the following are <u>not</u> eligible. <ul style="list-style-type: none"> ○ Notes, Electronic Records & Signatures ○ Power of Attorney (POA) ○ Remote Online Notarization ○ Remote Ink-Signed Notarization

Memo

COVID-19 Temporary Guidance – All Products

Issue Date: 02.16.2023

Version: XVI

Subject	GHMC & Agency COVID-19 Temporary Guidance
----------------	--

Memo

COVID-19 Temporary Guidance – All Products

Issue Date: 02.16.2023

Version: XVI

Subject	GHMC & Agency COVID-19 Temporary Guidance
----------------	--

FHA COVID-19 COMMUNICATIONS	<p>ML-2021-07 Extension of the End Date for COVID-19-Updated Temporary Guidance for Verification of Self-Employment; Rental Income-Issued 2-23-2021</p> <p>ML-2021-06 Extension of Re-verification of Employment and Exterior Only Appraisal Scope of Work-Issued 2-23-2021</p> <p>ML-2021-05-Extensions of Single-Family Foreclosure and Eviction Moratorium, Start Date of COVID-19 Initial Forbearance, Start Date of COVID-19 Initial Forbearance, and HECM Extension Period; Expansion of COVID-19 Loss Mitigation Options-Issued 2-16-2021</p> <p>ML-2021-04-Update to COVID-19 Forbearance Start Date and the COVID-19 Home Equity Conversion Mortgage (HECM) Extension Period-Issued 1-26-2021</p> <p>ML-2021-03-Extension of Foreclosure and Eviction Moratorium in Connection with COVID-19-Issued 1-21-2021</p> <p>ML- 2020-47- Extension of Re-Verification of Employment and Exterior only Appraisal scope of work option for FHA Single Family programs impacted by COVID-19</p> <p>ML- 2020-46- Extension of Temporary Guidance for COVID-19 Multisubject- Updated Temporary Guidance for Verification of Self-Employment & Rental Income</p> <p>ML- 2020-45- Extension of Temporary Guidance for Endorsement of Mortgages under Forbearance for Borrowers Affected by COVID-19 National Emergency</p> <p>ML- 2020-43- Extension of Foreclosure and Eviction Moratorium in Connection with COVID-19 National Emergency</p> <p>ML- 2020-40- Extension of the End Date for COVID-19 Multisubject- Updated Temp Guidance for Verification of Self- Employment & Rental Income</p> <p>ML- 2020-39- Extension of Temporary Guidance for Endorsement of Mortgages under forbearance for Borrowers Affected by COVID-19</p> <p>ML- 2020-37- Re-Extension of the Effective date of ML-2020-05- issued 10/28/2020</p> <p>FHA Info 20-73- Temporary Waiver of Interior Photographs in Presidentially Declared Major Disaster Areas- issued 10/6/2020</p> <p>ML-2020-28- Re-Extension of the Effective Date of ML 2020-05- issued 8/28/2020</p> <p>ML-2020-24- Revision of Effective Date of ML-2020-23- issued 7/29/2020</p> <p>ML-2020-23- COVID-19 Verification of Self-Employment, Rental Income- issued 7/28/2020</p> <p>ML- 2020-20- Re-Extension of the Effective date of ML 2020-05 issued 6/29/2020</p> <p>ML-2020-14- Extension of the Effective Date of ML 2020-05- issued 5/14/2020</p> <p>ML-2020-05- Re-Verification of Employment and Exterior-Only/Desktop Appraisal Scope of Work Options- issued 3/27/2020</p> <p>FHA COVID-19 Frequently Asked Questions (FAQ's)-Posted 2-16-2021-Updated in real time</p>
Forbearance-Purchase and Refinance Eligibility for Borrowers in Forbearance	<p>Refer to ML- 2020-30 FHA Underwriting Guidelines for Borrowers with previous Mortgage Payment Forbearance- issued 9/10/2020 for policy changes for borrowers with previous Mortgage Payment Forbearance (COVID-19 and non-COVID-19 forbearances) Note: This policy change in ML-2020-30 is not temporary and will be incorporated into the applicable sections of the SF Handbook 4000.1)</p>
GHMC COVID-19 Overlay's to HUD/FHA Guidance	<p>In addition to those already noted, the following GHMC guidance applies;</p> <ul style="list-style-type: none"> • COVID-19 relief for the following are <u>not</u> eligible; <ul style="list-style-type: none"> ○ Notes, Electronic Records & Signatures ○ Power of Attorney (POA) ○ Remote Online Notarization ○ Remote Ink-Signed Notarization

Memo

COVID-19 Temporary Guidance – All Products

Issue Date: 02.16.2023

Version: XVI

Subject	GHMC & Agency COVID-19 Temporary Guidance
----------------	--

VA COVID-19 COMMUNICATIONS	<p><u>LGY HUB Announcement 4/4/2021: VA Circulars Rescinded</u></p> <p><u>VA Circular 26-20-10 Change 2 (updated June 29, 2021)</u></p> <p><u>VA Circular 26-21-05-Extended Foreclosure and Eviction Relief for Borrowers Affected by COVID-19-Issued- 2-16-2021</u></p> <p><u>VA Circular 26-21-04-Approving Forbearance Requests for Veterans Affected by COVID-19-Issued 2-16-2021</u></p> <p><u>VA Circular-26-21-2-Extended Foreclosure and Eviction Relief for Borrowers Affected by COVID-19-Issued- 1-29-2021</u></p> <p><u>VA Circular 26-20-40- Extended Foreclosure and Eviction Relief- issued 12/28/2020</u></p> <p><u>VA Circular 26-20-25 Change 1- Impact of CARES Act Forbearance on VA Purchase and Refinance Transactions- issued 9/15/2020</u></p> <p><u>VA Circular 26-20-25- Impact of CARES Act Forbearance on VA Purchase and Refinance Transactions- issued 6/30/2020</u></p> <p><u>VA Circular 26-20-13 Change 1- Valuation Practices during COVID-19 (Updated)- issued 5/8/2020</u></p> <p><u>VA Circular 26-20-13- Valuation Practices during COVID-19 (Updated)- issued 4/10/2020</u></p> <p><u>VA Circular 26-20-10- Lender Guidance for Borrowers affected by COVID-19- issued 3/27/2020</u></p>
-----------------------------------	---

Memo

COVID-19 Temporary Guidance – All Products

Issue Date: 02.16.2023

Version: XVI

Subject	GHMC & Agency COVID-19 Temporary Guidance
----------------	--

USDA/RD COVID- 19 COMMUNICATIONS	<p>SFH Guaranteed Origination-Extension of Temporary Exceptions in Relation to COVID-19 Pandemic SFH Guaranteed Servicing-USDA Extends Eviction and Foreclosure Moratorium, and Offers Guidance on Mortgage Forbearance Deadline-Issued 2-16-2021</p> <p>SFH Guaranteed Servicing-USDA Extends Eviction Moratorium, Foreclosure Moratorium, and Mortgage Forbearance Deadline to March 31, 2021-Issued 1-20-2021</p> <p>SFH Guaranteed Origination- Single Family Housing Guaranteed Loan Program Extension of Temporary Exceptions in Relation to COVID-19 Pandemic- 12/21/2020</p> <p>SFH Direct Loan and Grant Programs- Extension of Foreclosure and Eviction Moratorium for Single Family Housing Direct Loans- issued 12/21/2020</p> <p>SFH Guaranteed Origination- Single Family Housing Guaranteed Loan Program Extension of Temporary Exceptions in Relation to COVID-19 Pandemic- issued 10/29/2020</p> <p>SFH Guaranteed Origination- Single Family Housing Guaranteed Loan Program Extension of Temporary Exceptions in Relation to COVID-19 Pandemic- issued 8/28/2020</p> <p>SFH Guaranteed Origination- Single Family Housing Guaranteed Loan Program Extension of Temporary Exceptions in Relation to COVID-19 Pandemic and Updated FAQ's- issued 6/30/2020</p> <p>SFH Guaranteed Origination- Extension of Temporary Exceptions to Interior Inspection Appraisals and Verbal Verification of Employment in Relation to COVID-19 Pandemic- issued 5/14/2020</p> <p>SFH Guaranteed Origination- Single Family Housing Guaranteed Loan Program Temporary Exceptions to Interior Inspection Appraisals and Verbal Verification of Employment in Relation to COVID-19 Pandemic- issued 3/27/2020</p> <p>SFHGLP- FAQ's Revised September 2020- issued 9/15/2020</p>
Continuity of Income	<p>Income Disruption</p> <ul style="list-style-type: none"> • The borrower's reduced income must be sufficient to support the new loan payment and other obligations. • Borrowers receiving unemployment benefits at the time of closing are not eligible • Borrowers with no income at the time of closing are not eligible
Forbearance- Purchase and Refinance Eligibility for Borrowers in Forbearance	<ul style="list-style-type: none"> • Purchase- GUS Accept- No seasoning period or credit exceptions- • Streamlined-Assist Refinance- The borrower must have resumed making payments for a period of at least 3 months and not have any defaults in the previous 12 months period, excluding the time the loan was in forbearance.
Paycheck Protection Program (PP)	<p>SBA Paycheck Protection Program (PPP) Total Debt Ratio- the monthly payment must be included in the monthly debts. If the payment amount is not known, the guidance in HB-1-3555 CH 11.2(B) under balloon/deferred loans applies. Refer to the SFHGLP FAQ's for additional guidance</p>
GHMC COVID-19 Overlay's to USDA/RD Guidance	<p>In addition to those already noted, the following GHMC guidance applies.</p> <ul style="list-style-type: none"> • COVID-19 relief for the following are not eligible. <ul style="list-style-type: none"> ○ Notes, Electronic Records & Signatures ○ Power of Attorney (POA) ○ Remote Online Notarization ○ Remote Ink-Signed Notarization