



IMPORTANT UNDERWRITING UPDATE

BULLETIN 38-06092023

Issued to: All Channels

Date: June 9, 2023

SUBJECT Lending Updates – MAY 2023

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-2023-04) May 3, 2023</p> <p>See UW Memo 23-02-18 Fannie Mae Cash Out Refinance Update for additional information.</p> <p>Shared Equity and Shared Appreciation Provided updated requirements for loans with shared equity or shared appreciation provision. <i>**GHMC does not permit transactions with Shared Equity and Shared Appreciation and will not align with the updated guidance.</i></p> <p>Alternatives for Tax Filing Documentation Updating policy to permit proof of e-filing of IRS Form 4868, or payment confirmation (including confirmation number) of all or part of the estimated income taxes due to support that the borrower has filed an extension. Additionally, in cases where there are delays due to IRS response time, it is acceptable to rely on borrower-provided evidence directly from the IRS website evidencing no transcripts are available for the applicable tax year (as necessary). ** This change is effective immediately.</p>
	<p>Lender Letter (LL-2023-06) May 14, 2023</p> <p>This Lender Letter rescinds the DTI ratio loan-level price adjustment (LLPA) attribute that was scheduled to apply to loans purchased on and after Aug. 1, 2023</p>
	<p>Selling Notice-Effective Date for Main Living area Photographs in Appraisals May 24, 2023</p> <p>This Notice specifies that we will require appraisal photographs for the main living areas of property interiors to include the living room, family room, dining room, all bedrooms, and all finished and unfinished areas of the basement for appraisals in loan applications dated on or after Sept. 1, 2023.</p>
	<p>Selling Notice- Area Median Incomes 2023</p>

	<p>May 31, 2023</p> <p>Effective June 12, 2023, the 2023 area median income estimates (AMI's) will be implemented in Desktop Underwriter and all other FNMA interfaces & pages</p>
<p>Freddie Mac</p>	<p>Bulletin 2023-11 May 5, 2023</p> <p>Internal Revenue Service (IRS) Installment Agreements When the Borrower is obligated under an IRS Installment agreement for the payment of past-due federal taxes, the following requirements must be met: If there are more than 10 months of payments remaining, the amount must be included in the DTI The mortgage file must include a copy of the installment agreement approved by the IRS verifying the payment terms, including the monthly payment amount and account balance, as well as verification that the Borrower is not past due under the terms of the agreement There must be no indication or knowledge that the IRS has filed a Notice of Federal Tax Lien for the taxes owed under the installment agreement. <i>** This change is effective immediately</i></p> <p>Real estate tax abatements and exemptions The guide has been updated to specify that when there is a real estate tax abatement: The real estate tax amount can be excluded from the monthly housing expense calculation in its entirety when the documentation and continuance requirements are met, and For tax exemptions associated with the Borrower's disability or age, documentation verifying continuance is not required; however, there must not be a predetermined expiration date within five years of the Note Date. <i>** This change is effective immediately</i></p> <p>Industry Letter 05-08-2023 5/8/2023</p> <p>Reminders of Freddie Mac's Property Insurance Requirements and Coverage Amounts for Condominium Projects with requirements noted in Guide Section 4703.2 (C) as well as 8202</p> <p>Bulletin 2023-12 May 11/2023</p> <p>Debt-to-Income Ratio >40% Credit Fee Announcing the rescission of the Debt-to-Income (DTI) Ratio-based fees for certain Mortgages with Borrowers with DTI ratios above 40 percent, originally announced in Bulletin 2023-1.</p>
<p>FHA</p>	<p>Mortgagee Letter 2023-09 May 2, 2023</p> <p>Adjustable-Rate Mortgages (ARM): New policy requirements for transition from the London Interbank Offered Rate (LIBOR) Index</p> <p>Mortgagee Letter 2023-10 May 17, 2023</p> <p>Modifications to the Home Equity Conversion Mortgage (HECM) Assignment Claim Type 22 Submission Criteria and Documentation Requirements</p> <p>Mortgagee Letter 2023-11 May 22, 2023</p> <p>Update to ML 2023-03 Regarding Loss Mitigation Options for Non-Borrowers Who Acquired Title through an Exempted Transfer</p>
<p>VA</p>	<p>VA Circular 26-23-10 May 22, 2023</p>

	Clarify assumption procedures and republish the stacking order for Assumptions with VA-Prior Approval, Assumptions without Substitution of Entitlement, Assumptions with Substitution of Entitlement, and Assumption Appeals. February 14, 2023 VA Circular 26-21-07, Change 3 May 26, 2023 Extends rescission date of Circular 26-21-07, Change 2 to December 31, 2023
USDA-RD	<u>N/A</u>

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

We appreciate your business!