

WHOLESALE BULLETIN

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20W-074

Attention: AEs, Business Development Managers & Mortgage Brokers

May 22, 2020

Please take a moment to read the important information contained in this bulletin.

Included in this Bulletin: Temporary Eligibility Requirements for Purchase and Refinance Transactions

In an effort to support responsible lending and sustainable homeownership during this unprecedented COVID-19 pandemic, both Fannie Mae and Freddie Mac have announced Temporary Eligibility Requirements for Purchase and Refinance Transactions describing their requirements for borrowers to obtain a new mortgage loan to purchase or refinance a property.

Effective immediately for loans in process and loans with application dates on or after June 2, 2020, the following policies will be in place until further notice:

Borrower's credit report must be continued to be reviewed to determine the status of all mortgage loans. In addition to reviewing the credit report, MWF must also apply due diligence for each mortgage loan on which the borrower is obligated, including co-signed mortgage loans and mortgage loans not related to the subject transaction, to determine whether the payments are current as of the note date of the new transaction. For the purposes of these requirements, "current" means the borrower has made all mortgage payments due in the month prior to the note date of the new loan transaction by no later than the last business day of that month. Loans may show in forbearance and still be current. Examples of acceptable additional due diligence methods to document the loan file include:

- A loan payment history from the current servicer or third party verification service
- A payoff statement (for mortgages being refinanced)
- The latest mortgage account statement from the borrower
- A verification of mortgage

A borrower who is not current and has missed payments on any mortgage loan is eligible for a new mortgage loan if those missed payments were resolved in accordance with the requirements in the table below.

Resolution Method	Eligibility
Reinstatement	If the borrower resolved missed payments through a reinstatement, they are eligible for a new mortgage loan. Documentation must be provided for the source of eligible funds, if the reinstatement was completed after the application date of the new transaction. Proceeds from a refinance may not be used to reinstate any mortgage loan.
Loss Mitigation Solution	<p>If outstanding payments will be or have been resolved through a loss mitigation solution, the borrower is eligible for a new mortgage loan if they have made at least three timely payments as of the note date of the new transaction as follows:</p> <ul style="list-style-type: none"> • For a repayment plan, the borrower must have made either three payments under the repayment plan or completed the repayment plan, whichever occurs first. Note - there is no requirement that the repayment plan be completed. • For a payment deferral, the borrower must have made three consecutive payments following the effective date of the payment deferral agreement. • For a modification, the borrower must have completed the three-month trial payment period. • For any other loss mitigation solution not listed above, the borrower must have successfully completed the program, or made three consecutive full payments in accordance with the program. <p>Verification that the borrower has made the required three timely payments may include:</p> <ul style="list-style-type: none"> • A loan payment history from the servicer or third party verification service • The latest mortgage account statement from the borrower • A verification of mortgage. <p>If these requirements are met on an existing mortgage loan being refinanced, the new loan amount can include the full amount required to satisfy the existing mortgage.</p>

Fannie Mae and Freddie Mac are not considering payments missed during the time of a COVID-19 related forbearance that have been resolved to be historical delinquencies for purposes of excessive mortgage delinquency policies (Previous Mortgage History). This flexibility does not apply to high 97% LTV refinance loans, which must continue to meet the payment history requirements for High LTV Refinance Underwriting.

If you have any questions, contact your local Account Executive, or Production Coordinator. You may also contact Brian Daily, SVP Wholesale: Brian.Daily@mwfinc.com 201-448-5552.

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