

October 21, 2020

Bulletin #2020-AC-054

NOTICE TO ALL CUSTOMERS**Conventional, FHA and USDA Updates****Conventional*****Fannie Mae Validation Services***

Fannie Mae has discontinued the acceptability of employment and income validation utilizing manual verification reports from vendors. Lenders may continue to use third party employment verification vendors to obtain income and employment information without validation from DU in accordance with the standard requirements.

Freddie Mac

Effective on all loans submitted/finaled to FLCBank on or after October 25, 2020, lenders must utilize 1.5% of the outstanding balance on an existing HELOC as the monthly payment when the monthly payment amount is not noted on the credit report.

This change does not affect loans in the pipeline as long these loans close by November 4, 2020; otherwise, the loans will be updated utilizing 1.5% of the outstanding balance to determine the existing HELOC's monthly payment.

FHA***Eligibility for Borrowers in Forbearance***

FHA published Mortgagee Letter 2020-30 providing policy for Borrowers previously granted mortgage forbearance. These changes will be incorporated into the Single Family Handbook 4000.1 in the near future.

Note that FHA will provide additional clarifications via a FAQ document at a later date. Lenders must consider all FHA requirements and address each transaction involving mortgage forbearance accordingly. Please refer to our Polices Related to COVID-19 document for additional details.

USDA***Eligibility for Borrowers in Forbearance***

USDA posted an updated FAQ addressing eligibility for Borrowers in forbearance for a new purchase and refinance transactions post-forbearance period. Please refer to our Polices Related to COVID-19 document for additional details.

Rural Housing Single Family Guaranteed Loan Program Fiscal Year Funds Available

Fiscal year 2021 funding for Rural Development's Single Family Housing Guaranteed Loan Program is now available.

An updated Conditional Commitment will be electronically generated by the Agency to remove the "contingent upon the availability of an appropriation" language.

COVID-19 Origination Updates

Temporary Flexibilities for Verification of Employment (COVID-19)

The temporary policies allowing the Verification of Employment to be completed directly by a supervisor or manager remains in effect as follows:

- Conventional and Jumbo loan applications dated on or before November 30, 2020;
- FHA loans closing on or before October 31, 2020;
- VA and USDA loans closing on or before November 30, 2020.

Temporary Flexibilities for Appraisal Products (COVID-19)

The temporary policies allowing lenders obtain an exterior-only inspection or desktop appraisal on the subject property during the pandemic remain in effect as follows:

- Conventional and Jumbo loan applications dated on or before November 30, 2020;
- FHA loans closing on or before October 31, 2020;
- USDA loans closing on or before November 30, 2020.
- VA loans (until further notice)

To access our Temporary Policies Related to COVID-19 for complete requirements click [here](#).