

Temporary Eligibility Requirements

Purpose

This announcement includes the following topic:

- ✓ Eligibility Requirements
 - ✓ Additional Eligibility Requirements
 - ✓ Documentation Requirements and Guidance
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Eligibility Requirements

Per [Freddie Mac Bulletin 2020-17](#) and [Fannie Mae LL-2020-03](#) and subsequently extended, and FSM additional guidelines, due to the COVID-19 pandemic, the GSE's are implementing temporary purchase and refinance requirements for Borrowers with existing Mortgages.

As of the Note date of the New Mortgage, each existing Mortgage on which the Borrower is obligated that is secured by either the subject property or any other 1-to 4-unit residential property, must meet the requirements described in the tables on the following pages.

Note: No Borrower is eligible for another loan transaction (subject property or investment), unless they have paid their forbearance OR have made at least 3 consecutive, timely payments in a repayment plan, which would include a new purchase.

Continued on next page

Temporary Eligibility Requirements, Continued

Eligibility Requirements Table		
If any existing Mortgage....	Eligibility requirements	Use of proceeds if the subject transaction is a no cash-out refinance or purchase
Is current as of the Note Date (i.e., the Borrower made all Mortgage payments due in the month prior to the Note Date no later than the last business day of that month) and not in a repayment plan, loan modification Trial Period Plan, Payment Deferral or subject to another loss mitigation program	No additional eligibility requirements	As stated in Guide Sections 4301.4 and 4301.5
Is not current as of the Note Date (as defined above) OR is in a repayment plan, loan modification Trial Period Plan or Payment Deferral	The new Mortgage is ineligible unless the amounts outstanding on any existing Mortgage are resolved by meeting the applicable additional eligibility requirements below	N/A
Was fully reinstated on or after the Application Received Date but prior to the Note Date	The source of funds to reinstate the loan must be fully documented with eligible sources of funds. Gift funds are acceptable and all standard gift documentation requirements must be met. Other than missed payments due to COVID-19, the borrowers mortgage history must meet standard mortgage delinquency requirements	For the loan being refinanced, the proceeds may be used to pay off the remaining payments under the repayment plan being refinanced. Note: if the transaction is intended as a limited cash-out and there have been 3 timely payments made, the entire existing loan amount, including any remaining outstanding payments under the loss mitigation program, may be refinanced into the new loan. The borrower is allowed the normal incidental cash back for a limited cash-out refinance.

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Temporary Eligibility Requirements, Continued

Additional Eligibility Requirements		
If any existing Mortgage....	Eligibility requirements	Use of proceeds if the subject transaction is a no cash-out refinance or purchase
Is subject to a repayment plan	The Borrower must either: (1) Have successfully completed the repayment plan OR (2) Be performing under the plan (i.e. has not missed any payments due under the plan) and must have made at least three consecutive payments <i>Note: Payments cannot be made in advance to meet the required payments</i>	In connection with the Mortgage being refinanced, proceeds may be used to pay off the remaining payments under the repayment plan
Is subject to a Payment Deferral	The Borrower must have made at least three consecutive timely payments following the approval of the payment deferral agreement <i>Note: Payments cannot be made in advance to meet the required payments</i>	For the loan being refinanced, the proceeds may be used to pay off the deferred amount under the payment deferral. Note: if the transaction is intended as a limited cash out, and there have been 3 timely payments made, the entire existing loan amount, including any remaining outstanding payments under the loss mitigation program, may be refinanced into the new loan. The borrower is allowed the normal incidental cash back for a limited cash out refinance.

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Temporary Eligibility Requirements, Continued

Additional Eligibility Requirements, <i>continued</i>		
If any existing Mortgage...	Eligibility Requirements	Use of proceeds if the subject transaction is a no cash-out refinance or purchase
Is subject to a modification Trial period Plan	The Borrower must have successfully completed the Trial Period Plan	In connection with the Mortgage being refinanced, proceeds may be used to pay off the modified Mortgage
Is subject to a loss mitigation program not mentioned above	<p>The Borrower must either:</p> <p>(1) Have successfully completed the loss mitigation program,</p> <p>OR</p> <p>(2) Be performing under the program (i.e. has not missed any payments due under the program) and must have made at least three consecutive full monthly payments</p> <p><i>Note: Payments cannot be made in advance to meet the required payments</i></p>	<p>For the loan being refinanced, proceeds may be used to pay off the remaining payments under the program.</p> <p>Note: if the transaction is intended as a limited cash out, and there have been 3 timely payments, made, the entire existing loan amount, including any remaining outstanding payments under the loss mitigation program may be refinanced into the new loan. The borrower is allowed the normal incidental cash back for a limited cash out refinance.</p>

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Temporary Eligibility Requirements, Continued

Documentation Requirements and Guidance

In addition to reviewing the Borrower(s) credit report, due diligence must be done to verify whether or not each Mortgage is current (as defined in “Eligibility Requirement Table”), has been reinstated after the Application Received Date, or is in a repayment plan, loan modification Trial Period Plan, Payment Deferral or is subject to another loss mitigation program, as well as whether the Additional Requirements in the table have been met, if applicable.

Examples of ways to confirm compliance with the above requirements include:

- ✓ Reviewing the payment history provided by the servicer(s) for each existing Mortgage;
- ✓ Reviewing the Borrower-provided Mortgage statements or electronic Mortgage history for each existing Mortgage;
- ✓ Using a third-party verification service to confirm Mortgage payment history;
- ✓ For Mortgages being refinanced, reviewing the pay-off statement

Note: Credit report supplements that only provide current status of Mortgage, such as “current” or “paid as agreed” or are only reflective of the information that otherwise appears on the credit report, would not be sufficient.

Effective Date

Immediately

Questions

Retail – Please contact your Manager with any questions
 Mod Corr – Please contact Brent Wilder, National Account Executive, at bwilder@fsmloans.biz