

## Investment Property/2<sup>nd</sup> Homes, Age of Documentation, Ginnie Mae Seasoning and COVID-19 Flexibilities

### Purpose

This announcement includes the following topic:

- ✓ Investment Property and 2<sup>nd</sup> Homes revised adjustments
- ✓ Agency Age of Documentation – Pay stubs
- ✓ Ginnie Mae Seasoning – reminder
- ✓ COVID-19 Flexibilities

### Investment Property and 2<sup>nd</sup> Homes revised adjustments

Effective September 16, 2021, due to FHFA suspending the limitations put on investment properties and 2<sup>nd</sup> homes, FSM has revised our additional price adjusters to the following:

#### Investment Property:

LTV up to 75.00%	-2.125
LTV 75.01 – 80.00%	-3.375

#### 2<sup>nd</sup> Homes:

Up to 85%	No adjustment
85.01 – 90.00%	-.250

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## Investment Property/2nd Homes, Age of Documentation, Ginnie Mae Seasoning and COVID-19 Flexibilities, Continued

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### Agency Age of Documentation – Paystubs

Fannie Mae and Freddie Mac updated their Age of Documentation requirement for Year-To-Date (YTD) paystubs to be no more than 30 days before the application date.

**Note:** FSM reserves the right to ask for additional paystubs at any point during the process, even if the YTD paystub meets the age of documentation requirement.

Effective with applications dated November 1, 2021, and after.

Resources: [Freddie Mac Guide Link](#) and [Fannie Mae Guide Link](#)

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## **Investment Property/2nd Homes, Age of Documentation, Ginnie Mae Seasoning and COVID-19 Flexibilities, Continued**

### **Ginnie Mae Seasoning - reminder**

As a reminder, government loans that have been modified must meet the seasoning requirements beginning with the first payment due date *after the modification* (e.g., the date that is 210 days after the first modified monthly payment due date on the loan being refinanced).

Since many loan modifications are not reported, as a Best Practice, FSM urges the following:

- Ask borrower if any modification has been done within the last 12 months;
- Request credit supplements for mortgages, specifically asking if the loan was subject to a modification
- Review credit report for red flags, including but not limited to:
  - Mortgage reporting as “impacted by natural disaster”
  - Mortgage reporting as “impacted by COVID-19”
  - Mortgage reporting as “Deferred”
  - Mortgage reporting as “In Forbearance”
  - Mortgage reporting as “Partial Payments being made”
  - Mortgage tradeline showing missed payments
  - Mortgage tradeline shows a change in monthly payments
  - Mortgage tradeline shows current balance greater than original balance
- Mortgage Statement shows past due amounts owing
- Mortgage Statement references a note modification and/or adjustment of payments
- Borrowers Letter of Explanation referenced a mortgage being deferred, in forbearance, etc.
- Preliminary title report shows a modification

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## Investment Property/2nd Homes, Age of Documentation, Ginnie Mae Seasoning and COVID-19 Flexibilities, Continued

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### COVID-19 Flexibilities

#### ***Expired:***

The following COVID related restrictions are being removed, effective immediately (or as a reminder from previously announced):

- Stock, Bonds and Mutual Accounts will no longer require evidence of liquidation when funds are used for down payment and closing, and the balance of the account(s) no longer must be reduced to 70% to use for reserves.
- *Reminder:* Age of Documentation for Income and Assets will no longer be limited to 60 days and will return to standard requirement for documentation to be within 120 days of the Note Date. This change does not apply to the ongoing self-employed requirements which still require a P&L within 60 days. ([GA-2020-31](#))
- *Reminder:* Appraisal Flexibilities – tolerances for exterior and desktop appraisals ([GA-2021-017](#))
- *Reminder:* Tax Transcripts are required ([GA-2021-013](#))

#### ***Ongoing:***

The following COVID related flexibilities continue to remain in effect until further notice:

- Self-Employment Requirement for use of self-employment income to qualify ([GA-2020-020](#), [GA-2020-022](#), [GA-2020-037](#))
- Verification business is operational within 10 days of the Note date
- Mortgage History Requirements for all financed properties

All other flexibilities not listed remain active

Note: Please refer to current Rate Sheet for FICO scores

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## **Investment Property/2nd Homes, Age of Documentation, Ginnie Mae Seasoning and COVID-19 Flexibilities, Continued**

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**Effective Date** As Noted

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**Questions** Retail – Please contact your manager  
TPO – Please email the TPO mailbox at [FSMTPO@fsmloans.biz](mailto:FSMTPO@fsmloans.biz)

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