



## **MFM Bulletin: 001-2021**

**Date:** February 4, 2021

**Subject:** Extension of COVID -19 policies and further guidance on conventional refinances

Fannie Mae has issued Lender Letter 2021-03 extending through February 28, 2021, the policies previously published in LL-2020-03 on Dec. 10, 2020 and relating to the impact of COVID-19 on mortgage originations.

Until today, Member First Mortgage has allowed refinancing for borrowers with missed mortgage payments only when the borrower has paid all missed or deferred payments and brought the loan current. In these situations, documentation of the source of funds used to reinstate the loan and/or pay all deferred payments is required and must be from eligible sources.

Effective immediately, MFM will also allow refinances for borrowers who have resolved delinquencies through Loss Mitigation Solutions as explained below. Borrowers MAY NOT currently be in forbearance and written confirmation from the lender that the borrower is no longer in forbearance is required, if applicable.

**These policies apply to loans to be sold to both Fannie Mae AND Freddie Mac.**

### **LOSS MITIGATION SOLUTIONS:**

**In order to be eligible for a refinance under one of the situations mentioned below, the borrower must have made at least three timely payments AFTER THE EFFECTIVE DATE OF THE PLAN and as of the note date of the new loan:**

- For a repayment plan, the borrower must have made 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. **A copy of the repayment plan is required.**
- For a payment deferral (where the payments are deferred to the end of the loan), the borrower must have made three consecutive payments following the effective date of the payment deferral agreement. **A copy of the deferral agreement is required.**
- For a loan modification, the borrower must have completed the three-month trial payment period. **A copy of the Loan modification agreement is required.**
- 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. **A copy of the written agreement is required.**



Verification that the borrower has made the required payments may include:

- Loan payment history from the servicer or third-party verification service,
- The latest mortgage account statement from the borrower, and
- A verification of mortgage.

If these requirements are met on an existing mortgage loan being refinanced, then the new loan amount can include the full amount required to satisfy the existing mortgage.

Please contact the MFM Underwriting department ([underwriting@memberfirstmortgage.com](mailto:underwriting@memberfirstmortgage.com)) if you have any questions or concerns.

Thank you