



MFM Bulletin: 004-2020

Date: May 26, 2020

Subject: Additional temporary purchase and refinance eligibility requirements related to COVID-19

On May 20, 2020, Fannie Mae and Freddie Mac issued bulletins announcing additional eligibility requirements related to COVID-19. Specifically, requiring that lenders must now obtain written evidence borrowers are current on ALL mortgages they are obligated on. The bulletins also provide additional guidance for borrowers whose mortgages are currently in forbearance or under a repayment agreement.

MFM has carefully reviewed the instruction/guidance provided by Fannie Mae and Freddie Mac and has issued the following policies relating to the new requirements.

The following measures are in effect for all loans in process and not yet cleared to close as of today's date, May 26, 2020. These guidelines apply to both refinance and purchase loans.

Subject mortgage (for all refinances):

As per the requirements in the bulletin, MFM will require documentation verifying the borrower is current on the mortgage for the subject property. We will continue to require a current pay off statement prior to the loan being cleared to close. The statement must indicate the loan is current with the payment made for the month proceeding the closing/disbursement date (example; loan closing/disbursing in June, May payment must have been made).

If the payoff statement indicates mortgage is due for the prior month or more, MFM will not allow closing until the loan is brought current. The borrower must also provide documentation verifying the source of funds used to bring the loan current. All funds must be from an eligible source per the Freddie Mac or Fannie Mae selling guide.

MFM will not allow any of the loan proceeds to be used to reinstate the mortgage being refinanced or any other mortgage.

All other existing mortgages owed by borrower (both refinances and purchases):

In addition to the subject property mortgage (for refinances), we must now obtain documentation verifying **ALL** other existing mortgages owed by the borrower are current for the month proceeding the closing date for subject mortgage. The credit report alone will not satisfy this requirement.

Examples of documentation which may be provided:

- A current payment history provided by the servicer
- A copy of the current mortgage statement
- Using a third-party verification service to confirm the mortgage payment history.



If the statement indicates mortgage is due for the prior month or more, MFM will not allow closing until the loan is brought current. Again, the borrower must also provide documentation verifying the source of funds used to bring the loan current

MFM will not close any loan where any of the borrower's existing mortgages are not current or subject to a repayment plan, payment deferral, forbearance or subject to a loss mitigation program.