



HomeOwnership Announcement

May 29, 2020

MassHousing's response to updated guidance addressed in Fannie Mae Lender Letter 2020-03 and Freddie Mac Bulletin 2020-17 and 2020-19

MassHousing is aligning with the updated guidance as addressed in [Fannie Mae Lender Letter-2020-03](#), (updated 5/28) and [Freddie Mac Bulletin 2020-17](#) (re-issued 5/22) and [Bulletin 2020-19](#) (issued 5/28), the highlights of which are summarized below:

Forbearance Plan Policy Update-

In addition to reviewing the credit report, lenders must also apply due diligence to determine whether the mortgage payments are current as of the note date of the transaction. For the purposes of these requirements, "current" means the borrower has made all mortgage payments due in the month prior to the note date of the new loan transaction by no later than the last business day of that month. Examples of acceptable additional due diligence methods to document the loan file include:

- a loan payment history from the servicer or third-party verification service,
- a payoff statement,
- the latest mortgage account statement from the borrower, and
- a verification of mortgage.

A borrower who is not current and has missed payments on their mortgage loan is eligible for a new mortgage loan if those missed payments were resolved in accordance with the Eligibility Requirements in the table in ([Lender Letter LL-2020-03](#)) and ([Bulletin 2020-17](#)).

Effective Date: Lenders may apply these forbearance plan policies to loans in process and must apply them to loans **with application dates on or after June 2, 2020**.

For additional Announcements regarding forbearances, please refer to MassHousing Announcements [2020.07](#) and [2020.09](#).



Temporary self-employment income qualification and analysis requirements-

Lenders are required to determine if the borrower's income is stable and has a reasonable expectation of continuance. Due to the pandemic's continuing impact on businesses throughout the country, lenders are now required to obtain the following additional documentation to support the decision that the self-employment income meets these requirements:

- an audited year-to-date profit and loss statement reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date; or
- an unaudited year-to-date profit and loss statement signed by the borrower reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date, and two business depository account(s) statements no older than the latest two months represented on the year-to-date profit and loss statement.

For example, the business depository account statements can be no older than April and May for a year-to-date profit and loss statement dated through May 31, 2020.

Please review Fannie Mae [Lender Letter-2020-03](#), (updated 5/28) and Freddie Mac [Bulletin 2020-19](#) (issued 5/28) for more specifics.

Effective Date: Please apply the new requirements for borrowers using self-employment income to qualify and the income analysis to existing loans in process; however, **they must be applied to loans with application dates on or after Jun. 11, 2020 until further notice.**

We appreciate your support dealing with the challenges attributed to COVID-19. MassHousing will continue to monitor market conditions and will communicate any future changes to the terms of this Announcement. Please contact us at 888- 843-6432 option 4, and/or your Relationship Manager or email c6@masshousing.com for assistance.