

Weekly Underwriting Updates to Sales 11.25.19

FHA

No updates

FNMA/FHLMC

Freddie Mac

Mortgages secured by properties subject to income-based resale restrictions

This Bulletin announces new and revised requirements to facilitate a secondary market for Mortgages secured by income-based resale restricted properties that use deed restrictions, subordinated loans, or similar legal mechanisms that include provisions to keep a home affordable for individuals and households with very low, low, or moderate incomes.

[Read Details here:](#)

Property eligibility and appraisal requirements- Rural Markets

Freddie Mac understands the challenges related to property eligibility and valuation that can result from unique market conditions or the lack of comparable sales, especially in rural markets. In response to Seller and industry stakeholder inquiries and as part of our Duty to Serve plan, we are providing additional guidance for:

- Appraisal adjustments, recognizing that large adjustments are common and acceptable in rural markets. Freddie Mac does not have limitations on gross or net adjustment percentages and recognizes that the income approach, cost analysis and market surveys are appropriate for supporting adjustments.
- The acceptability of non-traditional types of properties (examples include "barndominiums" (barn conversions or barn-style buildings), "shouses" (living-space and work/storage combinations), berm homes, log homes and geodesic dome dwellings)

Fannie Mae

Homeownership Education Requirements

There are some big changes here, and the changes will take place with the DU Update:

For non-HomeReady® loans where the LTV exceeds 95%:

- Borrowers wishing to buy at LTV's/CLTV's/HCLTV's >95% will require at least one borrower on the mortgage to complete homeownership education, regardless of the Fannie Mae product chosen for financing their home, but note **this only applies to loans where ALL occupant borrowers are first-time homebuyers**

For HomeReady® loans:

- Homeownership education will be **required for at least one borrower only if ALL occupying borrowers are first-time homebuyers, regardless of the LTV** on the HomeReady® product.

If you are assisting borrowers that have no credit scores, homeownership education will continue to be required for all loans, on HomeReady® and non-HomeReady® transactions.

Rental Income Policy: Also, Fannie Mae made big changes to their rental income policy when a borrower has less than one-year rental management history. All appropriate messaging is being added to DU to support this change.

A big, big reminder – this is NOT for loans resubmitted to DU on or after December 7, 2019, but ONLY for NEW CASEFILES submitted on or after this date!

Alimony Obligations: SEL-2019-08 also reminds lenders to treat alimony obligations as a reduction to income rather than adding it as a long-term debt, to enter the obligation as negative Alimony/Child Support under other monthly income so that is properly accounted for as a reduction to income. if the borrower also receives alimony or child support income, this amount should be combined with the amount of the alimony obligation and entered as a net amount.

Link to the full policy, [click here](#)

USDA

No Updates

VA

Reminder of changes effective 1/1/2020.

Blue Water Navy Vietnam Veterans Act of 2019 Policy changes which include, but not limited to:

Adjustment of Loan Limits - Freddie Mac CLLs are no longer a factor for Veterans with full entitlement. For Veterans with full entitlement, the maximum amount of guaranty for a loan above \$144,000 is 25 percent of the loan amount, regardless of the Freddie Mac CLL.

Adjustment of Loan Fees - The Act amends 38 U.S.C. § 3729(b)(2) by replacing the loan fee / funding fee table. The below table summarizes funding fee rates for the most common types of loans for all Veterans (Regular Military, Reserves, and National Guard) for loans closed on or after January 1, 2020, and before January 1, 2022.

Type of Loan	Downpayment	Percentage for First Time Use	Percentage for Subsequent Use
Purchase and Construction Loans	None	2.30%	3.60%
	5% but less than 10%	1.65%	1.65%
	10% or more	1.40%	1.40%
Cash-Out Refinance Loans	n/a	2.30%	3.60%
IRRRLs	n/a	0.50%	0.50%
Loan Assumptions	n/a	0.50%	0.50%

The full circular is available by [Clicking Here](#)