COVID-19 Matrix

Financing Types

Conventional Loans

Temporary Eligibility Requirements for Purchase and Refinance Transactions
The following policies apply to loans in process and must be applied to loans with application dates on or after June 2, 2020. These policies will remain in effect until further notice:

Lenders must continue to review the borrower's credit report to determine the status of all mortgage loans. In addition to reviewing the credit report, the lender must also apply due diligence for each mortgage loan on which the borrower is obligated, including co-signed mortgage loans and mortgage loans not related to the subject transaction, to determine whether the payments are current as of the Note Date of the new 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 (for mortgages being refinanced),
- the latest mortgage account statement from the borrower, and
- a verification of mortgage.

A borrower who is not current and has missed payments on any mortgage loan is eligible for a new mortgage loan if those missed payments were resolved in accordance with the requirements in the table below.

Resolution Method	Eligibility
Reinstatement	If the borrower resolved missed payments through a reinstatement, they are eligible for a new mortgage loan. The lender must document the source of funds in accordance with eligible sources of funds in the Selling Guide, if the reinstatement was completed after the application date of the new transaction. Proceeds from a refinance may not be used to reinstate any mortgage loan.
Loss Mitigation Solution	If outstanding payments will be or have been resolved through a loss mitigation solution, the borrower is eligible for a new mortgage loan if they have made at least three timely payments as of the Note Date of the new transaction as follows: • For a repayment plan, the borrower must have made either three consecutive timely payments under the repayment plan or completed the repayment plan, whichever occurs first. Note that there is no requirement that the repayment plan be completed. • For a payment deferral, the borrower must have made three consecutive timely payments following the effective date of the payment deferral agreement. • For a modification, the borrower must have successfully completed the three-month trial payment period. • For any other loss mitigation solution not listed above, the borrower must have successfully completed the program, or made at least three consecutive full monthly payments in accordance with the program. Verification that the borrower has made the required three timely payments may include: • A 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, the new loan amount can include the full amount required to satisfy the existing mortgage.

Fannie Mae does not consider payments missed during the time of a COVID-19-related forbearance that have been resolved to be historical delinquencies for purposes of the excess delinquency policy as outlined in B3-5.3-03, *Previous Mortgage Payment History*. This flexibility does not apply to high LTV refinance loans, which must continue to meet the payment history requirements in B5-7-02, *High LTV Refinance Underwriting, Documentation, and Collateral Requirements* for the New loan.

Assets	
Conventional Loans	**Stocks, Stock Options, and Mutual Funds** Expired 2-2-2022

Credit	
Conventional Loans	**Age of Documentation** – Effective with application dates on or after April 14, 2020 and are no longer applicable as of August 11, 2021.
FHA Loans	**Previous Mortgage Payment Forbearance** (**ML 2020-30** **superseded in full by HUD Handbook 4000.1).** **Housing Obligations/Mortgage Payment History (TOTAL)** A borrower who was granted a mortgage payment forbearance and continues to make payments as agreed under the terms of the original Note is not considered delinquent or late and shall be treated as if not in forbearance provided the forbearance plan is terminated at or prior to closing. **Late Mortgage Payments for Purchase and Rate and Term Refinance** The loan must be downgraded to a Refer and manually underwritten if any mortgage trade line, including mortgage line-of-credit payments, during the 12 months prior to case number assignment reflects: • Three or more late payments of greater than 30 days; • One or more late payments of 60 days plus one or more 30 day late payments; • One payment greater than 90 days late, or • That the borrower has made less than 3 consecutive payments since completion of a mortgage forbearance plan. For both Purchase and Rate and Term Refinances, a mortgage that has been modified must utilize the payment history in accordance with the modification agreement for the time period of modification in determining late housing payments. In addition, where a mortgage has been modified, the borrower must have made at least six payments under the modification agreement to be eligible for a Rate and Term Refinance. A mortgage that has been granted forbearance must utilize the payment history in accordance with the forbearance plan for the time period of forbearance in determining late housing payments. Where any mortgage in forbearance will remain open after the closing of the new FHA insured mortgage, the forbearance plan must be terminated at or prior to closing. **Note:** Any borrower who is granted a forbearance and is otherwise performing under the terms of the forbearance plan is not considered to be delinquent for purposes of credit underwriting. **Cash-Out Refinance** The loan must be downgraded to a Refer and manually underwritten if any mortgage trade line, including mortgage line-of-credit payments, reflects: • A current delinquency; • Any delinquency within 12 months of the case number assignment date; or • The borrower has made less than 12 consecutive monthly payments since completion of a mortgage forbearance plan. A mortgage that has been modified must utilize the payment history in accordance with the modification agreement for the time period of modification in determining late housing payments. Where a borrower who was granted a mortgage payment forbearance and continues to make payments as agreed under the terms of the original note, the loan is not required to be downgraded to a Refer provided the forbearance plan is terminated at or prior to closing. **Required Documentation** Where a mortgage reflects payments under a modification or forbearance plan within the 12 months prior to case number assignment, the lender must obtain: • A copy of the modification or forbearance plan; and • Evidence of the payment amount and date of payments during the agreement term. Note: A forbearance plan is not required if the forbearance was due to the impacts of COVID-19. **Payment History on Housing Obligations (MANUAL)** A borrower who was granted a mortgage payment forbearance and continues to make payments as agreed under the terms of the original Note is not considered delinquent or late and shall be treated as if not in forbearance provided the forbearance is terminated at or prior to closing.

FHA Loans (cont.)	The lender must determine the borrower's housing obligation payment history through:
	• The credit report;
	• Verification of rent received directly from the landlord (for landlords with no Identity of Interest with the borrower);
	• Verification of mortgage received directly from the Servicer; or
	• A review of canceled checks that cover the most recent 12-month period.
	
	The lender must verify and document the previous 12 months' housing history. For borrower who indicate they are living rent-free, the lender must obtain verification from the property owner where they are residing that the borrower has been living rent-free and the amount of time the borrower has been living rent free.
	
	A mortgage that has been modified must utilize the payment history in accordance with the modification agreement for the time period of modification in determining late housing payments. In addition, where a mortgage has been modified, the borrower must have made at least six payments under the modification agreement to be eligible for a rate and term refinance.
	
	A mortgage that was subject to mortgage payment forbearance must utilize the mortgage payment history in accordance with the forbearance plan for the time period of the forbearance in determining late housing payments.
	
	Any borrower who is granted a forbearance and is otherwise performing under the terms of the forbearance plan is not considered to be delinquent for purposes of credit underwriting.
	
	Required Documentation
	Where a mortgage reflects payments under a modification or forbearance plan within the 12 months prior to case number assignment, the lender must obtain:
	• A copy of the modification or forbearance plan; and
	• Evidence of the payment amount and date of payments during the agreement term.
	A forbearance plan is not required if the forbearance was due to the impacts of COVID-19.
	
	Cash-Out Refinance
	The lender must document that the borrower has made all payments for all their mortgages within the month due for the previous 12 months or since the borrower obtained the mortgages, whichever is less.
	
	Additionally, the payments for all mortgages secured by the subject property must have been paid within the month due for the month prior to mortgage disbursement.
	
	Properties with mortgages must have a minimum of six months of mortgage payments. Properties owned free and clear may be refinanced as cash-out transactions.
	
	A borrower who was granted mortgage payment forbearance must have:
	• Completed the forbearance plan on the subject property; and
	• Made at least twelve (12) consecutive mortgage payments within the month due on the mortgage since completing the forbearance plan.
	
	Required Documents
	If the mortgage on the subject property is not reported in the borrower's credit report or is not in the name of the borrower, the lender must obtain a verification of mortgage, bank statements or other documentation to evidence that all payments have been made by the borrower in the month due for the previous 12 months.
	
	Where a mortgage reflects payments under a modification or forbearance plan within the 12 months prior to case number assignment, the lender must obtain:
	• A copy of the modification or forbearance plan; and
	• Evidence of the payment amount and date of payments during the agreement term.
	A forbearance plan is not required if the forbearance was due to the impacts of COVID-19.
	
	Rate and Term Refinance - Payment History Requirements (MANUAL)
	• For all mortgages on all properties with less than six months of mortgage payment history, the borrower must have made all payments within the month due.
	• For all mortgages on all properties with more than six months history, the borrower must have made all mortgage payments within the month due for the six months prior to case number assignment and have no more than 1x30 late for the previous six months for all mortgages.
	• A borrower who was granted mortgage payment forbearance must have:
	  o Completed the forbearance plan on the subject property; and
	  o Made at least three consecutive mortgage payments within the month due on the mortgage

FHA Loans (cont.)	since completing the forbearance plan. • The borrower must have made the payments for all mortgages secured by the subject property for the month prior to mortgage disbursement. **Required Documentation** If the mortgage on the subject property is not reported in the borrower's credit report, the lender must obtain a verification of mortgage to evidence payment history for the previous 12 months. Where a mortgage reflects payments under a modification or forbearance plan within the 12 months prior to case number assignment, the lender must obtain: • A copy of the modification or forbearance plan; and • Evidence of the payment amount and dates of payments during the forbearance term. Note: A forbearance plan is not required if the forbearance was due to the impacts of COVID-19.

VA Loans	**Impact of CARES Act Forbearance on VA Purchase and Refinance Transactions (Circular 26-20-25 and Circular 26-20-25 Change 1)**
	
	Purchase and Cash-Out Refinance
	VA is temporarily relaxing certain credit underwriting policies for VA-guaranteed purchase and cash-out refinance loans. While lenders must continue to follow VA's underwriting standards generally, lenders should not use a CARES Act forbearance as a reason to deny a Veteran a VA-guaranteed loan. In such cases, borrowers, through the lender, must provide reasons for the loan deficiency and information to establish that the cause of the delinquency has been corrected.
	
	VA will not consider a Veteran as an unsatisfactory credit risk, based solely upon the fact that the Veteran received some type of credit forbearance or experienced some type of deferred payment during the COVID-19 national emergency. Lenders must continue to review and evaluate all applicable credit qualifying information. Although deferred payments may not be considered for credit risk purposes, the lender should consider the monthly obligation if the debt remains active after loan closing.
	
	IRRRL
	Normally, VA requires lenders to obtain prior approval from VA if the loan being refinanced is delinquent (i.e., the scheduled monthly payment of principal and interest is more than 30 days past due). In such cases, borrowers, through the lender, must provide reasons for the loan deficiency, information to establish that the cause of the delinquency has been corrected, and information establishing that the borrower qualifies for the loan under VA's underwriting and credit standards. Under Circular 26-20-25, VA is temporarily waiving certain prior approval requirements applicable to delinquent loans.
	• **Waiver of Prior Approval –** VA's prior approval is not required, regardless of delinquency status, if:
	  ○ VA has already approved the lender to close loans on an automatic basis,
	  ○ The borrower has invoked a CARES Act forbearance relating to the loan being refinanced,
	  ○ The borrower has provided information to establish that they are no longer experiencing a financial hardship caused by COVID-19, and
	  ○ The borrower qualifies for the IRRRL under the credit standards set forth by 38 C.F.R. § 36.4340 (c) through (j).
	
	IRRRLs Where the Loan Being Refinanced Is Not More Than 30 Days Past Due
	As explained above, VA's regulations require prior approval and underwriting for an IRRRL only when the loan being refinanced is more than 30 days past due. If the loan being refinanced is not more than 30 days past due, VA's approval is not required in advance of the loan, nor is underwriting required. Thus, VA's prior approval and lender underwriting are not required in cases where the loan being refinanced is overdue by 30 days or less, regardless of whether the Veteran requested CARES Act forbearance and the delinquency status at the time of such request.
	
	IRRRL Maximum Loan Amount
	In the context of a CARES Act forbearance, IRRRLs may include the following:
	• Any past due installment payments, including those a borrower deferred under the CARES Act forbearance, plus
	• Allowable late charges, consistent with the note, the CARES Act, and all other applicable laws, plus
	• The cost of any energy efficiency improvements, plus
	• Allowable closing costs and discount points, and
	• The VA funding fee.
	
	Loan Seasoning, Fee Recoupment, Discount Points and Net Tangible Benefit Standards
	All IRRRLs and cash-out refinance must meet loan seasoning, fee recoupment, discount points, and net

VA Loans (cont.)	tangible benefit requirements, as applicable. Periods of forbearance cannot count toward seasoning; however, forbearance under the CARES Act does not, alone, cause the loan to fail to meet the seasoning standard. If a loan being refinanced met seasoning requirements before a Veteran invoked a CARES Act forbearance, the seasoning requirement remains satisfied. A loan being refinanced is seasoned if **both** the following conditions are met as of the date the borrower closes the refinance loan: • The borrower has made at least six consecutive monthly payments on the loan being refinanced. For example, in a case where a borrower made five consecutive payments before invoking a CARES Act forbearance, such borrower would need to make six additional consecutive payments, post forbearance, in order to meet the seasoning requirement, and • The date of closing for the refinance loan is 210 or more days after the first payment due date of the loan being refinanced.
Income	

Conventional Loans	**Continuity of Income** Expired 2/2/2022
	
	Furloughed Borrowers Expired 2-2-2022, refer to temporary leave income in B3-3.1-09, Other Sources of Income for additional information.
	
	Self-Employment Income Analysis and Documentation Requirements Expired 2/2/2022
	Effective immediately we are retiring the COVID-19 temporary requirements for borrowers with qualifying income derived from self-employment provided the most recent federal income tax returns are not older than 2020. Lenders may follow standard *Selling Guide* policies with respect to self-employment income.
	
	If the most recent federal income tax returns are dated before 2020, lenders must continue to apply the prior requirements below.
	
	Note that the temporary requirements for Verification of Self-employment continue to apply to all loans using self-employment income to qualify.
	
	At a minimum, the following additional documentation must be obtained to support the decision that the self-employment income meets requirements:
	• An unaudited year-to-date (YTD) profit and loss statement signed by the Borrower reporting business revenue (i.e., gross receipts or sales), expenses and net income up to and including the most recent month preceding the loan application date. The information in the YTD profit and loss statement must cover the most recent month preceding the Application Received Date and be dated no more than 60 calendar days prior to the Note Date, **and**
	• Three months business account statements no older than the latest three months represented on the YTD profit and loss statement. For example, the business depository account statements can be no older than Aug, Sep, Oct. for a year-to-date profit and loss statement dated through October 31.
	  ○ The lender must review the three most recent depository account statements to support the level of business revenue reported in the current year-to-date profit and loss statement. Otherwise, the lender must obtain additional statements or other documentation to support the on-going nature of business revenue reported in the current year-to-date profit and loss statement.
	  ○ Personal asset account statements evidencing business deposits and expenses may be used when the Borrower is an owner of a small business and does not have a separate business account.
	OR
	• An audited YTD profit and loss statement (prepared by a CPA) reporting business revenue (i.e., gross receipts or sales), expenses and net income up to and including the most recent month preceding the loan application received date and must be no more than 60 calendar days old as of the Note Date.
	
	Note: If the income is declining and has not stabilized, then the income is not eligible for qualifying.
	
	Business Income Calculation Adjustment
	When the lender determines current year net business income has been impacted by the COVID-19 pandemic and is
	• less than the historical monthly income calculated using Form 1084 (or relative income worksheet), but is stable at its current level, the lender must reduce the amount of qualifying income calculated using Form 1084 to no more than the current level of stable income as determined by the lender (see Business Income above).
	• more than the historical income calculated using Form 1084 (or relative income worksheet), the lender must use no more than the currently stable level of income calculated using Form 1084 to qualify the

Conventional Loans (cont.)	borrower. In all cases, qualifying income must be supported by documentation, including any supplemental documentation obtained by the lender. Refer to FNMA lender letters, FHLMC COVID Resources and updated COVID-19 agency guidelines for additional information on reviewing self-employment income and determining if the income is stable. **Verification of Self-Employment** Effective for loans with application received dates on or after April 14, 2020 and until further notice. When a borrower is using self-employment income to qualify, the lender must verify the existence of the borrower's business within 120 calendar days prior to the note date. Due to latency in system updates or recertifications using annual licenses, certifications, or government systems of record, lenders must take additional steps to confirm that the borrower's business is open and operating. The lender must confirm this within 20 business days of the note date (or after closing but prior to delivery). Below are examples of methods the lender may use to confirm the borrower's business is currently operating: 1 evidence of current work (executed contracts or signed invoices that indicate the business is operating on the day the lender verifies self-employment); 2 evidence of current business receipts within 20 days of the note date (payment for services performed); 3 lender certification the business is open and operating (lender confirmed through a phone call or other means); or 4 business website demonstrating activity supporting current business operations (timely appointments for estimates or service can be scheduled). See B3-3.1-07, Verbal Verification of Employment for our existing requirements. As the verbal verification for all Self-Employed borrowers is now different from that we do for employed borrowers. Please note the following as to point 3 above. Here is an example of how to complete the form for acceptability: A phone call cert that states to whom we spoke, that the business is open and operating, how we found the number to call (a third party source like 411.com or website, not just the number the borrower gave us and accompanied by documentation such as website photos **Verbal Verification of Employment** COVID overlays Expired 2/2/2022
FHA Loans	**Self-Employment Income** When self-employment income is used to qualify the Borrower, the Lender must verify and document that the income derived from self-employment is stable with a reasonable expectation that it will continue.
VA Loans	**Effective June 29, 2021, VA announced Circular 26-20-10 Change 2 updating lender guidance for borrowers affected financially by the COVID-19 National Emergency. Refer to the Circular for requirements.** **Applications taken prior to April 1, 2021: Follow Income Verification flexibility below** (Circular 26-20-10) Lenders should continue to use good judgment and flexibility when verifying stable and reliable income. Lenders should make every effort to satisfy VA's requirements concerning Verification of Employment (VOE). If lenders typical method is impacted due to temporary business closures, the lender should use the guidelines below: 1. The lender may utilize employment and income verification third-party services (Additional fees associated with these services cannot be charged to the Veteran) 2. If the lender is not able to utilize a third-party service to verify employment and income, a VOE can be met with evidence of direct deposit from a bank statement and paystubs covering at least one full month of employment within 30 days of the closing date. Lenders should reconcile payment amounts between the paystubs and direct deposit listed on the bank statement.

	3. If the required VOE documentation cannot be obtained by evidence of bank statement and paystubs, and the borrowers have cash reserves totaling at least 2 months mortgage payments (PITI) post-closing, the loan is eligible for guaranty. The lender's effort to obtain the VOE must be documented in the Correspondence section of WebLGY. In the event option (2) or (3) is utilized as verification, document in box 47 of the remarks section on VA Form 26-6393 Loan Analysis, the option they selected and the supporting documentation. **Furlough, Curtailment of Income, etc.** If the borrower was impacted by COVID-19, that period should not be considered a break in employment or income provided they have returned, or are anticipated to return, to work in the same capacity and income levels. In addition to standard verification documentation, borrowers should provide furlough letters where applicable.
Property	
Conventional Loans	Temporary Fannie Mae and Freddie Max flexibilities allowed per table below. Applies to loan application dates on or before May 31, 2021. After May 31st, follow standard requirements. Expired 2-2-2022
FHA Loans	Effective for appraisal inspections completed on or before June 30, 2021: Exterior appraisal options are allowed, per FHA Mortgagee Letter 2020-05 and 2020-37. All appraisals must still run through the FHA EAD Portal. Expired 6-30-2021
VA Loans	**Applications taken on or after April 1, 2021: Temporary flexibilities announced in Circular 26-20-13 are rescinded in their entirety. Follow standard VA requirements.**