

# PRODUCT UPDATES

## FANNIE MAE & FREDDIE MAC

APPRAISAL PHOT REQUIREMENTA WITH INTERIOR & EXTERIOR INSPECTIONS (UNDERLINED TEXT INDICATES THE CHANGE):

- The appraisal report must include at least the following:
  - A front view of the subject property.
  - A rear view of the subject property.
  - A street scene identifying the location of the subject property and showing neighboring improvements.
  - The kitchen of the subject property.
  - All bathrooms of the subject property.
  - All main living areas of the subject property, including all gathering rooms.

## FREDDIE MAC

### 1. TRENDED DATA ON REQUIRED ON ALL NEW SUBMISSIONS EFFECTIVE AUGUST 4, 2024

We may be seeing trended data report prior to the mandate of August 4, 2024

- RETAIL – ADVANTAGE CREDIT WILL BE SUPPLYING BEFORE THIS REQUIREMENT.
- WHOLESALE – A TRENDED DATA REPORT WILL BE REQUIRED

### 2. UPDATED REQUIREMENTS FOR ENTERING ALIMONY OR MAINTENANCE PAYMENT WITH MORE THAN 10 MONTHS REMAINING – EFFECTIVE IMMEDIATELY:

- For LPA Loans: In lieu of including these payments in the calculation of the debt, the payments must be deducted from the borrower's stable monthly income, as determined in accordance with Section 5301.1. The reduced stable monthly income must be used to qualify the borrower.
- When entering an alimony obligation in Loan Product Advisor®, select “Alimony” under “Income Type” and enter it as a negative number. If the borrower also receives alimony income, select “Alimony” under “Income Type” and enter the amount received.

### 3. Reserves requirement for concurrent Mortgage applications

- The reserves requirements to specify that when processing multiple Mortgage applications for the same Borrower, the same assets may be used to meet the reserve requirements for each Mortgage transaction.

# PRODUCT UPDATES

## FHA

**EFFECTIVE Immediately:**

HUD recently updated the [4000.1](#) to with the following revisions (The UNDERLINED text indicates the change):

- **LARGE DEPOSITS**
  - For recently opened accounts and recent individual deposits of more than 50 percent of the total monthly Effective Income, the Lender must obtain documentation of the deposits. The lender must also verify that the deposits are commensurate with the borrower's income and savings history, and no debts were incurred to obtain part, or all, of the MRI.
- **REQUIRED HAZARD INSURANCE COVERAGE FOR PUDs OR CONDOS**
  - Most condominium projects have master or blanket policies that address the insurance requirements for each unit. Each loan file must contain a copy of the blanket policy, as well as a copy of the Evidence of Insurance that specifies the individual unit. The Condominium Association's master or blanket Hazard Insurance policy must be in an amount to fully cover the insurable replacement cost of all Units and all insurable Common Elements in the Approved Condominium Project. The Lender must verify that any policy with a coinsurance clause includes an agreed amount endorsement, selection of the agreed value option, or an amount of coverage to fully cover the insurable replacement cost of all units and all insurable Common Elements in the Approved Condominium Project.
- **ATTACHED CONDO REQUIREMENTS, FIDELITY BOND:**
  - Required for new and established projects with more than 20 units. The insurance policy must name the HOA as the insured and the premiums must be paid as a common expense by the HOA. The Lender must verify that the insurance coverage is the greater of either:
    - Three months of aggregate (12-month) assessments on all units, plus reserve funds (up to the maximum permitted by state law), or
    - The minimum amount required by state law.
- **SITE CONDO HAZARD INSURANCE REQUIREMENTS:**
  - When defining a site condo, the unit owner must be responsible for all required insurance and maintenance costs associated with the unit dwelling, excluding landscaping.
- **ALL REFINANCE TYPES – PAYMENT HISTORY:**
  - If the mortgage on the subject property is not reported in the borrower's credit report or the subject property is not in the name of the borrower, the mortgagee must obtain a verification of mortgage, bank statements, or other documentation to

# PRODUCT UPDATES

evidence that all payments have been made by the borrower in the month due for the previous 12 months.

- **ALL REFINANCES - ADJUSTED VALUE DEFINITION IS:**
  - Properties acquired by the borrower within 12 months of case number assignment by inheritance, through a gift from a family member, or through a non-monetary transaction may utilize the calculation of Adjusted Value for properties purchased 12 months or greater.
- **WATER WELLS:**
  - **Note:** When an Individual Water Supply System is present, the Lender must ensure that the water quality meets the requirements of the health authority with jurisdiction. If there are no local (or state) water quality standards, then water quality must meet the standards set by the EPA, as presented in the National Primary Drinking Water regulations in 40 CFR §§ 141–142. If the subject Property has a water source that includes a mechanical chlorinator or is served by springs, lakes, rivers, sand-point wells or artesian wells, the property is not eligible for FHA mortgage insurance.
- **LATE MORTGAGE PAYMENTS FOR PURCHASE AND NO CASH-OUT REFINANCE:**
  - The mortgage 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:
    - That the borrower has made less than three consecutive monthly housing payments since completion of a mortgage Forbearance Plan.
- **HOUSING PAYMENT HISTORY – CASH-OUT REFINANCE:**
  - The mortgage must be downgraded to a Refer and manually underwritten if any mortgage trade line, including mortgage line-of-credit payments, reflects:
  - The borrower has made less than 12 consecutive monthly mortgage payments since completion of a mortgage forbearance plan.

## PRIME 2<sup>nd</sup> LIENS – COMPLETE GUIDELINES ARE NOW AVAILABLE

- Expanded income doc types **across all occupancies:**
  - **1099, WVOE, and P&L**
- Higher max combined lien balances: **up to \$4MM** based on CLTV
- Increased loan amount to **\$600k**
- SFR up to max 10 acres
- Rural primary to 80 CLTV, max 10 acres; eligible across all doc types
- Seasoning: less than 6 months seasoning since previous refinance on either 1<sup>st</sup> or 2<sup>nd</sup>, max 80 CLTV

# PRODUCT UPDATES

## VA

### GUIDANCE ON BUYER -PAID REAL ESTATE BROKER FEES (TO KEEP BORROWER COMPETITIVE IN MARKET)

- VA is authorizing a temporary local variance that allows Veterans to pay reasonable and customary amounts for any buyer–broker charges (including commissions and any other broker–related fees), subject to the following:
  1. The home the Veteran is purchasing is an area where:
  2. Listing brokers are prohibited from setting buyer–broker compensation through multiple listing postings, or
  3. Buyer–broker compensation cannot be established by or flow through the listing broker.
  4. Buyer–broker charges are not included in the loan amount.
  5. Buyer–broker charges paid or to be paid by the Veteran are to be considered in determining whether the Veteran has sufficient liquid assets to close the loan.<sup>3</sup>
  6. An invoice is not necessary to support the buyer–broker charge; however:
    1. The total amount paid, if any, by the Veteran is to be recorded in lines 1 through 3 of section H (“Other”) on the Closing Disclosure, and
    2. VA considers the buyer–broker representation agreement to be part of the sales contract package. As such, VA expects lenders to upload the agreement as part of the package lenders use when requesting an appraisal. VA also expects lenders to retain the agreement in the loan file.<sup>4</sup>

[JET CLICK HERE FOR ALL GUIDELINES, MATRICES, RELEASES & QUICK TIPS \(Sharepoint\)](#)

[HMAC CLICK HERE FOR ALL GUIDELINES, MATRICES, RELEASES & QUICK TIPS \(Sharepoint\)](#)

