



MFM Bulletin: 006-2020

Date: July 13, 2020

Subject: REMINDER: Fannie and Freddie Additional requirements for Self-Employed borrowers

We are sending this bulletin as a reminder regarding all loans with self-employed borrowers. For loan applications dated on or after June 11th, 2020 MFM will apply Fannie Mae and Freddie Mac income analysis procedures and guideline changes, as described in MFM Bulletin 005-2020 (attached below).

Loans submitted without YTD Profit and Loss (prepared and signed by an accountant or tax preparer and borrower) AND two months of business bank statements for ALL business accounts cannot be approved as income cannot be properly calculated; the loan will be suspended for this information.

For the vast majority of borrowers, we anticipate qualifying will be based on CURRENT YTD income, not on past year's income. MFM underwriters will prepare a cash flow analysis from the current P&L, supported by the business bank statements.

MFM will also require that 2019 business and personal returns are filed for ALL self-employed borrowers for loans sold to Fannie Mae and Freddie Mac. We will not accept loans where the borrower has filed an extension on their 2019 returns. Credit Union partners may waive this requirement on portfolio loans.

Please note: *These loans will take longer to review and may require additional documentation.*

Thank you!