



MFM Bulletin: 006-2021

Date: May 20, 2021

Subject: Fannie and Freddie Power of Attorney Changes

Fannie Mae and Freddie Mac have rescinded their COVID flexibilities and requirements relating to the use of a Power of Attorney (POA). Attached below, please find Member First Mortgage's policies for loans with Power of Attorney.

We will continue to allow POA only for closing documents and for purchase transactions and limited cash out/no cash out refinances only. The attached guidelines apply to all loan programs and are in effect with loan applications dated on or after May 1, 2021.

Please pay special attention to Freddie Mac changes; they are now reinstating their policy that POAs are only allowed in a hardship situation.

Contact the MFM Underwriting department (underwriting@memberfirstmortgage.com) if you have any questions or concerns.

Thank you

A Power of Attorney (POA) is a legal document giving one person (Attorney in Fact) the power to legally bind another person. Loans with documentation executed by an Attorney in Fact on behalf of the borrower under a POA are eligible if all requirements referenced in these guidelines are met.

AGENCY	Fannie Mae, FHA, VA and USDA	Freddie Mac
General restrictions on use of POA	<ul style="list-style-type: none"> • ALLOWED FOR CLOSING DOCUMENTS ONLY • POA not allowed when title will be held in trust. 	<ul style="list-style-type: none"> • ALLOWED FOR CLOSING DOCUMENTS ONLY • POA not allowed when title will be held in trust. • POA will only be allowed in a hardship or emergency situation in the following instances: <ul style="list-style-type: none"> ○ Medical emergencies ○ Military deployment ○ Disaster ○ Other hardship preventing borrower from signing in person • A letter explaining reason why a POA will be used is required. <p>OR</p> <ul style="list-style-type: none"> • State law requires lender to accept use of POA <p>Documentation is required.</p>

Eligible Transactions:

- Purchase
- Limited Cash Out
- Cash Out Refinance (VA only)

Eligible Power of Attorney:

- Family Members
- Fiancé

Ineligible Power of Attorney:

- Lender or employee of lender
- Title Agent or affiliate
- Property Seller
- Real Estate Agent or affiliate

Document Requirements:

- Must be a specific Power of Attorney and must include the address of the property being financed.
- The name(s) on the POA match the name(s) of the person(s) on the loan document.
- The POA must be dated such that it was valid at the time the loan documents are executed.
- POA must be notarized.
- POA must be recorded with the mortgage if required by state law.
- Must be reviewed and approved by MFM and Title closing agent and must meet all State requirements.