



MFM Bulletin: 007-2023

Date: February 23, 2023

Subject: Fannie Mae and Freddie Mac retiring of policies/flexibilities due to COVID-19

Fannie Mae and Freddie Mac have recently provided bulletins retiring two Covid-19 policies. Effective immediately, the following policies/flexibilities have been eliminated.

Verification of Self-Employment:

Lenders are no longer required to verify the borrower's business is open and operating within 20 business days (Fannie Mae) or 10 business days (Freddie Mac).

Both Fannie Mae and Freddie Mac will return to previous Verification of Self-Employment policies as follows:

The lender must verify the existence of the borrower's business within 120 calendar days prior to the note date:

- From a third party, such as a CPA, regulatory agency, or the applicable licensing bureau. For businesses that do not require registration and/or licensing, then;
- by verifying a phone listing and address for the borrower's business using a telephone book, the internet, or directory assistance.

The lender must document the source of the information obtained and the name and title of the lender's employee who obtained the information.

Verification of status of all mortgage loans and COVID-19 Forbearance/Loss Mitigation Temporary Flexibilities:

- **For mortgages not related to the subject transaction**, lenders no longer have to document that borrowers have made all payments due in the month prior to the new loan transaction. Instead, the credit report must indicate that on the date of the loan application, the borrower's existing mortgage must be current, which means that no more than 45 days may have elapsed since the last paid installment date.
- Mortgages being paid off with the subject transaction must still be verified as current through the month of closing.
- The temporary flexibilities for borrowers who have missed payments due to COVID related forbearance plans and loss mitigation solutions have been eliminated.
- Fannie Mae and Freddie Mac policies regarding excessive mortgage delinquencies have been reinstated.