

**EFFECTIVE FOR ALL CONVENTIONAL LOAN SUBMISSIONS DATED ON OR AFTER APRIL 14TH, 2020**

**Age of income and assets documentation**

Fannie Mae and Freddie Mac are implementing the following temporary requirements for age of income and assets documentation. In order to ensure that the most up-to-date information is being considered to support the borrower’s ability to repay, the age of documentation requirements for all loans (existing and new construction) is updated as follows:

**All income and asset documentation must be dated no more than 60 days prior to the Note Date, except as follows:**

Effective immediately and until further notice, Appraisals may be in a form of an Exterior-Only inspection or Desktop Appraisal except for:

- If an asset account is reported on a quarterly basis, the lender must obtain the most recently issued quarterly statement
- For electronic income verifications obtained from third-party verification service providers, the information from the electronic data base reflected on the third-party verification must now be dated no more than 60 days prior to the Note Date. (Note: Current guidelines require the following for VVOE: Because third-party vendor databases are typically updated monthly, the verification must evidence that the information in the vendor’s database is no more than 30 days from the date the verification was pulled by the CMG employee. This VVOE requirement is not impacted by the agency guidance for electronic income verification. In addition, common sense must continue to be utilized based on knowledge of the employer’s current status as it related to using a third-party VVOE. Our temporary 3-day reverification policy still applies.)

The standard Guide requirements for age of documentation continue to apply to the following income types:

- Military income documented on Leave and Earnings Statements
- Retirement income
- Survivor and dependent benefit income
- Long-term disability income
- Social Security Supplemental Security Income (SSI)
- Public assistance income
- Homeownership Voucher Program payments
- Foster-care income
- Trust income (fixed)
- Royalty payments

This change does not apply to credit reports, title reports or any other loan documentation at this time

**Self-employed Borrowers: Verification of the current existence of the business – business open and operating**

Currently, when a Borrower is using self-employment income to qualify, the lender must verify the existence of the Borrower’s business no more than 120 days prior to the Note Date. Due to the impact the COVID-19 pandemic and the various social distancing measures implemented by different jurisdictions are having on many businesses across the country, lenders must now take additional steps to confirm that the Borrower’s business is open and operating within 10 Business Days prior to the Note Date. In addition, there may be latency in system updates or recertifications using annual licenses, certifications, or government systems of record.



Below are examples of methods the lender may use to confirm the Borrower's business is currently operating:

- Evidence of current work (e.g., executed contracts or signed invoices that indicate the business is operating on the day the lender verifies self-employment)
- Evidence of current business receipts within 10 Business Days of the Note Date (e.g., payment for services performed)
- Lender certification the business is open and operating (e.g., the lender confirmed through a phone call or other means)
- Business website demonstrating activity supporting current business operations (e.g., timely appointments for estimates or service can be scheduled)

### **Stocks, stock options and mutual funds (Market-based assets)**

Due to the continuing market volatility of certain asset types, we are implementing the following temporary requirements applicable to accounts with stocks, stock options and mutual funds:

- When used for down payment or closing costs, evidence of the borrower's actual receipt of funds realized from the sale or liquidation must be documented in all cases.
- When used for reserves, only 70% of the value of the asset must be considered, and liquidation is not required.

Please contact me directly if you have any questions or concerns.