



first community mortgage

CORRESPONDENT ANNOUNCEMENT 2021-26

November 24, 2021
FNMA Guideline Updates

Effective Date

Immediately

Guideline Updates:

Current Verbiage:

- The Selling Guide currently requires a military borrower's Leave and Earnings Statement (LES) to be dated with 30 (Or 31) calendar days prior to the note date when used in lieu of a verbal verification of employment.

Updated Verbiage:

- Has expanded to 120 calendar days for the military borrower's Leave and Earnings Statement (LES) to be dated prior to the note date when used in lieu of a verbal verification of employment.

Current Verbiage:

- The Selling Guide currently requires for Military pay, standard documentation requirements are needed for base pay, bonus, and overtime income.

Updated Verbiage:

- Military base pay and entitlements must be documented with the borrower's recent LES.

Condo Update:

- The status of projects in Condo Project Manager (CPM) will now be changed to "Unavailable" when made aware that they do not meet the temporary eligibility requirements or that they do not meet the standard Selling Guide requirements for project eligibility. Effective immediately, loans secured by units in any project with a CPM status of "Unavailable" are ineligible for purchase, regardless of the project review process used in underwriting the loan.

Documentation to resolve eligibility issues for project notes as unavailable in CPM can be submitted for consideration using CPM_manage@fanniemae.com

Condo Update:

- The flexibility that allowed for a reserve study in lieu of the condo project meeting the 10% budget reserve requirement is being suspended. Reserve studies are an important tool to help HOAs plan for future needs. However, projects that budget less than 10% of the HOAs assessment income may be at increased risk for significant deferred maintenance and special assessments.

Exception request can be submitted through the Project Eligibility Review Service process for established projects. New projects will not be considered at this time.

Condo Update:



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- Project Eligibility Waivers (PEWS) on Condos will not be issued for significant deferred maintenance, failure to obtain a certificate of occupancy, failure to complete or pass a regulatory inspection, or projects subject to large special assessments. Additionally, all new requests related to PEWs for project insurance policy deficiencies are suspended.
No exceptions allowed

Effective Date

AUS run on or after December 4, 2021

Guideline Updates:

Current Verbiage:

- RefiNow program, total income must be at or below 80% area median income (AMI).

Updated Verbiage:

- RefiNow program will be increasing the borrower income limit to allow up to 100% of the applicable AMI limit.

Current Verbiage:

- RefiNow program, current loan must be seasoned for at least 12 months but a maximum of 10 years.

Updated Verbiage:

- RefiNow program will be eliminating the maximum loan seasoning requirement of 10 years.



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Effective Date

Loans closed on or after January 1, 2022

Guideline Updates:

Update:

- Loans secured by units in condo projects with significant deferred maintenance or in projects that have received a directive from a regulatory authority or inspection agency to make reports due to unsafe conditions are not eligible to purchase.
 - Documentation required to become eligible may include satisfactory engineering or inspection report, certificate of occupancy, or other substantially similar documentation that shows the repairs have been completed in a manner that resolves the building's safety, soundness, structural integrity, or habitability concerns.

Update:

- Loans secured by units in condo projects with special assessments, current or planned, even if paid in full for the subject unit must be reviewed to determine acceptability. The following must be documented in the loan file
 - The reason for the special assessment.
 - The total amount assessed and repayment terms.
 - Documentation to support no negative impact to the financial stability, viability, condition, and marketability of the project; and
 - Borrower qualification with any outstanding special assessment payment.
 - Must obtain the financial documents necessary to confirm the association has the ability to fund any repairs.
 - All repairs must be completed, or the project is not eligible.