



COVID-19 Updates and IRRRL Reminder

Overview

FAMC is announcing the following topics:

- FHA Products
 - Temporary guidance per [FHA Mortgagee Letter 2020-23](#)
- VA Products
 - IRRRL transactions reminder per [VA Circular 26-19-22, Change 1](#).

FHA Products

Topic	Temporary Guidance
VVOE - Verification of Self-Employment	<p>The temporary guidance outlined for this topic in the COVID-19 Interim Guidance document has been updated to state that one of the following options MUST be obtained to verify and confirm that the business is open and operating within 10 calendar days of the note date:</p> <ul style="list-style-type: none"> • Evidence of current work (executed contracts or signed invoices that indicate the business is operating on the date of verification of self-employment), • Evidence of current business receipts (payment for services performed) dated within 10 calendar days of the note date, • Certification completed by the lender to document either of the following: <ul style="list-style-type: none"> ○ A direct phone call to the business with details of the call documented, or ○ A visit to the business's website which must demonstrate activity supporting current business operations (timely appointments for estimates or services can be scheduled) <p>Please note: The third-party verification and borrower certification options have been removed.</p>
Rental Income	<p>For all loans in which the borrower(s) are utilizing rental income to qualify, the following requirements apply:</p> <ul style="list-style-type: none"> • Once the rental income has been calculated per the standard requirements in Handbook 4000.1, the lender must: <ul style="list-style-type: none"> ○ Reduce the effective income calculated by 25%, OR ○ Verify 6 months PITI reserves for the property associated with the rental income, OR ○ Verify that the borrower has received the two months previous rental payments evidenced by the borrower's bank statements showing the deposits. This option is only applicable for borrowers with a history of rental income on the property.

VA Products

IRRRL Transactions - Refinance of an ARM loan

- The Veteran's Statement/Lender's Certification - IRRRL **must reflect the current P & I payment** in the comparison.
 - If the current VA loan is an ARM, the lender must verify the current P & I payment and that payment must be used, not the P & I payment from the original ARM note if the current loan has had an interest rate adjustment.

Thank you for your business!

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