

Breech, Mariana

From: CLD ABQ
Sent: Friday, February 4, 2022 5:19 PM
To: CLD ABQ
Subject: CHL: Expiration of COVID 19 Self-Employed Income Requirements

Expiration of COVID 19 Self-Employed Income Requirements

LOAN TYPE:

All Programs **FNMA** **FHLMC** FHA VA HUD-184 USDA Non-Agency

EFFECTIVE DATE:

Effective immediately.

WHAT I NEED TO KNOW!

Great News!

The Conventional COVID-19 temporary requirements for self-employment income are no longer required **PROVIDED** the most recent complete federal income tax returns in the loan file **are not older than 2020.**

The following documentation must continue to be obtained:

- A (unaudited) Profit and Loss (P&L) Statement covering from the last tax year filed (for calendar year business it would cover Jan.-Dec. 2021) through most recent quarter YTD.
- The Business Attestation section on the S.E. Re-Verification VVOE verifying the Borrower's business is open and operating within 10 Calendar Days prior to the Note Date is completed.
- All remaining documentation for underwriting borrowers with self-employed income must comply with standard agency requirements.
- the most recent tax returns in the Mortgage file are dated **before 2020**, the COVID-19 temporary requirements for self-employed borrowers **MUST continue to be applied.** These requirements can be found at the top of the Loan Standard [Self-Employment](#) Topic.

HOW DOES THIS AFFECT ME?

For loan files with federal income tax returns not older than 2020, no longer need to obtain the most recent 3 months business bank statements!

For files with federal income tax returns older than 2020, continue to obtain the most recent 3 months business bank statements and apply COVID-19 temporary documentation guidance to self-employed income analysis.

Continue to obtain P & L statement from last tax filing thru most recent quarter YTD; and

Continue to complete the Business Attestation section of the S.E. Re-verification VVOE within 10 calendar days of Note Date.

As a reminder, the remaining COVID 19 temporary guidance to identify whether a borrower has experienced a forbearance or modification on any of their mortgages continues to apply.

WHAT ACTION DO I NEED TO TAKE NOW?

- **IF** the most recent complete federal income tax returns in the loan file **are not older than 2020** discontinue submitting the business's most recent 3 months bank statements.
- Continue to obtain P & L statement from last tax filing thru most recent quarter YTD.
- Continue to complete the Business Attestation section of the S.E. Re-verification VVOE within 10 calendar days of Note Date.
- Refer to FNMA [Updated LL 2021-03](#) and FHLMC [Bulletin 2022-3](#) for details.

WHERE DO I GO FOR ADDITIONAL INFORMATION?

If the answer to your question is not provided in this communication, please reach out to your Account Executive, Jeff Mayes or Mariana Breech.

