



Temporary Underwriting Guidance Job Aid

Topic	Conventional	FHA	VA	USDA
VVOE Flexibility (W2 wage earner)	Verbal verifications of W2 employment Flexibilities expired for applications beyond April 30, 2021. Applications dated on or after May 1st, 2021 will be subject to existing VVOE guidance in the Agency Selling Guides.	The reverification flexibilities for W2 employment are only eligible for loans closed on or before June 30, 2021 Applications dated on or after July 1st, 2021 will be subject to existing VVOE guidance in the HUD Handbook 4000.1	The termination of the temporary income verification guidance is effective immediately (VA announcement dated 4/4/2021) All loans going forward will be subject to existing VVOE guidance in the VA Lender's Handbook.	Alternatives to the verbal verification of W2 employment requirements expire June 30, 2021. The temporary guidance is still in effect for applications dated on or before June 30, 2021 Applications dated on or after July 1st, 2021 will be subject to VVOE existing guidance in the USDA Handbook HB-1-3555.
Self Employed VVOE	(No expiration announced) Non-Delegated Correspondent Clients: Verification that the borrower's business remains operational must be done within ten (10) calendar days of the Note date. Delegated Correspondent Clients: Verification that the borrower's business remains operational must be done within twenty (20) calendar days of the Note date. Below are examples of methods the lender may use to confirm the borrower's business is currently operating: <ul style="list-style-type: none"> • evidence of current work (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 20 days of the note date (payment for services performed); • lender certification the business is open and operating (lender confirmed through a phone call or other means); or • business website demonstrating activity supporting current business operations (timely appointments for estimates or service can be scheduled). 	The temporary COVID-19 underwriting guidance for reverification of SE income prior to closing, remains effective for applications with FHA case numbers assigned on or before September 30, 2021. One of the following documentation methods must be followed to verify and confirm that the borrower's self-employed business is open and operating within ten (10) calendar days from the note date: <ul style="list-style-type: none"> • evidence of current work (executed contracts or signed invoices that indicate the business is operating on the day the lender verifies self-employment); or • evidence of current business receipts (payment for services performed) within ten (10) calendar days of the note date; or • lender certification that the business is open and operating (lender confirmed through a phone call or other means); or • business website demonstrating activity supporting current business operations (timely appointments for estimates or service can be scheduled). • appointments for estimates or service can be scheduled). 	N/A - No Temporary guidance in effect. (Follow standard product guidelines)	N/A - No Temporary guidance in effect. (Follow standard product guidelines)
Self-Employed Borrowers	(No expiration announced) Extra diligence must be performed to determine stability <ul style="list-style-type: none"> • Profit and Loss Statement and balance sheet must cover the most recent month preceding the application date and report business revenue, expenses, and net income <ul style="list-style-type: none"> o Must be dated no more than 60 calendar days prior to the Note date Option One <ul style="list-style-type: none"> • Unaudited 2020 YTD P&L, signed by the borrower. Month to month, quarterly or additional documentation may be necessary to show income trending • Three months of business bank statements no older than the latest three months shown on the YTD P&L Option Two <ul style="list-style-type: none"> • Audited 2020 YTD P&L 	N/A - No Temporary guidance in effect. (Follow standard product guidelines)	N/A - No Temporary guidance in effect. (Follow standard product guidelines)	N/A - No Temporary guidance in effect. (Follow standard product guidelines)
Use of Rental Income	N/A - No Temporary guidance in effect. (Follow standard product guidelines)	The temporary COVID-19 underwriting guidance remains effective for applications with FHA case numbers assigned on or before September 30, 2021. The use of rental income from the subject 2-4 unit property requires one of the following: <ul style="list-style-type: none"> • Reduce the effective income associated with the calculation of rental income by 25% • Verification of six months' PITI reserves. (In addition to any other required reserves) or • Evidence of the most recent two month's receipt of rental income for each rental property owned and being used to qualify (for properties with a history of receiving rental income) 	N/A - No Temporary guidance in effect. (Follow standard product guidelines)	N/A - No Temporary guidance in effect. (Follow standard product guidelines)
Age of Documents	(No expiration announced) Income and asset documentation must be no more than 60 days old as of the Note date	(No expiration announced) Delegated Correspondent Clients: Follow standard FHA age of documentation requirements Non-Delegated Correspondent Clients: Income and asset documentation must be no more than 60 days old on the Note date	N/A - No Temporary guidance in effect. (Follow standard product guidelines)	N/A - No Temporary guidance in effect. (Follow standard product guidelines)
Market-based Assets (Stocks, Bonds, Mutual Funds)	(No expiration announced) Stocks, Bonds, Mutual Funds <ul style="list-style-type: none"> • Do not follow DU/LPA messages • 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 	N/A - No Temporary guidance in effect. (Follow standard product guidelines)	N/A - No Temporary guidance in effect. (Follow standard product guidelines)	N/A - No Temporary guidance in effect. (Follow standard product guidelines)
Forebearance Verification	(No expiration announced) All of the following must be done: <ul style="list-style-type: none"> • Review credit report to determine the status of all mortgage loans borrower(s) are obligated on, including co-signed mortgage loans and mortgage loan not related to the subject transaction • Confirm the mortgage payments are current as of the Note date of the subject transaction 	N/A - No Temporary guidance in effect. (Follow standard product guidelines)	N/A - No Temporary guidance in effect. (Follow standard product guidelines)	N/A - No Temporary guidance in effect. (Follow standard product guidelines)
Appraisal flexibilities	Applications dated June 1, 2021 and later will be subject to Standard Selling Guide policies.	The use of exterior-only appraisal SOW will only be eligible for appraisals dated on or before June 30, 2021	The termination of the temporary valuation guidance is effective with appraisals ordered on or after April 3, 2021	Use of exterior-only inspection appraisals will expire June 30, 2021. The temporary guidance is still in effect for applications dated on or before June 30, 2021.