



HomeOwnership Announcement

May 13, 2020

Response to Fannie Mae and Freddie Mac's Updates and Extension to Flexibilities

MassHousing is aligning with Fannie Mae and Freddie Mac's updates and extension to flexibilities announced in the revised [Lender Letters 2020-03, 2020-04 dated May 5, 2020](#), and [Bulletin 2020-14](#), except for the Power of Attorney flexibilities (we have not changed our existing guidelines - referenced in our Seller Guide Section 3.3.7). COVID-19 flexibilities remain eligible for applications with dates on or before June 30, 2020. Our previous Announcements [2020.04](#), [2020.06](#) and [2020.08](#) are updated accordingly however, we will not be updating our Seller Guide to reflect these temporary changes.

Highlights of the underwriting policies addressed include:

- Reminding lenders that unemployment benefits can be used as qualifying income only if associated with seasonal employment-

Unemployment benefits cannot be used to qualify a borrower unless they are clearly associated with seasonal employment that is reported on the borrower's signed federal income tax returns. We recognize that many unemployed and furloughed individuals are eligible for unemployment benefits under the CARES Act; however, unemployment compensation is short-term in nature and is therefore not a reliable and predictable source of income for borrowers who are not established seasonal workers.





- Clarifying that the income of a furloughed borrower is not eligible under the temporary income policy-

The COVID-19 pandemic has resulted in an increase in furloughed employees. A furlough is a suspension from active employment that does not typically guarantee restoration of an employee's position when the furlough period ends. Until furloughed employees return to work, they are unable to provide evidence of a stable and reliable flow of employment-related income and are therefore ineligible.

MassHousing will continue to monitor market conditions and will communicate any future changes to the terms of this Announcement. Please contact us at 888-843-6432 option 4, and/or your Relationship Manager or email c6@masshousing.com for assistance.



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