

Bulletin 20-22

Fannie Mae and Freddie Mac Temporary Power of Attorney Flexibilities Due to COVID-19

Fannie Mae and Freddie Mac issued temporary power of attorney (POA) flexibilities due to COVID-19.

The following applies to loans with an **application** date on or before May 17, 2020, including loans in the pipeline:

- The initial 1003 may now be signed by the attorney-in-fact using a POA in cases where it cannot be personally or electronically signed by the borrower (including using a mailed/delivered copy)
- The POA must reference the property address (no change to current policy)
- **Rate/Term Refinance Transactions** (limited cash-out):
 - A POA is eligible on rate/term refinance transactions; POA ineligible on cash-out transactions
 - The POA is **not** required to be notarized **unless**:
 - Required by applicable state law (determined by title), **OR**
 - The person named as the attorney-in-fact is employed by, represents, or is affiliated with the title insurance company that will be issuing the title insurance policy, **AND**
 - The title insurance company issuing the policy is affiliated with the lender
- **Purchase Transactions**:
 - A POA is eligible on purchase transactions subject to the following:
 - The POA must be notarized. A remote notarization is acceptable unless the jurisdiction requires the POA be recorded (determined by title)
 - The attorney in fact cannot be any of the following **unless** they are also a relative of the borrower:
 - The property seller, **or**
 - Any person related to the property seller, **or**
 - Any person who is a direct, or indirect employee/agent of the property seller
 - The borrower will be required to verbally acknowledge they understand the terms of the transaction and the use of a POA **regardless** of the relationship of the attorney-in-fact to the borrower (i.e. relative, attorney, interested/un-interested party)
 - Homebridge will contact the borrower **after the CD has been delivered** to discuss the following:
 - The loan terms (loan amount, interest rate, first payment date, PITIA payment, etc.), **and**
 - The attorney-in-fact, in signing the documents, is contractually binding the borrower to the transaction

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- Homebridge will complete and sign a Certification, which documents the conversation with the borrower and certifies the borrower acknowledged they fully understand the information detailed above.

- **Cash-Out Transactions**

- **Fannie Mae Transactions:** POA continues to be ineligible
- **Freddie Mac Transactions:** A POA continues to be eligible with Homebridge management review and approval however, the POA flexibilities detailed above are **not eligible**

If you have any questions, please contact your Account Executive.