

## KHC COVID-19 Income/Employment Policy

### Verbal Verification of Employment Requirements

- All Verbal VOs (VVOE) must always be done in compliance with the insuring agency (FNMA, FHA, VA or USDA) guidance.
- For all loans using a third-party provider for the VVOE, such as The Work Number, the person who obtains the VVOE must also perform a Google search on the business or perform some other check to ensure the business is still open.
- For TPO loans, A VVOE must be completed on all files on the day of disbursement. KHC recommends Correspondent and DL lenders do the same.
- The employer must verify the borrower is in an active status (not suspended or on furlough without pay) and is still obtaining income. Borrowers who are suspended or furloughed and not getting paid while on suspension/furlough must qualify without the income. Unemployment income in lieu of base pay will not be used to qualify for the loan.
- VVOE must be completed, if the lender is unable to obtain it because the business is closed the loan will be ineligible for purchase until it can be completed.

*Fannie Mae will accept the following in lieu of a VVOE:*

1. An email directly from the employer's work email address that identifies the name and title of the verifier and the borrower's name and current employment status may be used in lieu of the VVOE.
2. Lender may obtain a YTD paystub from the pay period that immediately proceeds the note date.
3. Lender can provide bank statements (or other alternative documentation as permitted by selling guide B3-4.2.01) evidencing the payroll deposit from the pay period that immediately precedes the note date.

### Pay Stubs

- Current agency requirement states that a pay stub be dated no earlier than 30 days prior to the initial loan application date.
- Additionally, lenders must obtain the most current pay stub that reflects year-to-date earnings.
- Pay stubs must reflect no disruption of income.

### Closing Condition added by KHC

KHC will add the following closing condition to TPO/Correspondent loans and recommends DL lenders do the same:

*If a borrower(s) employment/source of income has been affected by the COVID-19 pandemic, the loan cannot close until the disruption has ended.*