



## WHOLESALE ANNOUNCEMENT 2020-18

April 21, 2020

### Updates to COVID-19 Flexibilities

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#### VA

Circular 26-20-11 has been rescinded effective April 10, 2020 and replaced with [Circular 26-20-13](#).

- Exterior-Only Appraisal with enhanced assignment conditions: Completed on FNMA 2055/1075 form. For manufactured and multi-unit properties, appraisers will use the 1004C or 1025 form. They will be limited to one and a half times the maximum 2020 Freddie Mac Conforming Loan Limit for a one-unit limit for the county.
  - Appraiser will review the exterior of the property and provide photos of all sides.
  - A measurement of the footprint of the home should be provided if accessible.
  - Conduct a detailed interview over the phone with the occupant, veteran, or real estate professional regarding the property.
  - Utilize any and all photos available on MLS.
- Desktop Appraisal Valuations: Completed on the FNMA 1004, 1073, 1004C, 2025 with an attached copy of the Scope of Work (SOW).
  - Limited to the maximum 2020 Freddie Mac Conforming Loan Limit for a one-unit limit for the county.
  - Desktop appraisals will only be conducted when the appraiser's assigned geographic jurisdiction has restrictions imposed by authorities prohibiting them to leave their domicile. Lender must state in both "public" notes in WebLGY and by e-mail to the appraiser if they will accept a Desktop appraisal. If not, the assignment is put on hold for 30 days.



- Appraisers are not required to proceed on an assignment if the information is not available for them to provide a credible report. Also, purchases are prioritized over refinances.
- Reconsideration of Value (ROV)
  - Purchase transaction: restricted to no greater than 7% from the appraiser's opinion of value or \$10,000, whichever is greater.
  - Cash-Out Refinances: VA will suspend ROV requests until further notice.
- Termite Inspections: If a termite inspection is required due to the property being located in a "very heavy" or "moderate to heavy":
  - Purchase Transaction: If there is no known or visible evidence of a termite infestation, the seller and realtor must provide a certification to that fact and the veteran must acknowledge that no inspection was completed.
  - Cash-Out: A termite inspection is required.

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[\*\*FNMA Lender Letter \(LL-2020-04\)\*\*](#)

[\*\*Freddie Mac Bulletin 2020-11\*\*](#)

### **Condo Flexibilities:**

#### **Waiver of project review**

- Effective immediately, FNMA and Freddie Mac are extending project review waiver flexibilities for loans with LTV ratios greater than 80% and up to 90%. This flexibility applies to Fannie Mae-owned/Freddie Mac owned, limited cash-out/no cash-out refinance transactions for owner-occupied condo units only. Second homes and investment transactions are excluded. When applying this flexibility, lenders must confirm the project meets the following, existing requirements:
  - the litigation requirements, and



- all policies in Waiver of Project Review, for all loans with LTV ratios greater than 80% using the waiver of review/exempt from review requirements for Fannie Mae-owned/Freddie Mac owned limited cash-out/no cash-out refinance transactions.
- On FNMA loans, lenders must provide Project Type Code V in the loan delivery data file for these transactions. The use of other Project Type Codes may result in fatal edits at loan delivery.
- On Freddie Mac loans, sellers must deliver ULDD Data Point, Project Classification Identifier as “Exempt From Review”.

### **Project documents used in project reviews**

- When a budget review is required on an established project, we will accept the budget from the 2019 fiscal year if the current year’s budget has not yet been ratified due to issues related to COVID-19. To utilize this flexibility, the lender must confirm the project currently meets the HOA dues delinquency requirements.

**NOTE:** *New projects are excluded from this flexibility.*

### **Update to Appraisal Flexibilities/Updates:**

#### **Map Reference Field for Desktop Appraisals**

FNMA and Freddie Mac are clarifying that the map reference field on the appraisal report may only contain the word “desktop”. No other words or phrases may be used or included.

#### **New Construction Appraisal Flexibility**

- FNMA and Freddie Mac will now allow a desktop appraisal on purchase transactions, including new construction.



## **DU Validation Service Updates:**

**Unless otherwise specified below, these changes will apply to all new DU Version 10.3 loan casefiles created on or after April 18, 2020, until further notice.**

### **Age of documentation**

- The age of documentation requirements will be updated for income and asset verification reports. Prior to this update, these reports could not be more than 120 days old on the closing date. Starting April 18, 2020, the DU validation service will require that vendor reports used in the validation of wage-related income (base, bonus, overtime, commission) are no more than 30 days old on the closing date, and vendor reports used in the validation of assets are no more than 60 days old on the closing date. The DU messages will be updated to provide the 'close by date' in alignment with these changes.

### **Market-based assets**

- Prior to this update, when validating assets, the DU validation service considered both depository accounts (checking, savings, certificates of deposit, and money market accounts) and investment accounts (stocks, mutual funds, retirement funds). Due to current market conditions, starting April 18, 2020, the DU validation service will no longer consider the value of any investment accounts when validating assets, even when such accounts appear on the asset report.



### **Remote Ink-Signed Notarization (RIN)**

Some states have recently issued Executive Orders allowing RIN including GA, TN and AL. Other states are currently reviewing and may be adding similar provisions during the National Pandemic. Loan originators are encouraged to consult with their settlement agents to see if this temporary flexibility is available.

Please see the attached FNMA Job Aid for further guidance. FCM will require settlement agents to be able to meet all recommendation outlined by FNMA.

[Remote Ink-Signed Notarization \(RIN\) Job Aid](#)