



first community mortgage



# WHOLESALE ANNOUNCEMENT 2022-10

February 25, 2022

## Freddie Mac & FNMA Desktop Appraisal Option

### Effective Date

**Freddie Mac:** March 6, 2022

**FNMA:** March 19, 2022

### Change Summary

#### **Freddie Mac**

Effective for new Loan Product Advisor® submissions or resubmissions on or after March 6, 2022, Freddie Mac is introducing the desktop appraisal option for purchase transaction Mortgages that meet certain requirements. The desktop appraisal, completed on new Guide Form 70D, Uniform Residential Appraisal Report, will be available beginning **March 6, 2022, for new loan applications and resubmissions to Loan Product Advisor**. This report is similar in format to Form 70 and will require many of the same exhibits. However, a specific requirement of Form 70D is that the appraiser must provide a floor plan in addition to a building sketch.

A desktop appraisal may be obtained in lieu of an interior and exterior inspection appraisal, provided the Mortgage and the Mortgage Premises meet the requirements in Guide Section 5601.7, which include but are not limited to, the following:

- Each Mortgage must be an Accept Mortgage and must receive a feedback message in Loan Product Advisor indicating that the Mortgage is eligible for delivery with a desktop appraisal
- Each Mortgage must be a purchase transaction Mortgage secured by a 1-unit Primary Residence, including a unit in a Planned Unit Development (see information on eligibility below)
- Each Mortgage must have a loan-to-value (LTV) ratio less than or equal to 90%. For purposes of qualifying for a desktop appraisal, this LTV ratio is calculated using the sales price. Freddie Mac will accept Mortgages originated with a desktop appraisal with an LTV ratio higher than 90% as calculated using the value obtained from the desktop appraisal if the loan amount does not increase and all other eligibility requirements are met, including the requirement that the LTV ratio calculated using the sales price is less than or equal to 90%. LTV ratios greater than 90% that occur as a result of loan amount changes require an upgrade to an interior and exterior inspection appraisal (Form 70).

Eligibility details can be found in Section 5601.7, which identifies Mortgages that may not use the desktop appraisal. Ineligible Mortgages include, but are not limited to, those secured by Condominium Units and Manufactured Homes.



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### FNMA

Fannie Mae will implement an update to Desktop Underwriter® (DU®) Version 11.0 **on or after the weekend of March 19, 2022**. A Desktop Appraisal Option will be made available **for Initial or Resubmitted Loan casefiles** meeting the following requirements. Users will receive the option to obtain a desktop appraisal reported on Uniform Residential Appraisal Report (Desktop) (Fannie Mae Form 1004 Desktop):

- includes a complete subject property address,
- is a purchase transaction,
- the loan is secured by a one-unit principal residence,
- the loan-to-value (LTV) ratio is less than or equal to 90%, and
- the loan casefile receives an Approve/Eligible recommendation.

**Important Note:** When DU has offered and the lender has obtained the desktop appraisal, the loan will remain eligible for delivery with the desktop appraisal if the loan amount does not increase and all other requirements continue to be met, even if the LTV ratio increases to a value over 90% due to the value returned on the desktop appraisal.

The following transactions are not eligible for the desktop appraisal option:

- second homes and investment properties.
- limited cash-out and cash-out refinances.
- construction-to-permanent loans.
- two- to four-unit properties.
- community lending mortgages (HomeReady® and HFA Preferred™ mortgages);
- HomeStyle® Renovation and HomeStyle® Energy loans.
- Community Seconds® with a subsidized sales price, community land trusts, or other properties with resale restrictions (loan casefiles using the Affordable LTV feature).
- condo and co-op units, and manufactured homes (including MH Advantage® properties); and
- DU loan casefiles that receive an Ineligible recommendation.

When the loan casefile is eligible for the desktop appraisal option, DU will issue a message informing the lender the loan casefile is eligible for the desktop appraisal, and if a desktop appraisal is selected the appraiser must include a floor plan exhibit in addition to all other required exhibits per the Selling Guide.

Note: When the desktop appraisal option message is issued, DU will continue to issue messages regarding eligibility for an appraisal waiver and the requirement for an interior and exterior property inspection on the traditional Form 1004. This will ensure lenders are aware of all applicable appraisal options.

**Should you have any questions, please reach out to your  
Account Executive or Client Manager**