

Breech, Mariana

From: CLD ABQ
Sent: Monday, March 23, 2020 6:33 PM
To: CLD ABQ
Subject: Cornerstone Home Lending, Inc. Agencies Address Documentation Guidance (VVOE/Appraisals)

Importance: High

*****Please distribute this information to all team members so they are aware of the changes taking place*****

*****Also, since part of the restrictions on refi's from FNMA only allow the exterior-only appraisal when the mortgage is currently held by FNMA, you have to use the link provided in FNMA letter 2020-04 (bottom of page 4) to determine if it is a mortgage FNMA currently owns. If FNMA doesn't own that mortgage then it may be wise to consider FHLMC for your lock as they will allow a more flexible use of the Drive-by appraisal. *****

Read the letters from FNMA and FHLMC to understand better what they are allowing to change.



Cornerstone
HOME LENDING, INC.

CHL UNDERWRITING DEPT.

WINK! COMMUNICATION

March 23, 2020

Agencies Address Documentation Guidance due to COVID-19

LOAN TYPE:

All Programs FNMA FHLMC FHA VA HUD-184 USDA Non-Agency

EFFECTIVE DATE:

As reflected below.

WHAT I NEED TO KNOW!

Effective on conforming loans ran DU or LPA with application dates on or before May 17, 2020

- Fannie Mae has issued Lender [Letter 2020-03](#) that is providing the following flexibilities:
 - **VVOE Requirements**
 - Use of written VVOE when received directly for an employer's email address.
 - Use of paystub from the pay period that immediately precedes the note date.

- Use of bank statements evidencing the payroll deposit from the pay period that immediately precedes the note date.
- If employment has been validated by Desktop Underwriter validation service, the validation will remain eligible for reps. and warrants provided the “close by” date in the DU message is met.
- Fannie Mae has issued Lender [Letter 2020-04](#) that is provide the following flexibilities:
 - **Appraisal Requirements**
 - Temporary appraisal requirement flexibilities: allowing exterior-only inspection appraisals or desktop appraisals
 - Desktop appraisals: allowing for purchase transactions when an interior and exterior appraisal is not available
 - Exterior-only inspection appraisals: allowing for purchase and refinances of Fannie Mae-owned loans
 - Revisions to the scope of work, statements of assumptions and limited conditions, and appraiser’s certifications: requiring modified language to be used with exterior-only and desktop appraisals
 - Additional form instructions for appraisals: requiring identification of “exterior” or “desktop” on the interior and exterior reports
 - Appraisal waivers: encouraging lenders to accept waiver offers when eligible and will evaluate additional appraisal waiver flexibilities if the situation warrants such action.
 - Completion reports (Form 1004D): allowing alternatives when a Form 1004D cannot be obtained
 - HomeStyle® Renovation and HomeStyle Energy requirements: requiring traditional appraisals for these transactions.

Loan purpose	LTV ratio	Occupancy	Ownership of loan being refinanced	Permissible appraisals (in order of preference)
Purchase*	Per Eligibility Matrix	Principal residence	N/A	Traditional appraisal Desktop appraisal Exterior-only appraisal
	≤ 85%	Second home Investment		Traditional appraisal Desktop appraisal Exterior-only appraisal
	> 85%	Second home		Traditional appraisal
Limited cash-out refinance	Per Eligibility Matrix	All	Fannie Mae-owned	Traditional appraisal Exterior-only appraisal
Cash-out refinance			Not Fannie Mae-owned	Traditional appraisal
			Fannie Mae or not Fannie Mae-owned	Traditional appraisal

*Excludes new construction and construction-to-permanent loans.

- **Freddie Mac** has issued Bulletin 2020-05 that provide similar flexibilities:
 - **VVOE Requirements**
 - Allows use of 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
 - Allows use of YTD paystub from the pay period that immediately precedes the note date

- Allows use of asset statement evidencing the payroll deposit from the pay period that immediately precedes the Note Date
- **Appraisal Requirements**
 - Temporary Appraisal requirement flexibilities: allowing exterior-only inspection appraisals or desktop appraisals

Permissible appraisal requirements				
Mortgage purpose	LTV ratio	Occupancy type	Ownership of Mortgage being refinanced	Permissible appraisals
Purchase transaction*	Up to 97%	Primary Residence	N/A	Interior and exterior inspection appraisal, desktop appraisal or exterior-only appraisal
	≤85%	Second homes and Investment Properties	N/A	Interior and exterior inspection appraisal, desktop appraisal or exterior-only appraisal
	>85%	Second homes	N/A	Interior and exterior inspection appraisal
No cash-out refinance	As permitted in the Guide	All	Mortgage being refinanced owned by Freddie Mac	Interior and exterior inspection appraisal or exterior-only inspection
			Mortgage being refinanced not owned by Freddie Mac	Interior and exterior inspection appraisal
Cash-out refinance	As permitted in the Guide	All	Mortgage being refinanced owned or not owned by Freddie Mac	Interior and exterior inspection appraisal

*These flexibilities are not permitted for Construction Conversion, Renovation or new construction properties.

- **Effective for new submissions or resubmissions to LPA on or after March 29,2020:**
 - **Freddie Mac** is expanding eligibility for ACE appraisal waivers:

Property type	Cash-out refinances	"No cash-out" refinances
	Maximum total LTV (TLTV) ratio	
Primary Residence	≤70%	≤90%
Second home	≤60%	≤90%

Loans locked C Stone will align with the above flexibilities. However, please refer to Investor Overlays and specific mortgage insurance company before applying the above.

Remaining Investors and Government Agencies

- Until an agency or investor specifically addresses COVID-19, continue to apply their current standard posted underwriting requirements with respect to origination/purchase/delivery of loans.

Due to this rapidly changing environment, we expect that our production teams apply due diligence and seek to obtain when possible the most current and up to date information available on the potentially evolving financial condition of a borrower(s). This will ensure that the transaction continues to meet the needs of both our customer as well as the expectations of our investors and agencies.

- As an example of additional due diligence for a self-employed Borrower, attempt to verify that the Borrower's business is operational closer to the Note Date than permitted under the current Guide requirements (e.g., within 15 days instead of 120 days).

All investor and agency announcements will be posted at the top on the Main Underwriting page, Jumbo Non-Agency & Portfolio or Down Payment Resources Pages (HFA) as applicable upon receipt.

Please keep in mind that a borrower's current employment and financial condition may remain subject to additional review up to and including at the time of purchase and/or insuring and guarantee.

WHAT ACTION DO I NEED TO TAKE NOW?

- Read Fannie Mae Lender [Letter 2020-03](#) and [Letter 2020-04](#) as well as Freddie Mac [Bulletin 2020-05](#) for full details of flexibilities offered on loan applications dated through May 17, 2020.
- Please ensure the mortgage insurance company you are using allows Fannie Mae and Freddie Mac VVOE and Appraisal flexibilities

Jason Kershaw

Operations Manager

Correspondent Lending Division

Phone: (505) 814-7780

eFax: (866) 308-9145

Email: JKershaw@houseloan.com

