

## Breech, Mariana

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**From:** CLD ABQ  
**Sent:** Wednesday, March 25, 2020 11:24 AM  
**To:** CLD ABQ  
**Subject:** Cornerstone Home Lending; Recent VVOE/ Appraisal Updates  
**Attachments:** FNMA Letter 2020-03.pdf; FNMA Letter 2020-04.pdf; FHLMC Bulletin 2020-05.pdf  
  
**Importance:** High



**TO:** Correspondent Lenders  
**FROM:** Jason Kershaw, Operations Manager  
**DATE:** March 25, 2020  
**RE:** VVOE/Appraisal Updates

**The health and safety of you, your families, and your borrowers are always our top priority. We appreciate your partnership and are committed to serving you during these times.**

With that, we fully support the flexibilities and temporary measures announced by Fannie Mae and Freddie Mac on March 23, 2020. Be aware, you are still expected to follow the hierarchy outlined in Freddie Mac Bulletin 2020-5, Fannie Mae Letter 2020-03 for VVOE requirements and Fannie Mae Letter 2020-04 for Appraisal requirements. 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 by CHL.

### **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 emphasis their expectation for lenders to attempt to obtain the verbal VOE in accordance with our existing requirements guidance. However, they will allow for one the following flexibilities:
  - **VVOE Requirements**
    - Use of written VOE 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

- **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

CHL expects that you will attempt to obtain the necessary documentation in the traditional manner, and to that end, we are not changing our VVOE guidelines but would strongly encourage you to verify employment as close to the actual closing date as possible. We also encourage conversation with borrower(s) of their re-affirmation of all data on their Uniform Residential Loan Application(1003) to be complete and accurate up and through closing/funding date.

**Fannie Mae** has issued Lender **Letter 2020-04** that provides the following flexibilities, when an interior inspection is not feasible because of COVID-19 concerns. These option are with assumption there is sufficient information about the property for an appraiser to be able to complete an appraisal assignment using these alternatives :

- **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

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:

- **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%

As always, your business is greatly appreciated. If you have questions regarding these issues, please contact your Account Executive, Jeff Mayes at [jmayes@houseloan.com](mailto:jmayes@houseloan.com).

***The content of this communication is confidential and is not intended for consumer use or for distribution to any third party without prior written consent from Cornerstone Home Lending, Inc.***

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