

March 23, 2020

March is going out like a Hurricane! We as an industry have never been through anything like this and you all are doing fantastic in letting the staff do their job and staying calm. Here is what we know so far.

**#1, We are ESSENTIAL to the economy and even if the state issues orders to stay at home Financial Institutions and all RELATED industries so far can still operate.**

We as an industry do have to adapt to keep our employees and customers safe. Take your applications over the phone or online! Be patient with our service partners because we all must find the safest way to conduct business.

- **VVOE's** – Remember the customer must be employed when they close Fannie/Freddie has issued that in lieu of a Verbal we can obtain:
  - **Written VOE:** The *Selling Guide* permits the lender to obtain a written VOE confirming the borrower's current employment status within the same timeframe as the verbal VOE requirements. 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 a verbal VOE. In addition, the lender may obtain the VOE after loan closing, up to the time of loan delivery (though we strongly encourage getting the verbal VOE before the note date).
  - **Paystub:** The lender may obtain a year-to-date paystub from the pay period that immediately precedes the note date.
  - **Bank statements:** The 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.
  - **NOTE:** *If employment has been validated by the Desktop Underwriter® (DU®) validation service, the validation will remain eligible for representation and warranty relief on employment provided the lender complies with the "close by" date in the DU message. Otherwise, the guidance provided above applies.*

We will send out any guidance from FHA, VA and USDA as soon as we get them.

- **Temporary Leave:** The borrower must provide written confirmation of his or her intent to return to work. The lender must document the borrower's agreed-upon date of return by obtaining, either from the borrower or directly from the employer (or a designee of the employer when the employer is using the services of a third party to administer employee leave), documentation evidencing such date that has been produced by the employer or by a designee of the employer and must be before the first payment date and/or have sufficient assets to cover all the obligations and if there is reduced income, we can use the reserves to supplement the income difference until the return date

Examples of the documentation may include, but are not limited to, previous correspondence from the employer or designee that specifies the duration of leave or expected return date or a computer printout from an employer or designee’s system of record. (This documentation does not have to comply with the Allowable Age of Credit Documents policy.)

- **Appraisals** – Most Appraisers are still taking orders, but some are not so that is putting more demand on those that are so plan for longer turn times and higher costs and rural areas are becoming very difficult. PLEASE respond to the Appraisal department quickly.

Fannie has announced alternative options ONLY IF we can’t get a traditional appraisal:

If a traditional appraisal is not obtained and there is insufficient information about the property for an appraiser to be able to complete an appraisal assignment with a desktop or exterior-only inspection appraisal, the loan will not be eligible for delivery to us.

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.

**NOTE:** For all loans with LTV ratios greater than 80%, we require mortgage insurance in accordance with our standard Selling Guide policy. Lenders must consult with their mortgage insurance companies to confirm coverage for mortgages using one of the temporary appraisal flexibilities.

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- **Title** – Title is also a related industry.
  - Title reports: Most of the larger title companies will be able to research title. They have access to data banks that hold this data and counties that record mortgages have that data online. **BUT** if you can get a copy of the current owner

policy from the borrower or seller this will speed up the process and be very helpful to title.

- Closings: Title companies are only allowing the actual signers at the closings and will be scheduling them further apart to allow for coming and going of the customers and sanitizing of the areas.
- Eclosings – And true full eclosing is very limited. Only Fannie/Freddie have come out with the programs so that eliminates all government loans.
  - An ENote that electronic signatures are permitted under the terms of the *Selling Guide* but promissory notes may not be signed electronically unless the promissory **note is an electronic note** sold in accordance with A2-5.1-03. Lenders that are approved to deliver eMortgages may refer to the [Guide to Delivering eMortgages to Fannie Mae](#) for additional information.
  - The Counties may erecord but only a few will accept an enotary (for example in MI only 4 counties in the state allow for it). We are working on getting set up for hybrid eclosings and will pursue to be full RON ready in the few states that allow them but until then we need to work with the Title companies that have plans to manage actual wet signed closings safely.
  - Recording of mortgages: Title insurers have GAP coverage from the time of the closing until the mortgage is recorded. In states that allow erecording of the document they will be recorded quickly. Others that do not we will be covered. Some insurers are asking borrowers to sign an affidavit that they understand there may be a delay and that if they cause a lien after we close, they will clear it up immediately. Remember if title can't record either can anyone else.

We are in process of setting up on our intranet a Covid – 19 update page that we will post Federal, State, and agency responses that affect us. HR will be sending out notices with what you need to do and when.

I assure you we are going to be fine and will adapt to all challenges during this worldwide fight against this Virus.