

Bulletin

TO: Freddie Mac Sellers

March 23, 2020 | 2020-5

SUBJECT: SELLING GUIDANCE RELATED TO COVID-19

The coronavirus disease (COVID-19) is a rapidly evolving situation with significant economic implications and impacts to our Sellers and their Borrowers. In response to our Sellers' questions and concerns, this Bulletin provides:

- Temporary guidance related to our [credit underwriting](#) requirements
- Temporary guidance related to our [property valuation](#) requirements
- Expansion of our [automated collateral evaluation](#) eligibility
- An extension to the deadline for certain [annual reporting](#) requirements

This Bulletin also provides reminders regarding:

- Use of [Electronic Records and Signatures](#)
- [Title insurance](#)
- [Seller/Servicer business continuity plan](#) requirements and information about [Freddie Mac's business continuity plan](#)

We have been working closely with Fannie Mae under the guidance of the FHFA to introduce these temporary measures to help provide Sellers with the clarity and flexibility to continue to lend in a prudent and responsible manner. We are actively monitoring the developments and will continue to issue additional guidance as appropriate.

CREDIT UNDERWRITING

These temporary flexibilities are effective immediately for all Mortgages in process and remain in place for Mortgages with Application Received Dates on or before May 17, 2020.

Employed income – 10-day pre-closing verification

To provide flexibility during the COVID-19 pandemic, the Seller may obtain the following documentation in lieu of obtaining one of the 10-day pre-closing verification (PCV) types permitted in Guide Section 5302.2(d):

- An e-mail directly from the employer's work e-mail address that identifies the name and title of the verifier and the Borrower's name and current employment status, or
- Year-to-date (YTD) paystub from the pay period that immediately precedes the Note Date, or
- An asset account statement evidencing the payroll deposit from the pay period that immediately precedes the Note Date

While the Guide permits obtaining the 10-day PCV after the Note Date but prior to delivery to Freddie Mac, Sellers are encouraged to confirm the Borrower's employment prior to the Note Date.

Continuance of income

Given the current COVID-19 situation and its impact on the economy including Borrower employment and income, Freddie Mac recommends that Sellers practice additional due diligence to ensure that accurate Borrower information is obtained and that the Borrower's ability to repay the Mortgage is not negatively impacted. During these uncertain times, it is our goal to partner with our Sellers to help them ensure sustainable homeownership for the Borrower.

As an example of additional due diligence for a self-employed Borrower, Sellers are encouraged to 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).

PROPERTY VALUATIONS – APPRAISAL FLEXIBILITIES

These temporary flexibilities are effective immediately for all Mortgages in process and remain in place for Mortgages with Application Received Dates on or before May 17, 2020.

We understand that due to the COVID-19 pandemic there may be instances where a Seller is unable to obtain an interior inspection of the subject property. As a result, we are allowing temporary exceptions to our property eligibility and appraisal requirements.

Freddie Mac is revising its appraisal inspection and reporting requirements. As described in detail below, for certain Mortgages, when a Seller cannot obtain an appraisal with an interior inspection as a result of the COVID-19 pandemic, Freddie Mac will accept either an appraisal with an exterior-only inspection or a desktop appraisal (as described below) in lieu of the interior and exterior inspection appraisal required under Section 5601.5(a).

There may be instances where there is insufficient information about the property for an appraiser to complete an appraisal assignment with a desktop appraisal or an appraisal with an exterior-only inspection. In these instances, the Mortgage will not be eligible for sale to Freddie Mac until the appraiser has sufficient information to complete the desktop appraisal or an appraisal with an exterior-only inspection, or an appraisal with an interior and exterior inspection is obtained.

The following table provides appraisal requirements based on Mortgage purpose, loan-to-value (LTV) ratio, occupancy type and Mortgage ownership.

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.

Note: For all Mortgages with LTV ratios greater than 80%, we require mortgage insurance in accordance with Guide requirements. Sellers must consult with their mortgage insurance companies to confirm coverage for Mortgages using one of the temporary appraisal flexibilities.

To accommodate these flexibilities using existing appraisal forms, Freddie Mac and Fannie Mae have worked together to develop Scope of Work documents, which are provided as Attachment A to this Bulletin for desktop appraisals and Attachment B to this Bulletin for appraisals with an exterior-only inspection. Each Scope of Work

document includes modified language for scope of work, statement of assumptions and limiting conditions, and certifications to ensure the language in these sections supports the temporary exceptions.

Appraisals with exterior-only inspections

The table below provides the appraisal report form that must be used to complete an appraisal with an exterior-only inspection for each property type. Because there are not appropriate exterior-only appraisal report forms available for 2- to 4-unit properties and Manufactured Homes, we will accept an exterior-only appraisal scope of work completed using the applicable forms listed below.

Property type	Acceptable appraisal form
1-unit property, including a unit in a Planned Unit Development (PUD) or a Detached Condominium Unit	Guide Form 2055, <i>Exterior-Only Inspection Residential Appraisal Report</i>
Attached Condominium Unit	Form 466, <i>Exterior-Only Inspection Individual Condominium Unit Appraisal Report</i>
Cooperative Unit	Fannie Mae Form 2095, <i>Exterior Only Individual Cooperative Interest Appraisal Report</i>
2- to 4-unit property	Form 72, <i>Small Residential Income Property Appraisal Report</i>
Manufactured Home	Form 70B, <i>Manufactured Home Appraisal Report</i>

Mortgages with appraisals with exterior-only inspections will not receive the appraised value representation and warranty relief described in Section 5601.9(b).

Exhibits for exterior-only inspection appraisals

Sellers are reminded that the following are required in connection with an appraisal with an exterior-only inspection:

- A street map that shows the location of the subject property and of all comparables that the appraiser used
- Clear, descriptive photographs (either in black and white or color) that show the front of the subject property, and that are appropriately identified. (Photographs must be originals that are produced either by photography or electronic imaging); and
- Any other data (as an attachment or addendum to the appraisal report form) that are necessary to provide an adequately supported opinion of market value

Desktop appraisals

For purchase transaction Mortgages, Sellers are encouraged to obtain a desktop appraisal in lieu of an appraisal with an exterior-only inspection when an interior and exterior inspection is not available.

The minimum scope of work for a desktop appraisal does not include an inspection of the subject property or comparable sales. The appraiser relies on public records, multiple listing service (MLS) information or other third party data sources to identify the property characteristics.

When a desktop appraisal is obtained using Form 70, *Uniform Residential Appraisal Report*, or Form 465, *Individual Condominium Unit Appraisal Report*, and submitted to the Uniform Collateral Data Portal® (UCDP®), the appraisal will be assessed for valuation representation and warranty relief in Loan Collateral Advisor®. All appraisals with a risk score of 2.5 or less that meet the requirements in Section 5601.9(b) will receive valuation representation and warranty relief and Sellers will have the added risk management and efficiency benefit of being able to use Loan Collateral Advisor to aid in the appraisal review process.

The table below provides the appraisal report form that must be used to complete the desktop appraisal for each property type.

Property type	Acceptable appraisal form
1-unit property, including a unit in a Planned Unit Development (PUD) or a Detached Condominium Unit	Form 70, <i>Uniform Residential Appraisal Report</i>
Condominium Unit	Form 465, <i>Individual Condominium Unit Appraisal Report</i>
Cooperative Unit	Fannie Mae Form 2090, <i>Individual Cooperative Interest Appraisal Report</i>
2- to 4-unit property	Form 72, <i>Small Residential Income Property Appraisal Report</i>
Manufactured Home	Form 70B, <i>Manufactured Home Appraisal Report</i>

Exhibits for desktop appraisals

Each desktop appraisal must include the following exhibits:

- Photographs of the subject property. Freddie Mac recognizes it may be challenging in some instances to obtain photographs; however, it is expected that the appraiser utilize available means to obtain relevant pictures of the subject property.
- A location map indicating the location of the subject and comparables

Revisions to the scope of work, statements of assumptions and limiting conditions, and appraiser's certifications

Freddie Mac recognizes that the existing appraisal report forms do not accommodate the revised scope of work, statement of assumptions and limiting conditions, and certifications for some of the scenarios presented. To accommodate the flexibilities announced in this Bulletin, Freddie Mac and Fannie Mae have jointly developed Scope of Work documents that include modified language to be used with desktop appraisals (see Attachment A) and exterior-only appraisal reports (see Attachment B). The Scope of Work documents include modified language for the scope of work, statement of assumptions and limiting conditions, and certifications. It is important to note, certification #10 has been removed in recognition that the appraiser may have relied on information from an interested party to the transaction (Borrower, realtor, property contact, etc.) and additional verification may not have been possible. Desktop appraisal and appraisal with an exterior-only inspection reports submitted in accordance with the flexibilities announced in this Bulletin must include the applicable Scope of Work documents.

Additional form instructions for appraisals

For an appraisal with an exterior-only inspection or a desktop appraisal that is completed on a form for an interior and exterior inspection (e.g., Form 70), as permitted above, the appraisal report must include, in the "Map Reference" field, the corresponding text identifier that verifies the type of appraisal completed; specifically, "exterior" or "desktop".

The following example shows the appropriate text in the Map Reference field for a desktop appraisal:

Uniform Residential Appraisal Report

File #

This summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of			
City		State	
Owner of Public Record		County	
Parcel #	Tax Year	R.E. Taxes \$	
Name	Map Reference	desktop	Census Tract
Owner <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant	Special Assessments \$	<input type="checkbox"/> PUD	HOA \$ <input type="checkbox"/> p
Unimproved <input type="checkbox"/> Eco Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other (describe)			

Identifying a Freddie Mac-owned Mortgage

Sellers can determine whether the existing Mortgage is owned by Freddie Mac by referencing their own Servicing records or by accessing the Freddie Mac [Loan Look-Up Tool](#), provided the Borrower has authorized the Seller to obtain this information on its behalf.

Delivery requirements

At this time, Sellers are not required to make any changes to the data they submit to Loan Selling Advisor® in connection with the flexibilities announced in this Bulletin. Freddie Mac will assess whether changes will be necessary and will notify Sellers if changes are required at a future date.

Completion reports

Freddie Mac requires Form 442, *Appraisal Update and/or Completion Report*, to evidence completion when the appraisal report has been completed “subject to.” With the exception of CHOICERenovationSM and GreenCHOICE MortgagesSM, for Mortgages that require a completion report, but no completion report is available due to COVID-19 related issues, Freddie Mac will permit a signed letter from the Borrower confirming that the work was completed. Sellers must also provide further evidence of completion which may include photographs of the completed work, paid invoices indicating completion, occupancy permits, or other substantially similar documentation. All completion documentation must be retained in the Mortgage file.

CHOICERenovation and GreenCHOICE Mortgages

The appraisal flexibilities announced in this Bulletin may not be used with CHOICERenovation Mortgages or GreenCHOICE Mortgages with appraisals subject to completion. For these Mortgages, Sellers must obtain an appraisal with an interior and exterior inspection as well as Form 442 when one is required. If a Seller is unable to obtain an appraisal with an interior and exterior inspection, then the Mortgage is not eligible for sale to Freddie Mac. Additional information concerning other requirements for CHOICERenovation Mortgages will be provided in a forthcoming Bulletin.

AUTOMATED COLLATERAL EVALUATION

In order to reduce contact between appraisers, homeowners, and home purchasers, when eligible, Sellers are encouraged to accept appraisal waiver offers provided through Loan Product Advisor®. Sellers are encouraged to submit the Mortgage to Loan Product Advisor prior to ordering an appraisal to determine whether an appraisal waiver is available. Appraisal waivers are subject to the requirements in Section 5601.9(c).

Effective for new submissions and resubmissions to Loan Product Advisor® on and after March 29, 2020

We are expanding eligibility for automated collateral evaluation (ACE) appraisal waivers to include certain cash-out and “no cash-out” refinances as described in the table below. The Guide will be updated at a later date to reflect this change. We are continuing to monitor the impact of COVID-19 and will evaluate continuance of appraisal waiver flexibilities if the situation warrants such action.

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

ANNUAL REPORTING DEADLINE EXTENSION

In light of the outbreak of COVID-19 and the challenges faced with meeting the March 31, 2020 annual reporting deadline, we are extending this deadline to **April 30, 2020** for reporting the following:

- Form 16SF, *Annual Eligibility Certification Report* (see Section 2101.10)
- Audited or reviewed financial statements, as required in Section 2101.4
- Annual Document Custodian Eligibility Certification (see Chapter 1 of the Document Custodian Procedures Handbook)

USE OF ELECTRONIC RECORDS AND SIGNATURES

Seller/Servicers may currently take full advantage of Electronic Records and Signatures in connection with their origination processes – both with Borrowers and with related third parties, as detailed in Chapter 1401. This includes the use of Electronic real estate purchase and sale agreements, as well as Electronic initial and final disclosures often provided at closing.

Freddie Mac also permits Seller/Servicers to use Electronic Signatures and Records as part of the closing process, and, in many instances, to conduct Electronic closings in which even the Note is created and signed electronically (i.e., “eMortgage” closings), as detailed in Chapter 1402. In order for eMortgages to be eligible for sale to Freddie Mac, there is a specific approval process the Seller/Servicer must follow, but in most instances such approvals are forthcoming within a week after Seller/Servicer integration with approved systems and the MERS® eRegistry.

TITLE INSURANCE

We understand that land record recording offices are closed in many areas due to public health directives associated with COVID-19 and that such closures present challenges for Sellers to comply with title requirements in Chapter 4702. We are working to address these challenges, but in the meantime, we want to remind Sellers that the 2006 ALTA Loan Policy or an equivalent title product, which we require to be delivered with every Mortgage, contains a “Covered Risk #14” that covers matters arising between closing and recordation of the Security Instrument. So long as there is no exception for this coverage under Schedule B of the policy, we will accept it.

BUSINESS CONTINUITY PLANS

Seller/Servicer business continuity plan

Freddie Mac expects Sellers and Servicers to maintain a business continuity plan in accordance with the requirements in Section 1302.3. Seller and Servicer business continuity plans must support their ongoing ability to conduct business operations in the event of a disaster or other interruption to business operations and processes. We expect Sellers and Servicers to follow their business continuity plans during the COVID-19 pandemic.

In addition, we have been in communication with the Document Custodians at Bank of New York Mellon, our Designated Document Custodian, Wells Fargo, Deutsche Bank, US Bank and Bank of America and have verified their business continuity plans are in place. Sellers using other Document Custodians should contact them to inquire about their business continuity plans.

Freddie Mac's business continuity plan

As the situation evolves, we want to reassure Sellers that, as we undertake our own corporate precautionary measures, we are open for business and continue to fulfill our mission.

We have business continuity plans in place to make sure Seller/Service providers continue to receive the service and support needed during these extraordinary times.

SYSTEM AND GUIDE UPDATES

We are not updating Loan Product Advisor feedback messages or the Guide at this time to reflect any of the changes noted in this Bulletin.

ADDITIONAL RESOURCES

We encourage Sellers to review the following resources:

- Our web page on Freddie Mac's response to [COVID-19](#)
- Our [Selling FAQs](#) Related to COVID-19
- The Center for Disease Control's web page on [COVID-19](#)
- The Appraisal Foundation's [Appraiser Qualifications and Standards Q&As](#)
- The Appraisal Institute's [Coronavirus-related Direction for Appraisers](#)
- National Association of Realtors [Coronavirus Guide for Realtors](#)

CONCLUSION

If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call the Customer Support Contact Center at 800-FREDDIE.

Sincerely,



Danny Gardner
Senior Vice President, Client and Community Engagement

Bulletin

Attachment A to Bulletin 2020-5

Modified Set of Instructions, Scope of Work, Statement of Assumptions and Limiting Conditions and Certification for Desktop Appraisals

For a desktop appraisal:

This Modified Set of Instructions, Scope of Work, Statement of Assumptions and Limiting Conditions and Certification replaces and supersedes the corresponding sections of the appraisal report to which this language is attached as an addendum. It is authorized and used with the express permission of Fannie Mae and Freddie Mac as of March 23, 2020. Any signatures attached to the original appraisal report and certifications are incorporated and apply to these revised sections.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, or definition of market value are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Additional modifications or deletions to this revised set of certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) obtain and review adequate and reliable information for the subject property, and the subject project (where applicable) including, but not limited to, public and/or private data records, and information as described by the appraiser in the appraisal report, (2) research, verify, and analyze adequate and reliable data from public and/or private sources for the subject market area including data for each comparable property reported, and, (3) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing

terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. If the appraiser has included a floor plan in this appraisal report, it shows the approximate dimensions of the improvements. If included, the floor plan is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has relied on data provided by third-parties in this appraisal report. Such data may include, but is not limited to, flood maps, multiple listing real estate services, tax assessment records, public land records, satellite imagery, virtual street views, property data services, surveys, engineering reports, and property data aggregations. After examination of the data and data sources, the appraiser has used only the data he or she considers reliable. The appraiser assumes there are no material omissions and makes no guarantees, express or implied, regarding the accuracy of this data.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.
5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) that he or she became aware of during the research involved in performing this appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.
6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
2. I did not perform a personal visual inspection of the subject property as part of this appraisal assignment. I reported the condition of the improvements in factual, specific terms, relying on subject property information from third party data sources. I reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.
3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
4. I developed my opinion of the market value of the real property or cooperative interest (where applicable) that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.

5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.
6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.
7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.
8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.
9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.
10. [RESERVED]
11. I have knowledge and experience in appraising this type of property in this market area.
12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.
13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.
14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, including the subject project (where applicable), subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value and have reported on the effect of the conditions on the value and marketability of the subject property.
15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.
16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.
17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).
19. I personally prepared all conclusions and opinions about the real estate or cooperative interest (where applicable) that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.

20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.

4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

Bulletin

Attachment B to Bulletin 2020-5

Modified Set of Instructions, Scope of Work, Statement of Assumptions and Limiting Conditions and Certification for Appraisals with Exterior-only Inspections

For an appraisal with an exterior-only inspection:

This modified set of instructions, Scope of Work, Statement of Assumptions and Limiting Conditions, and Certification replaces and supersedes the corresponding sections of the appraisal report to which this language is attached as an addendum. It is authorized and used with the express permission of Fannie Mae and Freddie Mac as of March 23, 2020. Any signatures attached to the original appraisal report and certifications are incorporated and apply to these revised sections.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, or definition of market value are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Additional modifications or deletions to this revised set of certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a visual inspection of the exterior areas of the subject property from at least the street, (2) inspect the neighborhood, including the condominium or cooperative project, if applicable (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any

adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. If the appraiser has included a floor plan in this appraisal report, it shows the approximate dimensions of the improvements. If included, the floor plan is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has relied on data provided by third-parties in this appraisal report. Such data may include, but is not limited to, flood maps, multiple listing real estate services, tax assessment records, public land records, satellite imagery, virtual street views, property data services, surveys, engineering reports, and property data aggregations. After examination of the data and data sources, the appraiser has used only the data he or she considers reliable. The appraiser assumes there are no material omissions and makes no guarantees, express or implied, regarding the accuracy of this data.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.
5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) that he or she became aware of during the research involved in performing this appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.
6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
2. I performed a personal visual inspection of the exterior of the subject property, from the street, as part of this appraisal assignment. I reported the condition of the improvements in factual, specific terms, relying on subject property information from third party data sources. I reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.
3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
4. I developed my opinion of the market value of the real property or cooperative interest (where applicable) that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.
5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior

sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.

6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.

7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.

8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.

9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.

10. [RESERVED]

11. I have knowledge and experience in appraising this type of property in this market area.

12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.

13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.

14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, including the subject project (where applicable), subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.

15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.

16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.

17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.

18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).

19. I personally prepared all conclusions and opinions about the real estate or cooperative interest (where applicable) that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.

20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.

4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.