



CONVENTIONAL APPRAISAL ALLOWANCES DUE TO COVID-19 PANDEMIC

Please see below matrix for what may be acceptable in lieu of a full 1004 appraisal with interior and exterior inspections. Alternatives for traditional appraisals are acceptable when there is concern from appraiser or homeowner with conducting an interior inspection of a home.

Types of appraisals that may be acceptable and when:

- **Traditional Appraisal:** Form 1004 with full interior/exterior inspection. This is what is commonly used prior to this announcement.
- **Desktop Appraisal:** Form 1004 with no interior or exterior inspection of the subject property or comparables. These will still be submitted to CU and scores of 2.5 or better still carry the R&W Relief offered by FannieMae on those similarly scored traditional appraisals. (Condos will be on form 1073 and 2-4 units on form 1025).
- **Exterior-only Appraisal:** Form 2055 exterior inspection.

| 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 to Fannie Mae - Owned Freddie Mac to Freddie Mac - Owned | Traditional Appraisal Exterior-Only Appraisal |
| | | | Not Fannie Mae to Fannie Mae - Owned Not Freddie Mac to Freddie Mac - Owned | Traditional Appraisal |
| Cash-Out Refinance | | | Fannie Mae or Not Fannie Mae-owned | Traditional Appraisal |

*Cases where a traditional appraisal is still required are all Cash-out refinances, Rate-term refinance where FannieMae is not the owner of the current lien on a FannieMae loan (and Freddie for an LP loan), and second home purchases >85% LTV.

*On purchases where the traditional appraisal is not feasible, the desktop appraisal is preferred over the Exterior-only appraisal.

**This does NOT affect PIW's in any way. If you receive a PIW, you should still use that waiver.

Use these links to determine if Fannie or Freddie owns the current mortgage on your subject:

Fannie Look Up Tool: <https://www.knowyouroptions.com/loanlookup>

Freddie Look Up Tool: <https://www3.freddiemac.com/loanlookup/>



CONVENTIONAL CHANGES REGARDING VVOE REQUIREMENTS DUE TO COVID-19

Fannie and Freddie still require verification of continued employment prior to closing. However, due to the current circumstances surrounding the COVID-19 pandemic, they are making allowances as described below. One of the following options will be required to satisfy the verbal VOE requirement:

1. The traditional verbal verification within 10 days of the note date, when able to be obtained from the employer.
2. **Paystub:** Obtain a YTD paystub from the pay period that immediately precedes the note date. The paystub must have YTD info, and be the last paystub received prior to the closing date.
3. **Written VOE:** If obtained within 10 days of closing, the written VOE will suffice as the verbal VOE as well.
4. **Email:** An email received 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.
5. **Bank statement:** You may provide a bank statement evidencing the payroll deposit from the pay period that immediately precedes the note date.

**If DU validated employment, the validation will remain eligible provided the loan closes by the "close by" date in the DU message.