



COVID 19 Agency Updates

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Appraisal Flexibility & Alternatives

Applies to Mortgages in process and remains in place for Mortgages with Application Dates on or before **June 20, 2020** extended until **July 31**

	Conforming	FHA***	VA	USDA
Purchase *	Desktop & Exterior-Only Appraisal Accepted	Desktop & Exterior-Only Appraisal Accepted	Desktop & Exterior-Only Appraisal Accepted	Desktop & Exterior-Only Appraisal Accepted
Rate-Term Refi ** (Important Note Below)	Exterior-Only Appraisal Accepted*	Desktop & Exterior-Only Appraisal Accepted	Desktop & Exterior-Only Appraisal Accepted	Desktop & Exterior-Only Appraisal Accepted
Streamline Refi	NA	No Appraisal Required	No Appraisal Required	No Appraisal Required
Cash-Out Refi	Full Appraisal with Interior Inspection	Full Appraisal with Interior Inspection	Full Appraisal with Interior Inspection	Cash-Out Not allowed

* New Construction, Construction to Perm, Renovation, and Construction Conversions require a Full Appraisal with Interior Inspection.

** Must be Fannie to Fannie or Freddie to Freddie to use a desktop or Exterior-only Appraisal.

*** All FHA Appraisals must be on Form 1004

GMFS Overlay: None

2nd Homes & Investment Properties - Conforming Only

	2nd Home > 85% LTV	2nd Home > 85% LTV	Investment Property
Purchase *	Desktop & Exterior-Only Appraisal Accepted	Desktop & Exterior-Only Appraisal Accepted	Desktop & Exterior-Only Appraisal Accepted
Rate-Term Refi ** (Important Note Below)	Desktop & Exterior-Only Appraisal Accepted*	Desktop & Exterior-Only Appraisal Accepted	Desktop & Exterior-Only Appraisal Accepted
Cash-Out Refi	Full Appraisal with Interior Inspection	Full Appraisal with Interior Inspection	Full Appraisal with Interior Inspection

* New Construction, Construction to Perm, Renovation, and Construction Conversions require a Full Appraisal with Interior Inspection.

** Must be Fannie to Fannie or Freddie to Freddie to use a Desktop or Exterior-only Appraisal.

GMFS Overlay: None

Note: If a Desktop Appraisal or Exterior-Only Appraisal does not provide enough information for the Appraiser to complete an assignment or accurately determine value, the Appraiser must perform an Interior and Exterior inspection. These temporary flexibilities are effective for all Mortgages in process and remain in place for Mortgages with Application Dates on or before **July 31, 2020**

V-VOE Flexibility

Applies to Mortgages in process and remains in place for Mortgages with Application Dates on or before ~~June 20, 2020~~ extended until July 31

Conforming

If a **V-VOE** re-verifying employment within 10 days of closing is not obtainable, acceptable alternatives are:

- 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, or
- YTD paystub from the pay period that immediately precedes the closing, or
- A bank statement evidencing

GMFS Overlay: None

FHA

A **V-VOE** re-verifying employment within 10 days of closing is not required provided:

- Mortgagee is not aware the borrower has experienced any loss of employment, and has obtained:
- Evidence the Borrower has a least 2 months of PITI reserves, and
- A YTD paystub or direct electronic verification of income for the pay period that immediately precedes the closing, or
- A bank statement showing direct deposit from the Borrower's employer for the pay period immediately preceding closing

GMFS Overlay: None

VA

If a **VOE** and/or **V-VOE** are not obtainable, use the guidelines listed below:

- The lender may verify employment and income thru a 3rd-party service
- If a 3rd-party service is not available, direct deposit from a bank statement plus paystubs covering at least one full month of employment within 30 days of the closing date may be used
- If direct deposits and a 3rd-party service is not available, and the borrowers have cash reserves of 2 months PITI, the loan is eligible for guaranty
- Effort to obtain a VOE and V-VOE must be documented in the loan file

GMFS Overlay: None

USDA

If a **V-VOE** cannot be obtained within 10 days of closing, alternatives should be explored:

- 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 can be substituted
- If the lender is unable to obtain a VVOE or acceptable alternative, the VVOE requirement will be waived when the Borrower has a minimum of 2 months cash reserves

GMFS Overlay: None

Continuity of Income

Applies to Mortgages in process and remains in place for Mortgages with Application Dates on or before ~~June 20, 2020~~ extended until July 31

Conforming

All Conforming Loans:

- Borrowers must be employed and working at time of closing
- If a Borrower's employer has temporarily shut down, the loan cannot close until the business has reopened
- Borrower's that have been furloughed cannot close until they have returned to work
- Borrower's that have been laid-off cannot close until they have secured employment
- If income has been reduced, the reduced income must support the loan payment and all other debt obligations

GMFS Overlay: None

FHA

All FHA Loans:

- Borrowers must be employed and working at time of closing.
- If a Borrower's employer has temporarily shut down, the loan cannot close until the business has reopened
- Borrower's that have been furloughed cannot close until they have returned to work
- Borrower's that have been laid-off cannot close until they have secured employment
- If income has been reduced, the reduced income must support the loan payment and all other debt obligations

GMFS Overlay: None

VA

All VA Loans:

- Borrowers impacted by COVID-19 (furlough, reduced income, etc.), are eligible for a VA loan provided they have returned to work in the same capacity and income levels
- If income has been reduced, the reduced income must support the loan payment and all other debt obligations
- Borrowers need to provide furlough letters where applicable
- Lenders must document their analysis and justifications for all Borrowers, especially for "borderline" cases
- If a Borrower's employer has temporarily shut down, the loan cannot close until the business has reopened
- Borrower's that have been furloughed cannot close until they have returned to work
- Borrower's that have been laid-off cannot close until they have secured employment

GMFS Overlay: None

USDA

All USDA Loans:

- Borrowers must be employed and working at time of closing
- Borrower's that have been laid-off or furloughed cannot close until they have returned to work
- Borrower's with no income from employment at time of closing are not eligible for a USDA loan
- Lenders must document and verify the Borrower's ability to repay
- If income has been reduced, the reduced income must support the loan payment and all other debt obligations

GMFS Overlay: None

Tax Transcripts & 4506-T

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Conforming

Conforming Loan requirements during the Covid-19 emergency:

- IRS Tax Transcripts are temporarily not required
- A signed 4506-T is still required to be in the loan file

GMFS Overlay: none

FHA

FHA Loan requirements during the Covid-19 emergency:

- IRS Tax Transcripts are temporarily not required
- A signed 4506-T is still required to be in the loan file

GMFS Overlay: none

VA

VA Loan requirements during the Covid-19 emergency:

- IRS Tax Transcripts are temporarily not required
- A signed 4506-T is still required to be in the loan file

GMFS Overlay: none

USDA

USDA Loan requirements during the Covid-19 emergency:

- IRS Tax Transcripts are temporarily not required
- A signed 4506-T is still required to be in the loan file

GMFS Overlay: none



Agency Updates and Links for Covid-19

Fannie	Fannie Lender Letter LL-202-04 Impact of COVID-19 on Appraisals	https://singlefamily.fanniemae.com/media/22321/display
	Fannie Lender Letter LL -202--03 Impact of COVID-19 on Originations	https://singlefamily.fanniemae.com/media/22316/display
	Fannie Lender Letter LL -202--03 Impact of COVID-19 on Originations	https://guide.freddiemac.com/app/guide/bulletin/2020-8
Freddie	Freddie Bulletin 2020-8 Selling Guidance Related to COVID-19	https://guide.freddiemac.com/app/guide/bulletin/2020-8
	Freddie Bulletin 2020-8 Selling Guidance Related to COVID-19	https://guide.freddiemac.com/app/guide/content/a_id/1003723
	Freddie COVID-19 Selling Related FAQs	https://sf.freddiemac.com/faqs/covid-19-selling-faqs
FHA	Mortgagee Letter 2020-05: Re-verification of Employment, Exterior-Only & Desktop Appraisals	https://www.hud.gov/sites/dfiles/OCHCO/documents/20-05hsgml.pdf
	FHA Covid-19 FAQs	https://www.hud.gov/sites/dfiles/SFH/documents/SFH_COVID_19_QA.pdf
VA	VA Circular 26-20-11: Valuation Practices during COVID-19	https://www.benefits.va.gov/HOMELOANS/documents/circulars/26_20_11.pdf
	Circular 26-20-10: Lender Guidance for Borrowers Affected by COVID-19	https://www.benefits.va.gov/HOMELOANS/documents/circulars/26_20_10.pdf
USDA	USDA Temporary Exceptions for COVID-19 Pan- demic Interior Inspections & VVOE	https://content.govdelivery.com/accounts/USDARD/bulletins/2839847

