

Temporary Guidelines in Response to COVID-19

Description	On March 13, 2020, the President of the United States declared a National Emergency due to Coronavirus Disease 2019 (COVID-19). In response AFR is providing a single matrix with flexible guidance pertaining to Agency/GSE (Fannie Mae, Freddie Mae, FHA, VA, and USDA) directives.																
Topic	Last Update	<p>Fannie Mae and Freddie Mac recent announcements regarding COVID-19 and interim guidance:</p> <ul style="list-style-type: none"> • Recent Fannie Mae announcements <ul style="list-style-type: none"> ○ Lender Letter 2020-03 Updates March 23rd, 31st, May 5th, 19th, 28th, June 11th, July 9th, August 27th, September 24th, October 19th, November 13th, December 10th, January 14, 2021 ○ Lender Letter 2021-03 February 10, 2021, March 11, 2021, August 11, 2021 ○ Lender Letter 2020-04 Updates March 23rd, 31st, April 14th, May 5th, 28th, June 11th, July 9th, August 27th, September 24th, October 19th, November 13th, December 10th, January 14, 2021 ○ Lender Letter 2021-04 February 10, 2021, March 11, 2021, April 11, 2021 ○ Lender Letter 2020-06 ○ Lender Letter 2021-03, last updated 2/2/2022 ○ COVID-19 FAQ's • Recent Freddie Mac announcements <ul style="list-style-type: none"> ○ Bulletin 2020-5 March 23, 2020 and 2020-8 March 31, 2020 ○ COVID-19 FAQ's ○ Bulletin 2020-11 ○ Bulletin 2020-14 ○ Bulletin 2020-17 ○ Bulletin 2020-19 ○ Bulletin 2020-23 ○ Bulletin 2020-27 ○ Bulletin 2020-35 ○ Bulletin 2020-37 ○ Bulletin 2020-40 ○ Bulletin 2020-44 ○ Bulletin 2020-47 ○ Bulletin 2021-1 ○ Bulletin 2021-7 ○ Bulletin 2021-10 ○ Bulletin 2021-15 ○ Bulletin 2021-28 ○ Bulletin 2022-3 															
Age of Documents	8/13/21	<p>Application dates on or after April 14, 2020. Expired on August 11, 2021.</p> <ul style="list-style-type: none"> • Income and asset documentation must be within <u>60 days</u> of the Note date <ul style="list-style-type: none"> ○ Except assets that are reported on a quarterly basis • Employment and Income verifications from a 3rd party employment verification vendor and the use of a database must be no more than <u>60 days</u> old as of the Note Date. <p>Reminder: Income documented for military leave and earning statement (LES), Social Security, Retirement, long term disability, mortgage credit certificates, public assistance, foster care, or royalty payments will continue to follow Fannie Mae and Freddie Mac Seller Guide pertaining to age of documents.</p> <p>Effective August 11, 2021, Refer to B1-1-03, and 5102.4.</p>															
Mortgage History – Until further notice	5/29/20	<p>Effective for all new submissions and applications dates on or after June 1, 2020 until further notice.</p> <p>In addition to the credit report, all borrowers who have existing mortgage obligations are required to provide additional documentation for each mortgage to ensure those obligations are current. Documentation includes the following:</p> <ul style="list-style-type: none"> • Payment history provided by the servicer(s) for each existing mortgage, • 3 Mortgage statements from the Borrower(s) or electronic mortgage history for each existing mortgage, • Third-party verification service to confirm mortgage payment history, • For mortgages being refinanced, reviewing the pay-off statement. <p>Current is defined as the borrower has made all mortgage payments due by no later than the last business day of the month it was due.</p> <p>Mortgage obligations include all mortgage loans, including co-signed mortgage loans and mortgage loans not related to the subject transaction.</p>															
COVID-19 Reinstatement and Loss Mitigation Eligibility – Until further notice	5/21/20	<p>Borrower(s) who are not current and has missed payments on any mortgage loans are eligible to refinance or buy a new home three months after their COVID-19 related forbearance ends if they have made three consecutive payments under the applicable repayment plan, payment deferral or loan modification and must meet the following requirements in the table below.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #0070C0; color: white;"> <th style="width: 33%;">Existing Mortgages</th> <th style="width: 33%;">Eligibility Requirements</th> <th style="width: 33%;">Use of proceeds of mortgage being refinanced</th> </tr> </thead> <tbody> <tr> <td>Reinstated</td> <td>Fully reinstated on or after the Application date but prior to the Note date, the funds used to reinstate must come from an eligible source of funds as outlined in Fannie Mae and Freddie Mac Seller Guidelines.</td> <td>May not be used to reinstate the Mortgage being refinanced or any other Mortgage.</td> </tr> <tr> <td>Repayment Plan</td> <td>Borrower must either: <ul style="list-style-type: none"> • Have successfully completed the repayment plan, or • Be performing under the plan, has missed no payment, and must have made at least three consecutive payments. </td> <td>May be used to pay off the remaining payments under the repayment plan.</td> </tr> <tr> <td>Payment Deferral</td> <td> <ul style="list-style-type: none"> • Borrower must have made at least three consecutive timely payments following the approval/effective date of the payment deferral agreement. </td> <td>May be used to pay off the remaining payments under the payment deferral.</td> </tr> <tr> <td>Modification Trial period plan</td> <td> <ul style="list-style-type: none"> • Borrower must have successfully completed the 3-month Trial Period Plan. </td> <td>May be used to pay off the modified mortgage.</td> </tr> </tbody> </table>	Existing Mortgages	Eligibility Requirements	Use of proceeds of mortgage being refinanced	Reinstated	Fully reinstated on or after the Application date but prior to the Note date, the funds used to reinstate must come from an eligible source of funds as outlined in Fannie Mae and Freddie Mac Seller Guidelines.	May not be used to reinstate the Mortgage being refinanced or any other Mortgage.	Repayment Plan	Borrower must either: <ul style="list-style-type: none"> • Have successfully completed the repayment plan, or • Be performing under the plan, has missed no payment, and must have made at least three consecutive payments. 	May be used to pay off the remaining payments under the repayment plan.	Payment Deferral	<ul style="list-style-type: none"> • Borrower must have made at least three consecutive timely payments following the approval/effective date of the payment deferral agreement. 	May be used to pay off the remaining payments under the payment deferral.	Modification Trial period plan	<ul style="list-style-type: none"> • Borrower must have successfully completed the 3-month Trial Period Plan. 	May be used to pay off the modified mortgage.
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		Other loss mitigation plans	<p>Borrower must either:</p> <ul style="list-style-type: none"> Have successfully completed the loss mitigation program, or Be performing under the program and must be made at least 3 consecutive full monthly payments. 	May be used to pay off the remaining payments under the program.
<p>Note: These temporary requirements do not apply to Fannie Mae High LTV refinance or Freddie Mac Enhanced Relief refinance mortgages and must meet the payment history requirements and all other requirements for the mortgage being refinanced as outlined in each perspective Seller Guide.</p>				
Self-Employment Income Requirements	2/8/22	<p>Minimum Additional Documentation Requirements: A year-to-date (YTD) profit and Loss (P&L) statement (audited or unaudited) reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date. Must be no older than 60 days prior to the Note Date. (Refer to GSE announcement for complete details.)</p> <ul style="list-style-type: none"> Audited YTD P&L statement; or Unaudited YTD P&L statement signed by the borrower and two months business depository account statements no older than the latest two months represented on the YTD P&L statement. <ul style="list-style-type: none"> Applications dated on or after December 14, 2020 require the most recent three months business depository account statements represented on the YTD P&L statement. <p>Note: Effective immediately, expiration of the temporary requirements for self-employment income, provided that the most recent complete federal income tax returns are not older than 2020. However, these policies remain effective for loans where the most recent tax return being used to document and support qualifying income is older than 2020.</p>		
	2/8/22	<p>Review YTD P&L Statements, Business Account Statements, and other Relevant Documentation: If the information (business revenue, expenses and net income) on the unaudited YTD P&L statement is not reasonably consistent with the revenue and expense cash flow on the business account statement, then additional documentation as outlined in the Agency announcements must be obtained to support the information and resolve the discrepancy. Otherwise, the income is not eligible for the use in qualifying.</p> <p>Note: Effective immediately, expiration of the temporary requirements for self-employment income, provided that the most recent complete federal income tax returns are not older than 2020. However, these policies remain effective for loans where the most recent tax return being used to document and support qualifying income is older than 2020.</p>		
	2/8/22	<p>Establishing Stable Monthly Income: Must complete a business income assessment by comparing the YTD net business income from the YTD P&L statement to historical business income calculated in accordance with the Agency announcements and GSE selling requirements.</p> <ul style="list-style-type: none"> Self-Employment Income Calculation: <ul style="list-style-type: none"> Income Not Changed or Increase: Use the historical business income calculated using the Agency cash flow analysis form or similar form. Income Declining (Stable): Reduce the amount of the historical business income calculated using the cash flow analysis form to no more than the current level of stable business income from the YTD P&L statement, business account statements, and supplemental documentation, as applicable. Income Declining (Not Stable): Not eligible for using in qualifying <p>Note: Effective immediately, expiration of the temporary requirements for self-employment income, provided that the most recent complete federal income tax returns are not older than 2020. However, these policies remain effective for loans where the most recent tax return being used to document and support qualifying income is older than 2020.</p>		
	2/8/22	<p>Business Review and Analysis (Assessing the Impact of COVID-19):</p> <ul style="list-style-type: none"> Establish that the Borrower's income is stable and likely to continue at the same level as used to qualify the borrower. Evaluate and document knowledge of the economic conditions related to the business. Documentation and analysis of the business must support that the business has sufficient liquidity and is financially capable of producing stable monthly income for the borrower. Must consider pandemic-related factors in accordance with the GSE announcements. <p>Note: Effective immediately, expiration of the temporary requirements for self-employment income, provided that the most recent complete federal income tax returns are not older than 2020. However, these policies remain effective for loans where the most recent tax return being used to document and support qualifying income is older than 2020.</p>		
	2/8/22	<ul style="list-style-type: none"> Business Assets: Loan proceeds from the Small Business Administration (SBA) PPP or any other similar COVID-19 related loans or grants are not considered business assets for the purposes of eligible funds to qualify the borrower for the mortgage transaction, including, but not limited to, funds for down payment, closing costs and reserves. Paycheck Protection Program (PPP) Business Loans: No payment, estimated or otherwise, need be included in the DTI at this time; however, once it is determined that any portion of the PPP loan must be repaid, follow GSE requirements for loans paid by a business. <p>Note: Effective immediately, expiration of the temporary requirements for self-employment income, provided that the most recent complete federal income tax returns are not older than 2020. However, these policies remain effective for loans where the most recent tax return being used to document and support qualifying income is older than 2020.</p>		
Employment Re-Verifications (VVOE) Continuity of Income	2/7/22	<p>Effective immediately for all loans in process where the traditional methods of verifying employment prior to closing is difficult to obtain and will remain in place with application dates on or before April 30, 2021 or as noted below.</p> <ul style="list-style-type: none"> 10-day preclosing verification (application dates on or before April 30, 2021): Note: as of May 1, 2021, this temporary flexibility expired and is no longer in effect. Follow Fannie Mae and Freddie Mac Seller Guides. <ul style="list-style-type: none"> 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. Self-employment 20-day preclosing verification ensuring the business is currently operating (application dates on or after April 14, 2020 and until further notice): <ul style="list-style-type: none"> Evidence of current work (executed contracts or signed invoices that indicate the business is operating on the day the verification is completed); Evidence of current business receipts within 20 days of the note date (payment for services performed); Documented certification that the business is open and operating (through a phone call or other means); or Business website demonstrating activity supporting current business operations (timely appointments for estimates or service can be scheduled). <p>Income Disruption:</p> <ul style="list-style-type: none"> If the employer is not open for business at the time of loan close, the loan is not eligible. 		



		<ul style="list-style-type: none"> If documentation evidences reduced hours and/or pay, follow standard Fannie Mae or Freddie Mac Seller Guide. 																														
		<p>Leave: "Income while on temporary leave" must meet the requirements in the applicable Fannie Mae or Freddie Mac Seller Guide.</p>																														
Rental Income used to Qualify	5/18/20	<p>Rental income used for qualifying purposes requires proof of 3 months receipt per property.</p> <ul style="list-style-type: none"> Examples of acceptable documentation include, bank statements evidencing deposits. In cases where a gap in rental income is documented, AFR will require a letter of explanation from the borrower. 																														
	9/17/21	<p>Borrower(s) purchasing a 2 to 4 - unit primary residence</p> <ul style="list-style-type: none"> Unit(s) not occupied by the borrower is currently rented: <ul style="list-style-type: none"> Obtain a copy of the current lease and proof of the most recent 3 months receipt of payment from the current renter to the seller. Documentation options include: <ul style="list-style-type: none"> Bank statements showing the receipt, or Redacted portion of the statement showing deposits received, or Electronic receipts (such as PayPal, Venmo, Zelle, Skrill, Mozido or similar), and Seller must attest in writing that the tenant is current. Unit that is not occupied by the borrower is currently vacant: <ul style="list-style-type: none"> Signed lease agreement and proof of security deposit Follow all other GSE guidelines 																														
	9/17/21	<p>Borrower(s) purchasing a 1 to 4 - unit investment Property</p> <ul style="list-style-type: none"> Units currently rented: <ul style="list-style-type: none"> Obtain a copy of the current lease and proof of the most recent 3 months receipt of payment from the current renter to the seller. Documentation options include: <ul style="list-style-type: none"> Bank statements showing the receipt, or Redacted portion of the statement showing deposits received, or Electronic receipts (such as PayPal, Venmo, Zelle, Skrill, Mozido or similar), and Seller must attest in writing that the tenant is current. Units vacant: <ul style="list-style-type: none"> Signed lease agreement and proof of security deposit Follow all other GSE Seller guidelines. 																														
Appraisal – application dates on or before May 31, 2021	<p>Note: As of June 1, 2021, this temporary flexibility has expired and is no longer in effect</p>																															
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General Valuation and Appraisal guidance - Note: As of June 1, 2021, these temporary flexibilities have expired and is no longer in effect	4/2/20	<p>General: Either a desktop appraisal or an exterior only inspection appraisal may be used in lieu of the interior inspection appraisal.</p> <ul style="list-style-type: none"> Not applicable for renovation, new construction, or construction to permanent loans. Loans will mortgage insurance must confirm with the respective company to confirm coverage for mortgage using one of the temporary appraisal flexibilities. 																														
	4/2/20	<p>Appraisal Waivers: When offered by AUS, appraisal waivers may be used.</p> <ul style="list-style-type: none"> See respective Fannie Mae or Freddie Mac Seller Guide 																														
	4/2/20	<p>Map Reference Field: For a desktop appraisal or an appraisal with an exterior only inspection that is completed on a form for an interior and exterior inspection, the appraisal report must include, in the "Map Reference" field, "desktop" or "exterior".</p>																														
	4/2/20	<p>Scope of Work: Statements of Assumptions and Limited Conditions, and Appraiser's Certifications with modified language must be used with desktop appraisal reports and exterior only appraisal reports.</p>																														
	4/21/20	<p>Virtual inspection for appraisals: AFR is allowing Virtual Inspection for either desktop or exterior appraisals as outlined in LL 2020-04 and Bulletin 2020-11. The virtual inspection is not a substitute for loan that require full interior and exterior inspections.</p>																														
	4/26/21	<p>HomeStyle Renovation Loans: AFR will allow flexibilities for inspection requirements when requesting draws as outlined by Fannie Mae through May 31, 2021.</p> <p>Reminder: The initial appraisal is required to be a full interior and exterior appraisal. A final 1004D is required when work is completed.</p>																														
Property Completion Reports	4/26/21	<p>1004D/442 Alternative: A letter signed by the borrower confirming that the work was completed is acceptable; and</p> <ul style="list-style-type: none"> Further evidence of completion, which may include photographs of the completed work, paid invoices indicating completion, occupancy permits, or other substantially similar documents. Not permitted for FNMA HomeStyle or Conventional One-Time Close Option expires on 5/31/2021 <p>Note: As of June 1, 2021, this temporary flexibility has expired and is no longer in effect</p>																														

Topic	Last Update	<p>FHA recent announcements regarding COVID-19 and interim guidance:</p> <ul style="list-style-type: none"> Mortgagee Letter 2020-05, Re-Verification of Employment and Exterior-Only and Desktop-Only, Appraisal Scope of Work Options for FHA Single Family Programs Impacted by COVID-19. March 27, 2020 FHA COVID-19 FAQ Mortgagee Letter 2020-14, Extension of the Effective Date of Mortgagee Letter 2020-05. June 30, 2020 Mortgagee Letter 2020-20, Extension of the Effective Date of Mortgagee Letter 2020-05. August 31, 2020 Mortgagee Letter 2020-24, Rental income used to qualify Mortgage Letter 2020-05, July 29, 2020 Mortgagee Letter 2020-28, Extension of Effective Date of Mortgagee Letter 2020-05, October 31, 2020 Mortgagee Letter 2020-37, Extension of Effective Date of Mortgagee Letter 2020-05, December 31, 2020
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		<ul style="list-style-type: none"> • Mortgagee Letter 2020-40, Extension of Effective Date of Mortgagee Letter 2020-24, December 31, 2020 • Mortgagee Letter 2020-46, Extension of Effective date of Mortgagee letter 2020-24, 2020-40, February 28, 2021 • Mortgagee Letter 2020-47, Extension of Effective date of Mortgagee Letter 2020-37, 2020-05, February 28, 2021 • Mortgagee Letter 2021-06, Extension of Effective date of Mortgage letter, 2020-05 and 2020-37 • Mortgagee Letter 2021-07, Extension of Effective date of Mortgage letter, 2020-24
Verbal Verification of Employment (VVOE)	2/9/22	<p>Permitted Alternative VVOE: Re-verification is not required provided that the Mortgagee is not aware of any loss of employment and has obtained:</p> <ul style="list-style-type: none"> • 2 months PITI reserves (for purchase transactions); and • YTD paystub or direct electronic verification of income for the pay period that immediately precedes the Note date, or • Bank statement showing direct deposit from the Borrower's employment for the pay period that immediately precedes the Note date. <p>Note: This temporary policy guidance expired July 1, 2021. Applicable requirements in the FHA SF Handbook apply.</p>
Verification of Self-Employment	2/9/22	<p>Self-employment 10-day preclosing verification ensuring the business is currently operating: For case numbers assigned on or before September 30, 2021</p> <ul style="list-style-type: none"> • Evidence of current work (executed contracts or signed invoices that indicate the business is operating on the day the verification is completed), • Evidence of current business receipts within 10 days of the note date (payment for services performed, • Documented certification that the business is open and operating (through a phone call or other means); or • Business website demonstrating activity supporting current business operations (timely appointments for estimates or service can be scheduled). • Reference ML 2020-24 and as extended by ML 2021-16. <p>Note: This temporary policy guidance expired for case numbers assigned on or after October 1, 2021. Applicable requirements in the FHA SF Handbook apply.</p>
Rental Income used to Qualify	5/18/20	<p>Rental income used for qualifying purposes requires proof of previous 3 months receipt per property.</p> <ul style="list-style-type: none"> • Examples of acceptable documentation include, bank statements evidencing deposits. • In cases where a gap in rental income is documented, AFR will require a letter of explanation from the borrower.
	5/28/20	<p>Borrower(s) purchasing a two-unit primary residence</p> <ul style="list-style-type: none"> • Unit not occupied by the borrower is currently rented: <ul style="list-style-type: none"> ○ Obtain a copy of the current lease and proof of the most recent 3 months receipt of payment from the current renter to the seller. Documentation options include: <ul style="list-style-type: none"> ▪ Bank statements showing the receipt, or ▪ Redacted portion of the statement showing deposits received, or ▪ Electronic receipts (such as PayPal, Venmo, Zelle, Skrill, Mozido or similar), and ▪ Seller must attest in writing that the tenant is current. • Unit that is not occupied by the borrower is currently vacant: <ul style="list-style-type: none"> ○ Signed lease agreement and proof of security deposit <p>Note: Follow all other guidelines outlined in 4000.1</p>
	2/09/22	<p>For case number assignment on or after 8/12/2020 through 9/30/2021 AFR will following guidance announced in ML 2020-24 and extended in ML 2020-40, ML 2020-46, ML 2021-07 and ML 2021-16 where a borrower is qualifying utilizing rental income, for each property generating rental income the lender must either:</p> <ul style="list-style-type: none"> • Reduce the effective income associated with the calculation of rental income by 25%, or • Verify 6 months PITI reserves, or • Verify the borrower has received the previous 2 months rental payments as evidenced by borrower's bank statements showing the deposit. (This option is applicable only for borrowers with a history of rental income from the property). <p>Note: This temporary policy guidance expires September 30, 2021. Case numbers assigned on or after October 1, 2021 must complete with applicable requirements in the FHA SF Handbook.</p>
Housing Obligations / Mortgage Payment History	8/7/20	<p>For FHA transactions and due to the CARES Act, AFR is now requiring additional documentation for all borrower(s) who have existing mortgage obligations to ensure those obligations are current. Documentation includes the following:</p> <ul style="list-style-type: none"> • 12-month payment history provided by the servicer(s) for each existing mortgage, or • Third-party verification service to confirm 12-month mortgage/rent payment history. <p>Note: Follow current 4000.1 for Housing Obligations/Mortgage Payment History requirements.</p>
Appraisal – with an effective date on or before June 30, 2021	2/23/21	<p>General: Most purchase, rate and term refinance and simple refinance loans may utilize an exterior-only or desktop-only appraisal inspection, subject to the requirements in ML 2020-05 and extended in ML 2020-37, 2020-47, 2021-06.</p> <ul style="list-style-type: none"> • Must be reported on the existing Acceptable Appraisal Reporting Forms by Property and Assignment Type that are compatible with EAD portal. <ul style="list-style-type: none"> ○ Not permitted on Cash-Out Refinances, new construction, or construction to permanent loans. <p>Scope of Work, Statements of Assumptions and Limited Conditions, and Appraiser's Certifications with modified language must be used with desktop appraisal reports and exterior-only appraisal reports. See FHA model certifications.</p> <ul style="list-style-type: none"> • Purchase Transactions may utilize an Exterior-Only or Desktop-Only <ul style="list-style-type: none"> ○ Not permitted for New Construction, Construction to Permanent, Build on Own Land and 203(k). ○ Desktop-Only appraisals are not permitted with effective dates after October 31, 2020. Refer to ML 2020-37. ○ ML 2021-06 extends the use of Exterior-Only appraisal with effective date on or before June 30, 2021. • Refinance Transactions may utilize an Exterior-Only <ul style="list-style-type: none"> ○ Not permitted for Cash out or 203(k) <p>Note: This temporary policy guidance expires July 1, 2021</p>
Repair Inspections	4/2/20	<p>Repair Inspections Alternative: A letter signed by the borrower confirming that the work was completed is acceptable; and</p> <ul style="list-style-type: none"> • Further evidence of completion, which may include photographs of the completed work, paid invoices indicating completion, occupancy permits, or other substantially similar documentation. • Not permitted for new construction, construction to permanent, building on own lands, and 203(k) transactions. <p>Note: This temporary policy guidance expires July 1, 2021</p>
Topic	Last Update	<p>VA recent announcements regarding COVID-19 and interim guidance:</p> <ul style="list-style-type: none"> • VA Circular 26-20-10 Lender Guidance for Borrower Affected by COVID-19 March 27, 2020 • VA Circular 26-20-11 Valuation Practices During COVID-19 March 27, 2020 – Rescinded and replaced with 26-20-13. • Exhibit A Modified Set of Instruction, Scope of Work, Statement Assumptions and Limiting Conditions and Certifications for Desktop Appraisals



<ul style="list-style-type: none"> VA Circular 26-20-13 Valuation Practices during COVID-19 (Update) 		
Re-Verification of Employment Rescinded 4/1/2021	4/1/21	<p>Permitted Re-Verification of Employment: If unable to re-verify employment due to impacts of COVID-19: Note: This temporary policy was rescinded on April 1, 2021 and is no longer in effect.</p> <ul style="list-style-type: none"> (Option 1) a third party service. (No additional fee may be charged to the veteran.) (Option 2) Evidence of direct deposit from a bank statement and paystubs covering at least one full month of employment within 30 days of the closing date. Reconcile payment amounts between the paystubs and direct deposit listed on the bank statement. <ul style="list-style-type: none"> If option 2 is used, document VA Form 26-6393-Box 47 and supporting documentation. If none of the above can be obtained, evidence the borrower has a minimum of 2 months PITI in reserves. <p>Self-employment 10-day preclosing verification ensuring the business is currently operating: Note: this policy will remain in effect for AFR until further notice</p> <ul style="list-style-type: none"> Evidence of current work (executed contracts or signed invoices that indicate the business is operating on the day the verification is completed); Evidence of current business receipts within 10 days of the note date (payment for services performed); Documented certification that the business is open and operating (through a phone call or other means); or Business website demonstrating activity supporting current business operations (timely appointments for estimates or service can be scheduled).
Continuity of Income	2/8/22	<p>Income Disruption: If the applicant was impacted by COVID-19 (i.e. furlough, income curtailment, etc.) it should not be considered a break in employment or income (in assessing risk) provided they have returned to work in the same capacity and income levels. In addition to standard verification documentation, obtain furlough letters where applicable. (if the applicant has not returned to work, the income may not be used.) Refer to VA Circular 26-20-10 Change 2</p>
Rental Income used to Qualify	5/18/20	<p>Rental income used for qualifying purposes requires proof of 3 months receipt per property.</p> <ul style="list-style-type: none"> Examples of acceptable documentation include, bank statements evidencing deposits. In cases where a gap in rental income is documented, AFR will require a letter of explanation from the borrower.
	5/28/20	<p>Borrower(s) purchasing a two-unit primary residence</p> <ul style="list-style-type: none"> Unit not occupied by the borrower is currently rented: <ul style="list-style-type: none"> Obtain a copy of the current lease and proof of the most recent 3 months receipt of payment from the current renter to the seller. Documentation options include: <ul style="list-style-type: none"> Bank statements showing the receipt, or Redacted portion of the statement showing deposits received, or Electronic receipts (such as PayPal, Venmo, Zelle, Mozido or similar), and Seller must attest in writing that the tenant is current. Unit that is not occupied by the borrower is currently vacant: <ul style="list-style-type: none"> Signed lease agreement and proof of security deposit Follow all other guidelines VA Pamphlet 26-7
Appraisal Rescinded 4/1/2021	4/01/21	<p>General: For non-IRRRL transactions, either a desktop appraisal or an exterior only inspection appraisal (2055) may be used in lieu of the interior and exterior inspection appraisal in limited circumstances.</p> <ul style="list-style-type: none"> Extensive VA restrictions and requirements apply. See Circular 26-20-11 for guidelines. <p>Desktop Appraisals, the appraiser will be required to attach a copy of the Scope of Work (SOW) Exhibit A, certifications, and assumptions in all reports.</p> <p>Map Reference Field: For a desktop appraisal or an appraisal with an exterior only inspection that is completed on a form for an interior and exterior inspection, the appraisal report must include, in the "Map Reference" Field, "desktop" or "exterior."</p> <ul style="list-style-type: none"> Reconsideration of Value (ROV) for purchase transactions are restricted to no greater than 7 percent from the appraiser's opinion of value or \$10,000 whichever is greater. ROV for cash-out refinance transactions are suspended.
Repair Inspections Rescinded 4/1/2021	4/1/21	<p>Completion Certifications:</p> <ul style="list-style-type: none"> AFR will permit self-certifying repairs of existing properties that do not meet Minimum Property Requirements (MPR), with the exception of certifications that involve lead-based paint as outlined in Circular 26-20-13. VA Renovation transaction will require a final inspection to be completed by a VA fee appraiser.
Water System Acceptability Rescinded 4/1/2021	4/1/21	<ul style="list-style-type: none"> AFR will permit waiving of the Well water testing for VA to VA refinance transaction as outlined in the update to Circular 26-20-13 Change 1 dated May 8, 2020. AFR will continue to follow VA Pamphlet 26-7, Chapter 12, section 16 Individual Water Supply guidance for all other VA Transactions.
Termite Inspections	4/27/20	<p>Termite Inspections: AFR continues to require a termite inspection for subject properties located in "very heavy" or "moderate to heavy" areas as determined by the Termite Infestation Probability Map.</p>
Purchase and Refinance Eligibility for Borrower in Forbearance Rescinds on July 1, 2021	6/25/21	<p>Note: This temporary policy rescinds on July 1, 2021.</p> <p>Purchase and Cash-Out Refinance Loans: (Refer to Circular 26-20-25 and Circular 26-20-25 Change 1 for complete requirements)</p> <ul style="list-style-type: none"> Continue to follow VA's underwriting standards generally and should not use a CARES Act forbearance as a reason to deny a Veteran a VA-guaranteed loan. Borrowers must provide reasons for the loan deficiency and information to establish that the cause of the delinquency has been corrected. Although deferred payments may not be considered for credit risk purposes, the monthly obligation must be considered if the debt remains active after closing the new loan. <p>IRRRLs:</p> <ul style="list-style-type: none"> Borrower in forbearance with no missed payments: <ul style="list-style-type: none"> VA's prior approval and lender underwriting are not required (exempt from income verification) if the loan being refinanced is not more than 30 days past due, regardless of whether the Veteran requested a CARES Act forbearance and the delinquency status at the time of such request. Borrower in forbearance with missed payments: <ul style="list-style-type: none"> Waiver of Prior Approval - VA's prior approval is not required, regardless of delinquency status, if- <ul style="list-style-type: none"> Seller has VA approved automatic authority, The borrower has invoked a CARES Act forbearance related to the loan being refinanced, The borrower has provided information to establish that the borrower is no longer experiencing a financial hardship caused by COVID-19, and The borrower qualifies for the IRRRL under VA's underwriting and credit standards (not exempt from income verification). Maximum Loan Amount (subject to maximum LTV/CLTV 105%) – in context of a CARES Act forbearance, IRRRLs may include the following:



		<ul style="list-style-type: none"> ○ Any past due installment payments, including those a borrower deferred under the CARES Act forbearance, plus ○ Allowable later charges, consistent with the note, the CARES act, and all applicable laws, plus ○ Allowable closing costs and discount points, and ○ The VA funding fee. ● Loan Seasoning, Fee Recoupment, Discount Points and Net Tangible Benefit Standards: <ul style="list-style-type: none"> ○ All IRRRLs must meet loan season, fee recoupment, discount point and net tangible benefit requirements. ○ Period of forbearance cannot count toward seasoning. A loan being refinanced is seasoned if both the following conditions are met as of the date the borrower closes the refinance loan: <ul style="list-style-type: none"> ▪ The borrower has made at least six consecutive monthly payments on the loan being refinanced. <ul style="list-style-type: none"> ❖ For Example, in a case where a borrower made 5 consecutive payments before invoking a CARES Act forbearance, such borrower would need to make 6 additional consecutive payments, post forbearance, in order to meet the seasoning requirement. ▪ The date of closing for the refinance loan is 210 or more days after the first payment due date of the loan being refinanced. ● Stacking Order – Additional required documentation by VA to obtain guaranty.
Topic	Last Update	USDA recent announcements regarding COVID-19 and interim guidance: <ul style="list-style-type: none"> ● Single-Family Housing Guaranteed Loan Program Temporary Exceptions to Interior Inspection Appraisal and Verbal Verification or Employment in Relation to COVID-19 Pandemic March 27, 2020 ● The following exceptions to Agency guidance found at HB-1-3555 are in effect for a period of 60 days. ● SFHGLP Origination FAQ's ● Single-Family Housing Guaranteed Loan Program Extension of Temporary Exceptions to Interior Inspection Appraisals and Verbal Verification of Employment in Relation to COVID-19 Pandemic - June 30, 2020 ● Single-Family Housing Guaranteed Loan Program Extension of Temporary Exceptions in Relation to COVID-19 Pandemic - August 31, 2020 ● Single-Family Housing Guaranteed Loan Program Extension of Temporary Exceptions in Relation to COVID-19 Pandemic – November 30, 2020 ● Single-Family Housing Guaranteed Loan Program Extension of Temporary Exceptions in Relation to COVID-19 Pandemic – December 31, 2020 ● Single-Family Housing Guaranteed Loan Program Extension of Temporary Exceptions in Relation to COVID-19 Pandemic – Feb 28, 2021 ● Single-Family Housing Guaranteed Loan Program Extension of Temporary Exceptions in Relation to COVID-19 Pandemic – June 30, 2021
Verbal Verification or Employment (VVOE)	6/25/21	<p>Permitted Alternative VVOE: If unable to obtain a VVOE within 10 business days of loan closing due to a temporary closure of the borrower's employment, then:</p> <ul style="list-style-type: none"> ● An e-mail directly from the employer's work email address that identifies the name and title of the verifier and the Borrower's name and currently employment status, or ● 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. ● If none of the above can be obtained, evidence the borrower has a minimum of 2 months PITI in reserves. <p>Self-employment 10-day preclosing verification ensuring the business is currently operating:</p> <ul style="list-style-type: none"> ● Evidence of current work (executed contracts or signed invoices that indicate the business is operating on the day the verification is completed); ● Evidence of current business receipts within 10 days of the note date (payment for services performed); ● Documented certification that the business is open and operating (through a phone call or other means); or ● Business website demonstrating activity supporting current business operations (timely appointments for estimates or service can be scheduled). <p>Note: This Temporary policy guidance is expiring July 1, 2021.</p>
Continuity of Income	6/25/21	<p>Income Disruption: A borrower's reduced income must be sufficient to support the new loan payment and other obligations. Borrower's with no income at the time of closing are not eligible for SFHGLP loans regardless of available cash reserves.</p> <p>Note: This Temporary policy guidance is expiring July 1, 2021.</p>
Rental Income used to Qualify	5/18/20	<p>Rental income used for qualifying purposes requires proof of 3 months receipt per property.</p> <ul style="list-style-type: none"> ● Examples of acceptable documentation include, bank statements evidencing deposits. ● In cases where a gap in rental income is documented, AFR will require a letter of explanation from the borrower.
IRS Transcripts	4/2/20	<p>IVES: Due to disruption of the IVES system, AFR has suspended IRS transcript requirements until further notice. See HB-1-3555 9.3.4 for guidance when transcripts are unavailable.</p>
Appraisal	6/25/21	<p>General: For purchase and non-streamlined refinance transactions, an exterior-only (2055) will be accepted. See the March 27, 2020, USDA Bulletin for requirements.</p> <ul style="list-style-type: none"> ● Not applicable for renovation, new construction, construction to permanent loans. ● Appraisers are not required to certify that the property meets HUD HB 4000.1 standards. The appraisal must be completed in accordance with the Uniform Standards of Professional Practice (USPAP) and the Uniform Appraisal Dataset (UAD). <p>Note: This Temporary policy guidance is expiring July 1, 2021.</p>
Repair Inspections	6/25/21	<p>Repair Inspection Alternative: A letter signed by the borrower confirming that the work was completed is acceptable; and</p> <ul style="list-style-type: none"> ● Further evidence of completion, which may include photographs of the completed work, paid invoices indicating completion, occupancy permits, or other substantially similar documentation. <p>Note: This Temporary policy guidance is expiring July 1, 2021.</p>

Resources	For complete details on the interim guidance, see the following:		
Agency/GSE	Publication	Publication Date	Effective Through
Fannie Mae	Lender Letter 2020-03, Impact of COVID-19 on Originations Lender Letter 2021-03, Impact of COVID-19 on Originations	3/23/20, 3/31/20, 5/5/20, 5/19/20, 5/28/20,	All loans in process with applications dated on or after 4/14/20 and until further notice or otherwise noted



		6/11/20, 7/9/20, 8/27/20, 9/24/20, 10/19/20, 11/13/20, 12/10/20, 1/14/21, 2/10/21, 3/11/21, 5/1/21, 8/11/21, & 2/02/22	
	Lender Letter 2020-04, Impact of COVID-19 on Appraisals Lender Letter 2021-04, Impact of COVID-19 on Appraisals	3/23/20, 3/31/20, 4/14/20, 5/5/20, 5/28/20, 6/11/20, 7/9/20, 8/27/20, 9/24/20, 10/19/20, 11/13/20, 12/10/20, 1/14/21, 2/10/21, 3/11/21, & 4/21/21	
	COVID-19 Frequently Asked Questions		Updated by Fannie Mae in real time
Freddie Mac	Bulletin 2020-5, Selling guidance related to COVID-19	3/23/20	All loans in process with applications dated on or after 4/14/20 until further notice or otherwise noted
	Bulletin 2020-8, Selling guidance related to COVID-19	3/31/20	
	Bulletin 2020-11, Selling guidance related to COVID-19	4/14/20	
	Bulletin 2020-14, Selling guidance related to COVID-19	5/5/20	
	Bulletin 2020-17, Selling guidance related to COVID-19	5/19/20	
	Bulletin 2020-19, Selling guidance related to COVID-19	5/28/20	
	Bulletin 2020-23, Selling guidance related to COVID-19	6/11/20	
	Bulletin 2020-27, Selling guidance related to COVID-19	7/9/20	
	Bulletin 2020-35, Selling guidance related to COVID-19	8/27/20	
	Bulletin 2020-37, Selling guidance related to COVID-19	9/24/20	
	Bulletin 2020-40, Selling guidance related to COVID-19	10/19/20	
	Bulletin 2020-44, Selling guidance related to COVID-19	11/13/20	
	Bulletin 2020-47, Selling guidance related to COVID-19	12/10/20	
	Bulletin 2021-1, Selling guidance related to COVID-19	1/14/21	
	Bulletin 2021-7, Selling guide related to COVID-19	2/10/21	
	Bulletin 2021-10, Selling guide related to COVID-19	3/11/21	
	Bulletin 2021-15, Selling guide related to COVID-19	4/21/21	
Bulletin 2021-28, Selling guide related to COVID-19	8/11/21		
Bulletin 2022-3, Selling guide related to COVID-19	2/2/22		
	COVID-19 Selling-related Frequently Asked Questions		Updated by Freddie Mac in real time
FHA	Mortgagee Letter 2020-05 Re-verification of Employment and Exterior-Only and Desktop-Only Appraisal Scope of Work Options for FHA Single Family Programs Impacted By COVID-19	3/27/20	<i>Appraisal guidance - appraisal inspections completed on or before 5/17/2020. Employment re-verification - cases closed on or before 5/17/2020. *Refer to extension</i>
	COVID-19 Question and Answers		Updated by FHA in real-time
	Mortgagee Letter 2020-14 Extension of the Effective Date of Mortgagee Letter 2020-05	5/14/20	<i>*Appraisal guidance - appraisal inspections completed on or before 6/30/2020. Employment re-verification - cases closed on or before 6/30/2020</i>
	Mortgagee Letter 2020-20 Extension of the Effective Date of Mortgagee Letter 2020-05	6/30/20	<i>*Appraisal guidance - appraisal inspections completed on or before 8/31/2020. Employment re-verification - cases closed on or before 8/21/2020</i>
	Mortgage Letter 2020-24 Temporary Guidance for Verification of Self-Employment; Rental Income; 203(k) Rehabilitation Escrow Account	7/29/2020	<i>Effective for case numbers assigned on or after 8/12/2020 through 11/30/2020</i>
Mortgage Letter 2020-28 Extension of Effective Date of Mortgagee Letter 2020-05	8/31/20	<i>*Appraisal guidance - appraisal inspections completed on or before 10/31/2020. Employment re-verification - cases closed on or before 10/31/2020</i>	



	Mortgage Letter 2020-37 Extension of Effective Date of Mortgage Letter 2020-05	10/2/20	Employment re-verification – cases closed on or before 12/31/2020 Appraisal guidance – Desk Top no longer excepted for inspection completed after 10/31/20 and Exterior only extended to inspections completed on or before 12/31/2020.
	Mortgagee Letter 2020-40, Extension of Effective Date of Mortgagee Letter 2020-24, December 31	11/27/2020	Verification of Self-Employment; Rental Income for case numbers assigned on or before 12/31/2020
	Mortgagee Letter 2020-46, Extension of Effective date of Mortgagee letter 2020-24, 2020-40, February 28, 2021.	12/21/2020	Verification of Self-Employment; Rental Income for case numbers assigned on or before 2/28/2021
	Mortgagee Letter 2020-47, Extension of Effective date of Mortgagee Letter 2020-37, 2020-05, February 28, 2021	12/21/2020	Employment re-verification – cases closed on or before 2/28/2021 Exterior only extended to inspections completed on or before 2/28/2021.
	Mortgagee Letter 2021-06, Extension of Effective date of Mortgagee Letter 2020-05	2/24/2021	Employment re-verification – cases closed on or before 2/28/2021 Exterior only extended to inspections completed on or before 6/30/2021.
	Mortgagee Letter 2021-07, Extension of Effective date of Mortgagee letter 2020-24	2/24/2021	Verification of Self-Employment; Rental Income for case numbers assigned on or before 6/30/2021
	Mortgagee Letter 2021-16, Extension of Effective date or Mortgagee Letter 2020-07	6/29/2021	Verification of Self-Employment; Rental Income for case numbers assigned on or before 9/30/2021
	FHA INFO #21-44 Expiration of Temporary Guidance for Re-verification of Employment and Exterior-Only Appraisal Scope of Work Option	6/22/2021	verification – cases closed on or before 6/30/2021 Exterior only extended to inspections completed on or before 6/30/2021
VA	VA Circular 26-20-11 Valuation Practices During COVID-19 Rescinded and replaced with 26-20-13	3/27/20	For all loans closed on and after 3/13, rescinded 4/1/21
	VA Circular 26-20-10 Lender Guidance for Borrowers Affected by COVID-19 (Loan origination, Closing and Guaranty)	3/27/20	For all loans close on and after 3/27, rescinded 4/1/21
	VA Circular 26-20-13 Valuation Practices during COVID-19 (Update)	4/10/20	For all loans closed on and after 3/13, rescinded 4/1/21
	VA Circular 26-20-13 Valuation Practices during COVID-19 (Update) Change 1	5/8/20	
	VA Circular 26-20-25 Impact of CARES Act Forbearance on VA Purchase and Refinance Transactions	6/30/20	Rescission date July 1, 2021
USDA	Single-Family Housing Guaranteed Loan Program Temporary Exceptions to Interior Inspection Appraisal and Verbal Verification or Employment in Relation to COVID-19 Pandemic SFHGLP Origination FAQs	3/27/20	60 days from publication – 5/26/2020. *Refer to extension
	Single-Family Housing Guaranteed Loan Program Extension of Temporary Exceptions to Interior Inspection Appraisals and Verbal Verification of Employment in Relation to COVID-19 Pandemic	5/14/20	*Effective through 6/30/20
	Single-Family Housing Guaranteed Loan Program Extension of Temporary Exceptions in Relation to COVID-19 Pandemic and Updated FAQs	6/30/20	*Effective through 8/31/20
	Single Family Housing Guaranteed Loan Program Extension of Temporary Exceptions in Relation to COVID-19 Pandemic	8/28/20	*Effective through 11/30/20
	Single-Family Housing Guaranteed Loan Program Extension of Temporary Exceptions in Relation to COVID-19 Pandemic	10/29/20	*Effective through 12/31/20
	Single-Family Housing Guaranteed Loan Program Extension of Temporary Exceptions in Relation to COVID-19 Pandemic	12/21/2020	*Effective through 2/28/21
	Single-Family Housing Guaranteed Loan Program Extension of Temporary Exceptions in Relation to COVID-19 Pandemic	2/25/2021	*Effective through 6/30/2021
IRS	https://content.govdelivery.com/accounts/USIRS/bulletins/283639d?reqfrom=share	3/27/20	Not provided
	https://content.govdelivery.com/accounts/USIRS/bulletins/2889680?reqfrom=share	4/27/20	

