



TO: Distribution

DATE: March 31, 2020

RE: CMG Financial Correspondent Lending Updates

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- FHA Re-verification of Employment Flexibilities due to Impact COVID-19
- FHA Exterior-Only and Desktop-Only Appraisal Scope of Work Options due to Impact By COVID-19

FHA RE-CERTIFICATION OF EMPLOYMENT FLEXIBILITIES DUE

Summary: With Mortgagee Letter 2020-05 FHA addresses FHA Single Family's modification to the re-verification of employment requirements due to the Presidentially-Declared COVID-19 National Emergency Declaration

CMG will align with the changes to FHA's re-verification of employment as follows:

- The borrower has a minimum of 2 months of PITI in reserves, AND
 - A year-to-date paystub or direct electronic verification of income for the pay period that immediately precedes the Note date, or
 - A bank statement showing direct deposit from the Borrower's employment for the pay period that immediately precedes the Note date.
- In addition, it is recommended to have the borrower(s) sign an "Employment Certification" at closing. See example of an 'Employment Certification' in the link below.

NOTE: As FHA is requiring the paystub or bank statement in addition to 2 months reserves. The Correspondent underwriter must approve the alternative documentation if a standard VOE with 5 days in not obtained.

Link: [FHA Mortgagee Letter 2020-05 Employment Certification](#)

Effective Date:

- The re-verification of employment guidance is effective immediately for cases closed on or before May 12, 2020
- Policy updates in this ML are temporary and will not be incorporated into the HUD Single-Family Housing Policy Handbook 4000.1

FHA EXTERIOR-ONLY AND DESKTOP-ONLY APPRAISAL SCOPE OF WORK OPTIONS DUE TO IMPACT BY COVID-19

Summary: With Mortgagee Letter 2020-05 FHA also addresses FHA Single Family's Exterior-Only or Desktop-Only

Appraisal inspection option, which limits face-to-face contact for certain transactions affected by the Presidentially-Declared COVID-19 National Emergency Declaration. When applicable, as described below, the appraiser may amend the scope of work to perform an Exterior-Only (viewing from the street) or Desktop Only. The Appraiser may rely on supplemental information from other reliable sources such as Multiple Listing Service (MLS), and Tax Assessor's Property Record to prepare an appraisal report. The Appraiser may rely on information from an interested party to the transaction (borrower, real estate agent, property contact, etc.) with clear appraisal report disclosure when additional verification is not feasible. The appraisal report must contain adequate information to enable the intended users to understand the extent of the inspection that was performed. The Exterior-Only and Desktop-Only Appraisal options must continue to be reported on the current FHA approved appraisal forms with amended certifications and scope of work disclosures.

FHA Purchase Transactions: FHA will accept appraisals Purchase transactions with an optional Exterior-Only or Desktop-Only scope of work by the Appraiser.

FHA Refinance Transactions: FHA will accept appraisals for Rate/Term Refinance and Simple Refinance with an optional Exterior-Only scope of work by the Appraiser. These flexibilities are not permitted on Cash out Refinances and 203(k) refinances.

Appraisal Forms and Amended Certifications The optional Exterior-Only and Desktop-Only appraisals must be reported on the existing Acceptable Appraisal Reporting Forms by Property and Assignment Type. These forms will require amended certifications and clear scope of work disclosures. Mortgagees are reminded that Exterior Appraisal forms Fannie Mae 2055 and Fannie Mae 1075 are not FHA approved forms and are not compatible with FHA's Electronic Appraisal Delivery (EAD) portal. The appraisal report must include a signed certification indicating whether the Appraiser did or did not personally inspect the subject property and the extent of the inspection. FHA has provided model certifications for the Exterior-Only and Desktop-Only scope of work.

Exterior-Only Option. The required protocols and exhibits under the Exterior-Only Option are:

- Appraiser will observe the Property and Improvements from the street.
- The Appraisal will be completed "AS IS" unless Minimum Property Requirements (MPR) related deficiencies are observed from the street or otherwise known.
- The Appraiser may utilize extraordinary assumptions when necessary.
- No sketch, interior photos or rear exterior photographs are required.

Desktop-Only Option. The required protocols and exhibits under the Desktop-Only Option are:

- Appraiser will not physically observe the Property and Improvements.
- The Appraisal will be completed "AS IS" unless MPR related deficiencies are known.
- The Appraiser may utilize extraordinary assumptions when necessary.
- No sketch, interior photos, exterior photographs are required.
- No comparable viewing nor photos are required.

Form 1004D Part B Completion Report: When an Appraisal Update and/or Completion Report (Form 1004D) Part B is required to evidence the completion of required repairs, FHA will permit a letter signed by the borrower affirming that the work was completed with 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 case binder.

Effective Date:

- The Appraisal guidance in this Mortgagee Letter is effective immediately for appraisal inspections completed on or before May 17, 2020.
- Policy updates in this ML are temporary and will not be incorporated into the HUD Single-Family Housing Policy Handbook 4000.1.

***Please contact your Correspondent National Sales Manager
or your Correspondent Liaison with any questions.***



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