

Friday, February 04, 2022

Bulletin #2022-AC-005

NOTICE TO ALL CUSTOMERS

Various Important Updates

COVID-19 Overlays

- Self-Employment Income Requirements
Great News, Fannie Mae and Freddie Mac are retiring the overlays for borrowers with qualifying income derived from self-employment if the most recent federal income tax returns filed are not older than 2020 so lenders can follow standard underwriting guidelines and policies with respect to self-employment income. However, if the most recent federal income tax returns filed are dated before 2020, the underwriter must continue to apply the prior additional documentation and analysis for self-employed borrowers, which remain unchanged and are listed in our **Temporary Policies Related to COVID-19 (version 45)**. Important: Note that the temporary requirements for verification the Borrower's business is currently operating within 20 days prior to closing continue to apply to all loans using self-employment income to qualify. (30-calendar days required on FHA/USDA/VA loans).
- Furlough Borrowers
Removed guidance for furloughed borrowers; refer to and follow temporary leave income per standard product requirements.

Desktop Appraisals

Fannie Mae and Freddie Mac will be allowing the use of Desktop Appraisals on certain purchase transactions in March of this year. The Form 1004 Desktop requires the use of a floor plan in addition to a building sketch and other exhibits required for traditional appraisals and should adhere to the UAD specification for Form 1004 and must be submitted through the Uniform Collateral Data Portal. UCDP)

- Fannie Mae
Effective with new submissions or resubmissions to Desktop Underwriter (DU) on or after March 19, 2022, Fannie Mae will allow the use of a Uniform Residential Appraisal Report (Desktop Form 1004) for certain purchase transactions of 1-Unit, Primary Residences with LTV \leq to 90% so long the loan scores "Approve/Eligible". If the transaction is eligible for this appraisal option, DU will issue a message informing the lender *they can choose* to obtain an appraisal reported on Form 1004 Desktop. Note that DU will also issue messages for other appraisal options and the lender may select from any of the options offered.
- Freddie Mac
Effective for new submissions or resubmissions to Loan Product Advisor (LPA) on or after March 6, 2022, Freddie Mac will allow the use of a Uniform Residential Appraisal Report (Desktop Form 70 D) for certain purchase transactions of 1-Unit, Primary Residences with LTV \leq to 90% so long the loan scores "Accept". If the transaction is eligible for this appraisal option, LPA will issue a message informing the lender they can choose to obtain an appraisal reported on Form 1004 Desktop. Note that LPA will also issue messages for other appraisal options and the lender may select from any of the options offered.

Neither GSE allow the use of the Desktop Appraisal Form when the property is identified to be a condominium or a manufactured home. More details to be announced in future communication.

To access our most recently updated **Temporary Policies Related to COVID-19 (version 45)** please [click here](#).