



# COVID-19 Appraisal Flexibilities

Client Guide

## COVID-19 APPRAISAL FLEXIBILITIES ANNOUNCED

On March 23, 2020 the Federal Housing Finance Agency (FHFA) directed Fannie Mae and Freddie Mac to provide alternatives to satisfy appraisal requirements through May 17, 2020.

Subsequently, Fannie Mae, Freddie Mac, HUD, and USDA have approved desktop appraisals and/or exterior-only inspections when an interior site visit for the subject property is not possible.

This packet contains all the information you need to learn more about these temporarily approved products. If you have any questions or concerns, please contact us at **248.955.9580** and someone will assist you immediately.

# TEMPORARY ORDER PROCEDURES

We will attempt to assign a traditional appraisal orders first, unless lender instructions specify otherwise. If the property, point of contact, or appraiser is not comfortable proceeding, we will implement the following procedures. Consult with your lender procedures first **before** ordering an updated product.

## INFORM

The client is contacted immediately and **MUST** approve **ANY** change to the appraisal order.

## UPDATE

The client has three options:

- Change Product
- Keep on Hold
- Cancel Order

## PROCEED

- Hold orders will remain assigned to the same appraiser.
- Current appraiser has choice to accept or decline an updated order.

# APPROVED PRODUCTS BY TRANSACTION

TRANSACTION TYPE	EXTERIOR ALLOWED?	DESKTOP ALLOWED?
Conventional Refinance	✓	✗
Conventional Purchase	✓	✓
Conventional New Construction	✗	✓
FHA Refinance	✓	✗
FHA Purchase & Traditional HECM	✓	✓
USDA Refinance	✓	✗
USDA Purchase	✓	✗

# EXTERIOR-ONLY APPROVED FORMS

PROPERTY TYPE	CONVENTIONAL	FHA	USDA
Single-Family (att, det, semi-det)	2055	1004/70	2055
Condominium	1075/466	1073/46B	1075
Manufactured Home	1004C/70B	1004C/70B	N/A
Two-to-Four Family	1025/72	1025/72	N/A

All approved forms require use of modified Scope of Work, Statement of assumptions and Limiting Conditions, and Certifications. See GSE and/or FHA instructions.

# DESKTOP APPROVED FORMS

PROPERTY TYPE	CONVENTIONAL	FHA (excludes new const)	USDA (excludes new const)
Single-Family (att, det, semi-det)	1004/70	1004/70	N/A
Condominium	1073/46B	1073/46B	N/A
Manufactured Home	1004C/70B	1004C/70B	N/A
Two-to-Four Family	1025/72	1025/72	N/A

All approved forms require use of modified Scope of Work, Statement of assumptions and Limiting Conditions, and Certifications. See GSE and/or FHA instructions.

# APPRAISERS ARE ESSENTIAL

On March 22, 2020 the Department of Treasury issued a memorandum for the financial services sector to address the Essential Critical Infrastructure Workforce. According to the President's guidelines,

*"if you work in a critical infrastructure sector, as defined by the Department of Homeland Security, you have a special responsibility to maintain your normal work schedule. "*

Within the financial services sector, essential workers included those who are needed for clearing and settlement services.

Class Valuation has interpreted that appraisers are included in this category of services pursuant to Chapter 27, Real Estate Settlement Procedures, of the United States Code.

# DESKTOP NEW CONSTRUCTION EXHIBITS

The lender **must** provide the following documentation to the appraiser. We have included all listed requirements in the engagement letters for all desktop products.

## “SUBJECT TO”

- Plans and specs
- Survey and/or plot plan
- Current photos of the subject
  - If not started
    - site and street (both directions)
  - If partially complete:
    - Front, rear, street (both directions)
    - Kitchen and baths
    - Main living area
    - Basement
    - All finished rooms
- Complete, ratified sales contract and all addenda

## “AS IS” - 100% COMPLETE

- Plans and specs
- Survey and/or plot plan
- Current photos of the subject:
  - Front, rear, street (both directions)
  - Kitchen and baths
  - Main living area
  - Basement
  - All finished rooms
- Complete, ratified sales contract and all addenda



# Supporting Documentation

Industry Announcements & Appraisal Order Job Aid

# INDUSTRY ANNOUNCEMENTS

FANNIE MAE	FREDDIE MAC	FHA, USDA, etc.
<a href="#"><u>Fannie Mae Lender Letter (LL-2020-04)</u></a> <i>Updated on 03.31.2020</i>	<a href="#"><u>Freddie Mac Bulletin 2020-5</u></a> <a href="#"><u>Freddie Mac Bulletin 2020-8</u></a>	<a href="#"><u>HUD Mortgagee Letter 2020-05</u></a>
<a href="#"><u>COVID-19 FAQs</u></a> <i>Updated on 03.31.2020</i>	<a href="#"><u>COVID-19 FAQs</u></a> <i>Updated on 03.31.2020</i>	<a href="#"><u>USDA Stakeholder Announcement</u></a>
<a href="#"><u>Appraisal Flexibilities Training Video</u></a> <i>Updated on 03.31.2020</i>	<a href="#"><u>Appraisal Flexibilities Tutorial</u></a>	<a href="#"><u>Dept of Treasury Memo: Essential Critical Infrastructure</u></a>

# COVID-19 Response: Client Job Aid

## Temporary Ordering Procedures

Class Valuation has fully operationalized the fulfillment of alternate valuation products to support our clients who choose to implement the appraisal flexibilities approved by Fannie Mae, Freddie Mac, HUD, and USDA. The below information details how and when to order a COVID-19 alternate valuation product.

### Eligible Circumstances

We will implement temporary ordering procedures and the described appraisal flexibilities on conventional loans if any of the below has occurred:

- Appraiser or point of contact is not comfortable proceeding with the subject site visit.
- Appraiser or point of contact presents symptoms and/or has been potentially exposed to the virus.

### Temporary Order Procedures

We have implemented the following temporary order procedures to best support our clients, while protecting the health and safety of our appraisers and the general public:

**Step 1.** If traditional appraisal is requested but cannot be assigned based on one of the eligible circumstances below, client is contacted.

**Step 2.** Client has choice of updating the order to the appropriate desktop or exterior-only appraisal product, keeping the order on hold, OR canceling the order.

**Step 3.** If client proceeds with updated order, original appraiser will receive the order. If the order is declined, we will reassign to another appraiser. If client keeps the order on hold, it will remain assigned to the original appraiser.

### Refinance Transactions

Exterior-only products may be ordered for refinance transactions. Lenders should exercise caution on conventional loans, as they may not be transferred from one GSE to another. Use the Loan lookup tools below to confirm eligibility:

- [Fannie Mae](#)
- [Freddie Mac](#)

### Purchase Transactions

Exterior-only and desktop products are approved for purchase transactions and we support both. We **recommend** ordering a desktop appraisal for single-family and condominiums to remain eligible for value rep and warrant relief on conventional loans.

### Product Ordering Matrix

Use the table on the next page to determine which product you should order based on the transaction type, property type, and desired valuation method:

Transaction Type	Property Type	Exterior Product	Desktop Product
Conventional Refinance	Single-Family	COVID-19 Response 2055 Exterior	N/A
	Condominium	COVID-19 Response 1075 Exterior	N/A
	Manufactured Home	COVID-19 Response 1004C Exterior	N/A
	Two-to-Four Family	COVID-19 Response 1025 Exterior	N/A
Conventional Purchase	Single-Family	COVID-19 Response 2055 Exterior	COVID-19 Response 1004 Desktop
	Condominium	COVID-19 Response 1075 Exterior	COVID-19 Response 1073 Desktop
	Manufactured Home	COVID-19 Response 1004C Exterior	COVID-19 Response 1004C Desktop
	Two-to-Four Family	COVID-19 Response 1025 Exterior	COVID-19 Response 1025 Desktop
Conventional New Construction	All property types	N/A	Contact us <a href="#">HERE</a> to order
FHA Refinance & Traditional HECM	Single-Family	COVID-19 Response 1004 FHA Exterior	N/A
	Condominium	COVID-19 Response 1073 FHA Exterior	N/A
	Manufactured Home	COVID-19 Response 1004C FHA Exterior	N/A
	Two-to-Four Family	COVID-19 Response 1025 FHA Exterior	N/A
FHA Purchase	Single-Family	COVID-19 Response 1004 FHA Exterior	COVID-19 Response 1004 FHA Desktop
	Condominium	COVID-19 Response 1073 FHA Exterior	COVID-19 Response 1073 FHA Desktop
	Manufactured Home	COVID-19 Response 1004C FHA Exterior	COVID-19 Response 1004C FHA Desktop
	Two-to-Four Family	COVID-19 Response 1025 FHA Exterior	COVID-19 Response 1025 FHA Desktop
USDA Refinance	Single-Family	COVID-19 Response 2055USDA Exterior	N/A
	Condominium	COVID-19 Response 1075 USDA Exterior	N/A
	Manufactured Home	N/A	N/A
	Two-to-Four Family	N/A	N/A
USDA Purchase	Single-Family	COVID-19 Response 2055 USDA Exterior	N/A
	Condominium	COVID-19 Response 1075 USDA Exterior	N/A
	Manufactured Home	N/A	N/A
	Two-to-Four Family	N/A	N/A

