

Bulletin 20-18

Fannie Mae and Freddie Mac New and Updated Guidance in Response to COVID-19

Fannie Mae issued Lender Letters [2020-03](#) and [2020-04](#) and Freddie Mac issued [Bulletin 2020-8](#) to provide new and updated guidance due to the ongoing COVID-19 outbreak.

The more restrictive guidance applies to loans with an **application dated** (not submission date) on or after April 14, 2020 through May 17, 2020.

Less restrictive guidance may be applied to new submissions and to loans currently in the pipeline

The guidance detailed below applies to both Fannie Mae and Freddie Mac transactions

Age of Documents

- All income and asset documentation must be dated no later than 60 days prior to the Note date (currently 120 days) except as noted below; standard age of document requirements continue to apply:
 - Asset accounts that receive a quarterly statement, the most recently issued quarterly statement is acceptable
 - Military income documented on a Leave and Earnings Statement
 - Retirement income
 - Social Security Supplemental Security Income (SSI)
 - Survivor and dependent benefit income
 - Long-term disability income
 - Foster-care income
 - Royalty payments
 - Trust income (fixed) – Freddie Mac **only**
- Income verification obtained from the Work Number is subject to:
 - **Applications dated on or after April 14, 2020 to May 18, 2020:** The vendor's report "current as of date" must be dated no more than 60 days prior to the Note date
- Employment verifications **must continue to follow Homebridge previously guidance**; refer to Homebridge [Bulletin 20-09](#) for details

Market-Based Assets: Stocks, Stock Options, and Mutual Funds

Requirements vary based on how funds are used:

- **Funds used for down payment and/or closing costs:**
 - Evidence of liquidation must be provided, **and**
 - Borrower receipt of funds must be documented
- **Funds used to satisfy reserve requirements:**
 - No more than 70% of the balance in the accounts may be used

New Construction Appraisal Flexibilities

- A desktop appraisal is eligible in lieu of a traditional appraisal (interior/exterior) for new construction:
 - Where the appraisal is “subject to completion per plans and specifications” **or**
 - Properties that are 100% complete but an interior/exterior appraisal cannot be completed
- The applicable appraisal form for the property type required (1004, 1073, 1025, or 1004C)
- Documentation requirements based on whether the construction is complete or not
 - If construction has **not begun or is partially complete** the following documentation must be provided to the appraiser:
 1. Fully executed sales contract including any addendums
 2. Plans and specifications
 3. Survey and/or plot plan
 4. If construction has **not started** photographs of the site and street scene (both directions)
 5. If construction is **partially complete**, the following photos are required
 - Front and rear view of the subject property
 - Street scene (both directions)
 - Subject property interior photos that include (as applicable depending on the state of construction: kitchen, bathroom(s), main living area, and all finished rooms of the basement (if applicable)
 - If construction is 100% complete, and the appraisal will be completed “as-is” the following documentation must be provided to the appraiser:
 1. Fully executed sales contract including any addendums
 2. Plans and specifications
 3. Survey and/or plot plan
 4. Current photos of the subject property that include:
 - Front and rear view of the subject property,
 - Street scene (both directions,
 - Kitchen,
 - All bathrooms
 - Main living area
 - Basement including all finished rooms (if applicable)

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- All new construction will require the following two Fannie Mae/Freddie Mac Certifications which have been posted on the Homebridge website Forms page under General Forms:
 - **Builder/Contractor Certification:** Completed and signed by the builder/contractor
 - **Completion of Construction Certification:** Completed and signed by the builder/contractor and borrower(s)

The below guidance applies to **Fannie Mae transactions only:**

Tax Documentation

Due to the federal government extending the tax filing deadline, Fannie Mae will **not** require a copy of the borrower's tax return extension request (IRS Form 4868) for loans funding between April 15, 2020 to July 15, 2020.

If you have any questions, please contact your Account Executive.