

**Subject: FHA Re-verification Flexibility
Employment & Appraisal Options - COVID-19**

Bulletin Date: April 1, 2020

FHA Employment and Appraisal Flexibility – COVID-19

Mortgagee Letter 20-05

Effective immediately

- Appraisal inspections completed on or before May 17, 2020
- Verbal Verification of Employment (VVOE) for loans closed on or before May 17, 2020

Employment Options

Verbal Verification of Employment

A re-verification of employment within 10 days of the note date is not required provided that loanDepot is not aware of any loss of employment by the borrower.

The following documentation is required:

- All transactions require one of the following:
 - Year-to-date 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 employer for the pay period that immediately precedes the note date
- Purchase transactions **also** require evidence the borrower has a minimum of 2 months PITIA in reserves

Continuity of Income

Given the current economic climate associated with COVID-19 and its impact on employment and income, LDW will apply additional due diligence to ensure the most recent information is obtained. LDW will ensure that any disruption to borrowers' employment (or self-employment) and/or income due to COVID-19 is not expected to negatively impact their ability to repay the loan.

As an example of additional due diligence for a self-employed borrower, LDW will attempt to verify that the borrower's business is operational closer to the note date rather than rely on current Handbook requirements (e.g., within 15 days instead of 120 days).

Appraisal Options

Exterior-Only or Desk-Top-Only Appraisal

The appraiser may amend the scope of work to perform an Exterior-Only or Desk-Top-Only appraisal. These options must continue to be reported on the current FHA approved appraisal forms with amended certifications and scope of work disclosures.

Fannie Mae 2055 and Fannie Mae 1075 are **NOT** FHA approved forms and are **NOT** compatible with FHA's Electronic Appraisal Delivery (EAD) portal.

This guidance does not apply to:

- New Construction Purchase
- 203(k) Purchase and/or Refinance
- Cash out Refinance

The appraiser may rely on supplemental information to prepare the report from:

- Reliable sources, such as:
 - Multiple Listing Service, and
 - Tax Assessor's Property Record
- Interested party to the transaction with clear appraisal report disclosure when additional verification is not feasible, such as, but not limited to:
 - Borrower,
 - Real Estate Agent,
 - Property contact.

The appraisal report must contain adequate information to enable the underwriter to understand the extent of the inspection performed.

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 Desk-top Only scope of work.

Exterior-Only Option

Required protocols and exhibits under the Exterior-Only Option:

- 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
- Appraiser may utilize extraordinary assumptions when necessary
- No sketch, interior photos or rear exterior photographs are required.

Desk-Top Only Option

Required protocols and exhibits under the Desktop-Only Option:

- Appraiser will not physically observe the Property and Improvements
 - The Appraisal will be completed "AS IS" unless MPR related deficiencies are known
 - 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 a completion report is required to evidence the completion of required repairs, FHA will permit a letter signed by the borrower affirming the work was completed along with additional evidence of completed work which may include:

- Photographs,
- Paid invoices,
- Occupancy Permits, or
- Other substantially similar documentation.

Note: This does not apply to New Construction or 203(k) transactions

Appraisal Process

FHA's temporary appraisal policy has no impact on the loanDepot Wholesale ordering process. Refer to our [Appraisal Process Clarification Announcement](#) for details.

Resources

- [FHA Mortgagee Letter 20-05](#)
 - [FHA COVID-19 Questions and Answers](#)
-