



Guide Bulletin 2020-5 & 2020-8:

COVID 19- Temporary Appraisal
Flexibilities

 **Freddie Mac**
Single-Family

NOTE: This document is not a replacement or substitute for the information found in the Freddie Mac *Single-Family Seller/Service Guide* and/or terms of your Master Agreement and/or other Pricing Identifier Terms.

Agenda

01

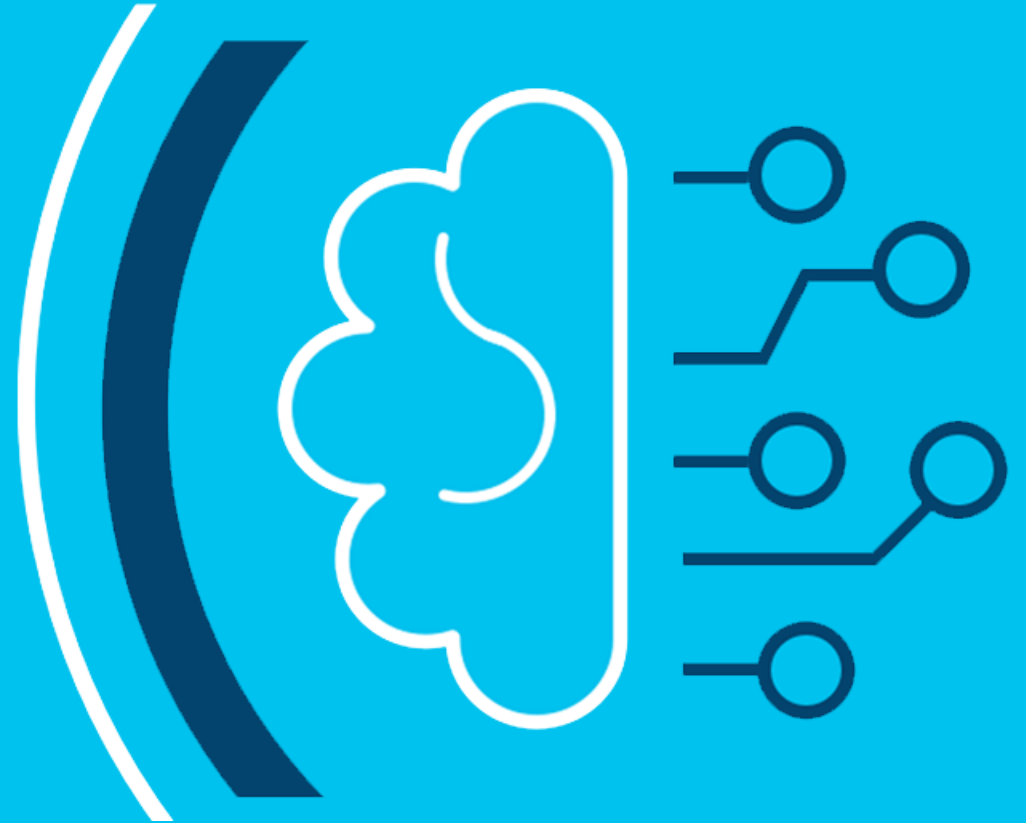
How we're
helping
Solutions

02

Appraisal
flexibilities
Temporary measures

03

We are here
for you
Resources



01

How we're helping

Solutions



Focus for Today....

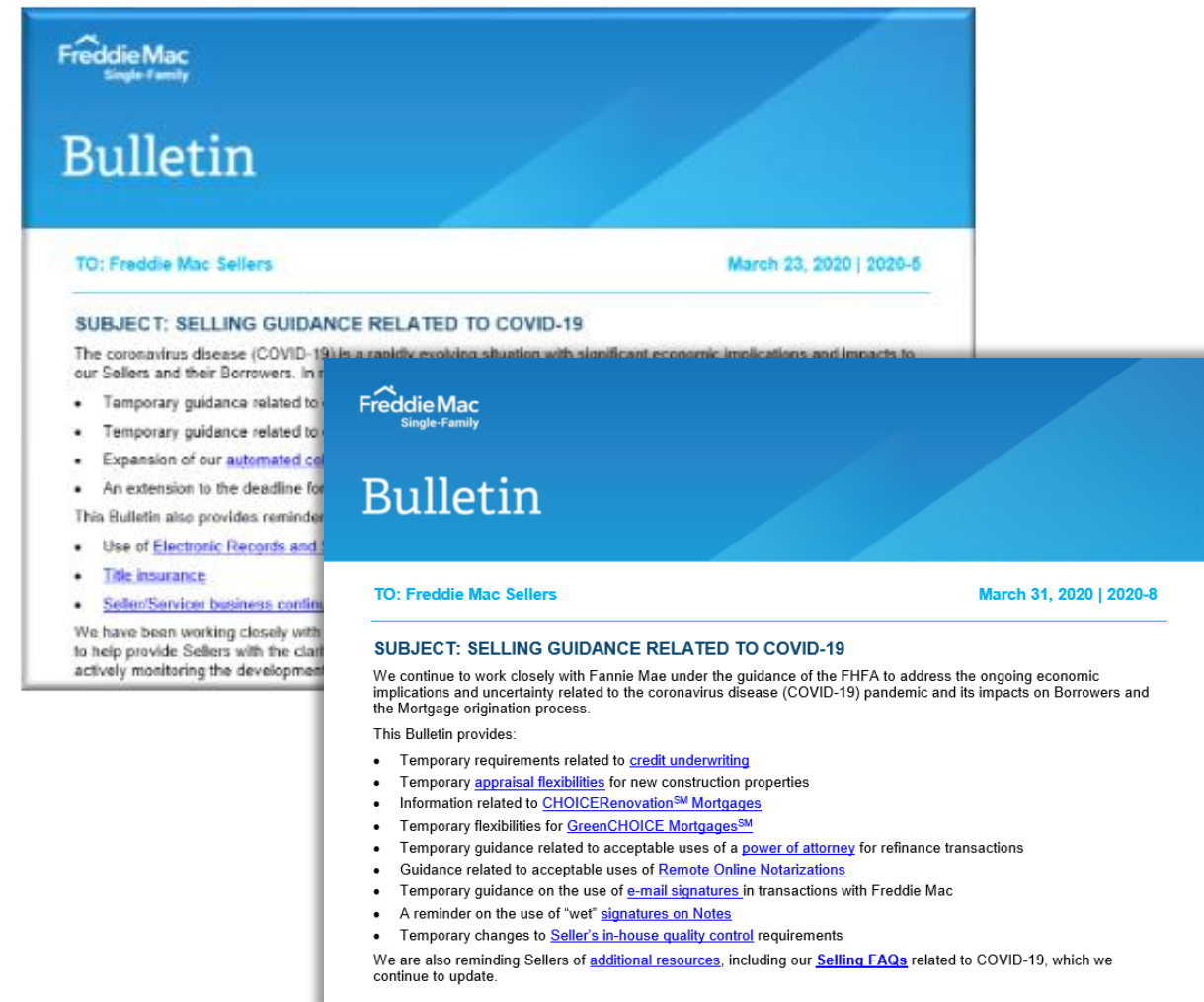
Solutions for obtaining interior inspections



Temporary guidance related to our property valuation requirements



Revising our appraisal inspection and reporting requirements



02

Appraisal Flexibilities

Temporary measures



Temporary Appraisal Flexibilities

Effective Date:

**Application Received Dates
on or before May 17, 2020**



Frequently Asked Questions

We are unable to obtain an interior inspection of the subject property or complete a final inspection as a result of the COVID-19 pandemic, are there any other options?

Temporary Appraisal Flexibilities

Permissible appraisal requirements				
Mortgage purpose	LTV ratio	Occupancy type	Ownership of Mortgage being refinanced	Permissible appraisals
Purchase transaction*	Up to 97%	Primary Residence	N/A	Interior and exterior inspection appraisal, desktop appraisal or exterior-only appraisal
	≤ 85%	Second homes and Investment Properties	N/A	Interior and exterior inspection appraisal, desktop appraisal or exterior-only appraisal
	> 85%	Second homes	N/A	Interior and exterior inspection appraisal
No cash-out refinance	As permitted in the Guide	All	Mortgage being refinanced owned by Freddie Mac**	Interior and exterior inspection appraisal or exterior-only inspection
			Mortgage being refinanced not owned by Freddie Mac	Interior and exterior inspection appraisal
Cash-out refinance	As permitted in the Guide	All	Mortgage being refinanced owned or not owned by Freddie Mac	Interior and exterior inspection appraisal

*These flexibilities are not permitted for Construction Conversion, Renovation, or new construction properties – **UPDATED 3/31/2020**

**Determining if mortgage being refinanced is owned by Freddie Mac [Loan Look-Up Tool](#)

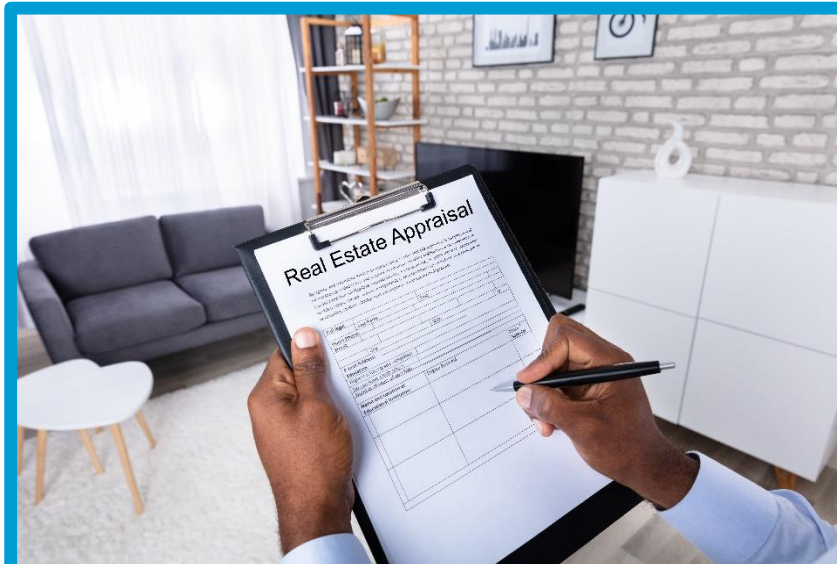
Temporary Appraisal Flexibilities

In lieu of the interior and exterior inspection appraisal, where applicable, obtain either:

 **Desktop appraisal, or**



Exterior-only inspection



Temporary Appraisal Flexibilities

Desktop appraisals



Does not include an inspection of the subject property or comparable sales



Relies on public records, multiple listing service, third party data sources

Exhibits



Photographs of the subject property



Location map of the subject and comparables



Modified scope of work (Guide Bulletin 2020-5, Attachment A)

Property type	Acceptable appraisal form
1-unit property, including a unit in a Planned Unit Development (PUD) or a Detached Condominium Unit	Form 70, Uniform Residential Appraisal Report
Condominium Unit	Form 465, Individual Condominium Unit Appraisal Report
Cooperative Unit	Fannie Mae Form 2090, Individual Cooperative Interest Appraisal Report
2- to 4-unit property	Form 72, Small Residential Income Property Appraisal Report
Manufactured Home	Form 70B, Manufactured Home Appraisal Report

Indicate on the appraisal form under the Map Reference field "Desktop"

Temporary Appraisal Flexibilities

Desktop appraisals

For purchase transaction Mortgages,
Sellers are encouraged to obtain a
desktop appraisal in lieu of an appraisal
with an exterior-only inspection when an
interior and exterior inspection is not
available

Benefit

If, Form 70 or Form 465 is used and
submitted to the UCDP the appraisal will be
assessed for representation and warranty
relief in Loan Collateral Advisor

Potential added risk management and efficiency
benefit of being able to use Loan Collateral
Advisor to aid in the appraisal review process

Temporary Appraisal Flexibilities

Appraisals with Exterior Inspections

- Follow guidelines for specific form based on property type
 - Manufactured homes use Form 70B
 - 2- to 4-unit property use Form 72

Exhibits



Photographs of the front of the subject property



Location map of the subject and comparables



Modified scope of work (Guide Bulletin 2020-5, Attachment B)

Will not receive valuation representation and warranty relief

Property type	Acceptable appraisal form
1-unit property, including a unit in a Planned Unit Development (PUD) or a Detached Condominium Unit	Guide Form 2055, Exterior-Only Inspection Residential Appraisal Report
Attached Condominium Unit	Form 466, Exterior-Only Inspection Individual Condominium Unit Appraisal Report
Cooperative Unit	Fannie Mae Form 2095, Exterior Only Individual Cooperative Interest Appraisal Report
2- to 4-unit property	Form 72, Small Residential Income Property Appraisal Report
Manufactured Home	Form 70B, Manufactured Home Appraisal Report

Indicate on the appraisal form under the Map Reference field "Exterior"

Guide Section 5601.8c

Bought the house 10 years ago and now I want to sell it. Can I re-use this appraisal? This is no cash-out refinance.

Automated Collateral Evaluation

We encourage you to submit the Mortgage to Loan Product Advisor[®] prior to ordering an appraisal to determine whether an appraisal waiver is available.

**Effective for new submissions and resubmissions to Loan Product Advisor[®]
on and after March 29, 2020**

	Purchases	No cash-out refinance	Cash-out refinance
Property type	Maximum total LTV (TLTV) ratio		
Primary Residence	≤ 80%	≤ 90%	≤ 70%
Second home	≤ 80%	≤ 90%	≤ 60%

Appraisal waivers are subject to the requirements in [Section 5601.9\(c\)](#).

Frequently Asked Questions

The appraiser doesn't have enough information for a desktop appraisal and due to shelter-in-place, is not able to do an exterior inspection. What other options are there for an appraisal?

Property Valuations



There may be instances where there is insufficient information about the property for an appraiser to complete an appraisal assignment with a desktop appraisal or an appraisal with an exterior-only inspection.

In these instances, the Mortgage will not be eligible for sale to Freddie Mac until the appraiser has sufficient information to complete the desktop appraisal or an appraisal with an exterior-only inspection, or an appraisal with an interior and exterior inspection is obtained.

Frequently Asked Questions

Should I order a full appraisal and let the Appraisal Management Company (AMC) or appraiser determine if they can complete the interior inspection?

Frequently Asked Questions

My appraisal is “subject to” and the work has been completed, however, my appraiser is not comfortable doing an interior inspection can the borrower take the pictures of the interior of the home?



Temporary Appraisal Flexibilities


Appraisals completed “subject to”

- Permit signed letter from the borrower confirming that the work was completed
- Obtain further evidence of completion, i.e. paid invoices, occupancy permits, photographs of completed work

R E C O N C I L I A T I O N	Indicated Value by Sales Comparison Approach \$
	Indicated Value by: Sales Comparison Approach \$ 90,000.00 Cost Approach (if developed) \$ Income Approach (if developed) \$
	This appraisal is made <input type="checkbox"/> “as is”, <input type="checkbox"/> subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, <input checked="" type="checkbox"/> subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or <input type="checkbox"/> subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:
	Replace roof and repair master bedroom ceiling and walls due to water damage from the roof.
	Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$ 90,000.00 , as of 3/2/2020 , which is the date of inspection and the effective date of this appraisal.

Guide Bulletin 2020-8

Purchase Transactions: Appraisal flexibilities for new construction properties



Bulletin

TO: Freddie Mac Sellers

March 31, 2020 | 2020-8

SUBJECT: SELLING GUIDANCE RELATED TO COVID-19

We continue to work closely with Fannie Mae under the guidance of the FHFA to address the ongoing economic implications and uncertainty related to the coronavirus disease (COVID-19) pandemic and its impacts on Borrowers and the Mortgage origination process.

This Bulletin provides:

- Temporary requirements related to [credit underwriting](#)
- Temporary [appraisal flexibilities](#) for new construction properties
- Information related to [CHOICERenovationSM Mortgages](#)
- Temporary flexibilities for [GreenCHOICE MortgagesSM](#)
- Temporary guidance related to acceptable uses of a [power of attorney](#) for refinance transactions
- Guidance related to acceptable uses of [Remote Online Notarizations](#)
- Temporary guidance on the use of [e-mail signatures](#) in transactions with Freddie Mac
- A reminder on the use of "wet" [signatures on Notes](#)
- Temporary changes to [Seller's in-house quality control](#) requirements

We are also reminding Sellers of [additional resources](#), including our [Selling FAQs](#) related to COVID-19, which we continue to update.





Desktop Appraisal

PROPERTY VALUATIONS – APPRAISAL FLEXIBILITIES FOR NEW CONSTRUCTION PROPERTIES (PURCHASE TRANSACTIONS)

These temporary flexibilities are effective immediately for all Mortgages in process and remain in place for Mortgages with Application Received Dates on or before May 17, 2020.

For new construction properties, where the appraisal was completed “subject to completion per plans and specifications,” including properties that were fully completed after the effective date of the appraisal, and an interior and exterior inspection appraisal cannot be completed, Freddie Mac will permit a desktop appraisal on the forms identified in the following table:

Property type	Acceptable appraisal form
1-unit property, including a unit in a Planned Unit Development (PUD) or a Detached Condominium Unit	Guide Form 70, <i>Uniform Residential Appraisal Report</i>
Condominium Unit	Form 465, <i>Individual Condominium Unit Appraisal Report</i>
Cooperative Unit	Fannie Mae Form 2090, <i>Individual Cooperative Interest Appraisal Report</i>
Property type	Acceptable appraisal form
2- to 4-unit property	Form 72, <i>Small Residential Income Property Appraisal Report</i>
Manufactured Home	Form 70B, <i>Manufactured Home Appraisal Report</i>

To accommodate the desktop appraisal using the existing Freddie Mac forms, the revised scope of work, statements of assumptions and limiting conditions provided as Attachment A to Bulletin 2020-5 must accompany the form. Additionally, as stated in Bulletin 2020-5, the appraiser must identify that a desktop appraisal was performed by populating the Map Reference field on the appraisal with “desktop.”

Documentation requirements

If construction of the property has not yet begun or is partially completed, and as a result the appraisal report will be completed "subject to completion per plans and specifications," the Seller must provide the appraiser with, or ensure that the builder has provided the appraiser with the following:

- Plans and specifications
- Survey and/or plot plan
- Current photos of the subject property
 - If construction has not yet begun a photograph of the site and street scene (i.e., a photograph of the street view in both directions) are required
 - If construction is partially complete, the Seller must provide, or ensure that the builder has provided, the appraiser with all of the following photographs:
 - A front view of the subject property
 - A rear view of the subject property
 - A street scene (i.e., a photograph of the street view in both directions)
 - The following interior photos are required when construction is at a stage in which they are available
 - The kitchen of the subject property
 - All bathrooms of the subject property
 - The main living area of the subject property
 - Basement, including all finished rooms
- Fully executed sales contract, including any addenda

Guide Bulletin 2020-8 cont'd

Attachment A to Bulletin 2020-8

Builder/Contractor certification

BUILDER/CONTRACTOR CERTIFICATION

Borrower(s):

Property Address:

Legal description, if property address not available:

_____, Builder/Contractor, hereby certifies that for the property identified above, Builder/Contractor has provided the following to the lender or appraiser and all such information is true and accurate:

- Plans and specifications
- Survey and/or plot plan and, if available, property address
- Current photos of the subject property
 - If construction has not yet begun, a photograph of the site and street scene (a photograph of the street view in both directions)
 - If construction is partially completed or fully completed, the lender or builder must provide the appraiser with photographs as follows:
 - A front view of the subject property
 - A rear view of the subject property
 - A street scene (a photograph of the street view in both directions)
 - Photographs of the interior rooms if construction is completed or at or passed the drywall stage (i.e., installation of the drywall has begun)
- Fully executed sales contract, including addenda

The signatory below attests that he/she has full and complete authority to sign this document on behalf of the Builder/Contractor.

Signature and date

Printed name of Signatory

Company Name of Builder/Contractor

Completion of construction certification

COMPLETION OF CONSTRUCTION CERTIFICATION

Borrower(s):

Property Address:

Legal description, if property address not available:

The undersigned certify that the dwelling located on the property identified in the caption above has been completed and is constructed in conformity with the plans and specifications including any amendments thereof, or changes and variations therein.

The term "dwelling" as used herein includes all improvements set forth in the plans and specifications and purchase contract upon which the lender has based the appraised value of the property, excepting those constructed by a municipality or other government authority.

Borrower Signature and Date

Borrower Signature and Date

The signatory below attests that he/she has full and complete authority to sign this document on behalf of the Builder/Contractor.

Builder's/Contractor's Signature

Builder's/Contractor's Printed Name, Title and Date

Guide Bulletin 2020-8 cont'd

If the property is fully completed, and as a result the appraisal report will be completed "as is," the Seller must provide the appraiser with, or ensure that the builder has provided the appraiser with the following:

- Plans and specifications
- Survey and/or plot plan
- Current photos of the subject property, including:
 - A front view of the subject property
 - A rear view of the subject property
 - A street scene (i.e., a photograph of the street view in both directions)
 - The kitchen of the subject property
 - All bathrooms of the subject property
 - The main living area of the subject property
 - Basement, including all finished rooms
- Fully executed sales contract including any addenda

Frequently Asked Questions

Will Loan Product Advisor be updated to reflect these various flexibilities announced in the Bulletin?

Frequently Asked Questions

**What about delivery instructions when
using either a desktop appraisal or
exterior-only inspection?**

Frequently Asked Questions: Loan Selling Advisor

April 13, 2020

Sort ID	ULDD Data Point	Exterior-Only Inspection Appraisal Report	Desktop Appraisal Report
89	Property Valuation Method Type	Drive By	Desktop Appraisal
85	Property Valuation Form Type	<p>Exterior Only Inspection Residential Appraisal Report (FRE 2055/FNM 2055)</p> <p>Exterior Only Inspection Individual Condominium Unit Appraisal Report (FRE 466/FNM 1075)</p> <p>Exterior Only Inspection Individual Cooperative Interest Appraisal Report (FNM 2095)</p> <p>Small Residential Income Property Appraisal Report (FRE 72/FNM 1025)</p> <p>Manufactured Home Appraisal Report (FRE 70B/FNM 1004C)</p>	<p>Uniform Residential Appraisal Report (FRE 70/FNM 1004)</p> <p>Individual Condominium Unit Appraisal Report (FRE 465/FNM 1073)</p> <p>Individual Cooperative Interest Appraisal Report (FNM 2090)</p> <p>Small Residential Income Property Appraisal Report (FRE 72/FNM 1025)</p> <p>Manufactured Home Appraisal Report (FRE 70B/FNM 1004C)</p>

Summary

Effective date:
Application Received Dates
on or before May 17, 2020



Check-in with appraiser and/or
Appraisal Management Company
on response to COVID-19



Assess for ACE eligibility using
Loan Product Advisor



Assess if desktop or exterior-only
inspections are an option for the
transaction. Refer to chart.



Desktop appraisal: No
inspections.



Exterior-only: exterior inspection
of the subject property.

03

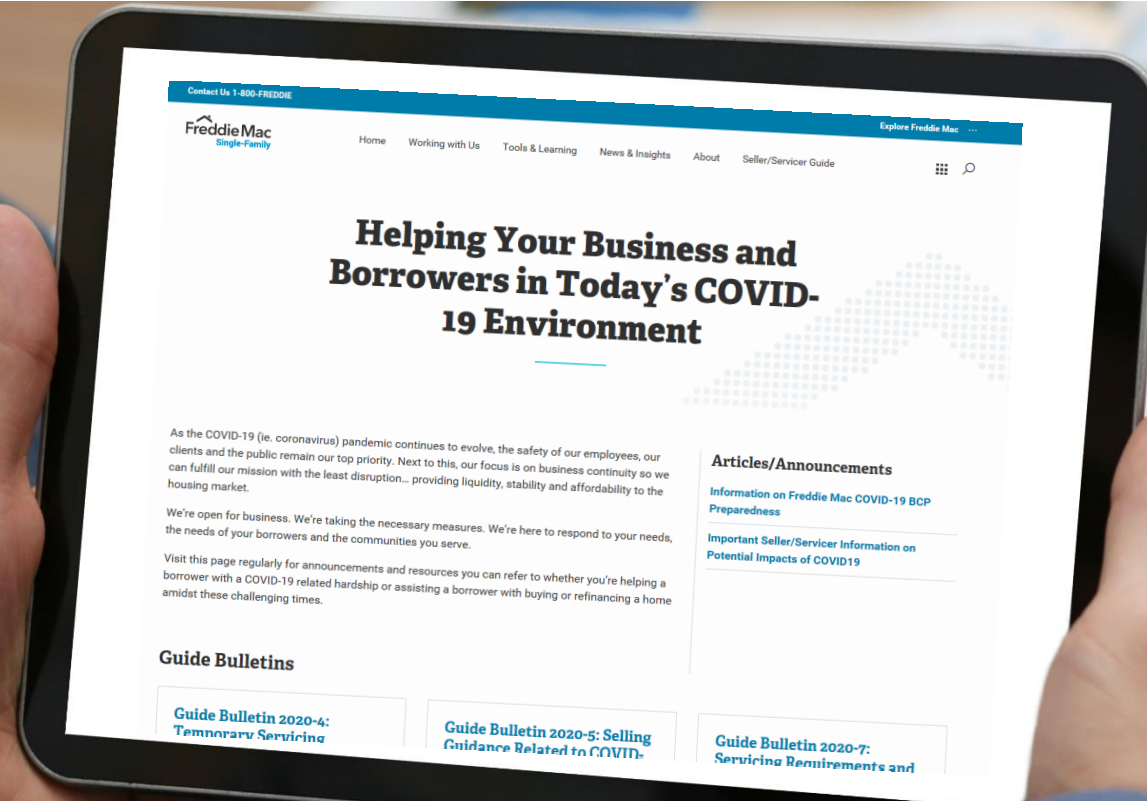
We are here for you

Resources



COVID-19 Response Resources

- Our web page [on Freddie Mac's response](#) to COVID-19
- Our [COVID-19](#) Resource page
- Our Selling [FAQs](#) Related to COVID-19





QUESTIONS