








**Federated Mortgage
Origination Process Impacts
April 9, 2020 - PM**



Impact	Description	Wells Fargo	Flagstar	Farmers	First National Bank	Freedom Mortgage	US Bank	Mitigation Steps
4506-T	The IRS is temporarily not processing 4506-T forms (tax transcripts)	Still requiring a signed 4506-T form even though it cannot currently be processed.	Still requiring a signed 4506-T form even though it cannot currently be processed.	TBD	TBD	Borrower to provide evidence of payment amount to IRS or evidence of receipt of tax refund from IRS.	TBD	Borrowers can request their tax transcript directly via this link . Only ask customers to request transcripts if required by investor (i.e. do not request for Wells).
Appraisals	Internal appraisals are no longer permitted in PA due to the stay-at-home order	Temporary flexibility for appraisals is being offered per the following document:  Wells Fargo Appr Flexibility - Mar 31 20	TBD	TBD	Temporary flexibility for appraisals is being offered per the following document:  Appraisal Proposal FNB.pdf	For FHA loans closed before May 17 th , if standard appraisal cannot be completed, exterior-only and desktop-only appraisals are permitted. Additional guidance available here:  Freedom Mortgage 20-07B Credit Policy	Temporary flexibility for appraisals is being offered per the following documents (FHA then FNMA/FRM):  US Bank Appraisal Flexibility - March 31  US Bank Appraisal Flexibility - March 27	Additional appraisal flexibility for Fannie Mae and Freddie Mac loans are outlined on page 2. FHA has also issued additional flexibility:  FHA Mortgagee Letter 2020-05.pdf
Closings	In-Person closings are difficult to complete due to social distancing guidelines	TBD	TBD	TBD	TBD	TBD	TBD	FACS has a safety procedure in place for closings. Maryland now allows remote closings per this order . No guidance is available yet on PA.
Risk Factors	TBD	TBD	TBD	TBD	TBD	No government loans under FICO 640 will be accepted.	Minimum FICO score of 620 for FHA, VA, and USDA. Also, no more than 2 risk factors can be present on an app. Details available here:  Planet-Home-Lending-Policy-Update-FHA	Increased diligence when reviewing files.
VOE	TBD	TBD	TBD	TBD	VOE must completed within 1 day of the closing date.	VOE must completed within 3 days of the closing date.	VOE and other documentation must be no more than 60 days old (normally 120 days).	All VOE must be completed within 3 days of closing (1 day for FNB loans).

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The following requirements are now in effect for all loans originated by Federated Mortgage until further notice:

1. VOE must be completed within 3 days of the closing date (1 day for loans with FNB).
2. No new loans may be locked with Planet Home, PennyMac, or First Guaranty.
3. No borrowers who will rely on self-employed income may be locked with Freedom Mortgage.
4. All new rate locks must be for a period of 60 days or more.
5. All self-employed borrowers must provide an email within 3 days of closing from their business email address verifying that they are still operating.
6. If a self-employed borrower is not operating, only 75% of their average income from the prior two years can be used in the debt-to-income ratio.

If you require an exception to one of these guidelines for a loan that has already started the process but has not yet been closed, please contact Brett Ewing or Jordan Benis. Exceptions will generally not be granted for loans that have not yet started the underwriting process.

Additional guidance on temporary appraisal alternatives:

Freddie Mac and Fannie Mae

Loan purpose	LTV ratio	Occupancy	Ownership of loan being refinanced	Permissible appraisals
Purchase*	<i>Per Eligibility Matrix</i>	Principal residence	N/A	Traditional appraisal Desktop appraisal Exterior-only appraisal
	≤ 85%	Second home Investment		Traditional appraisal Desktop appraisal Exterior-only appraisal
	> 85%	Second home		Traditional appraisal
Limited cash-out refinance	<i>Per Eligibility Matrix</i>	All	Fannie Mae-owned	Traditional appraisal Exterior-only appraisal
Cash-out refinance			Not Fannie Mae-owned	Traditional appraisal
			Fannie Mae or not Fannie Mae-owned	Traditional appraisal

*Excludes construction-to-permanent loans.