

CUSTOMER ANNOUNCEMENT

CUA 2020-03 | March 31, 2020

► COVID-19 — Additional Temporary Underwriting Requirements

Fannie Mae and Freddie Mac have announced additional COVID-19-related temporary requirements. Fannie Mae has added these additions to Lender Letters LL-2020-03 and LL-2020-04, and Freddie Mac has announced the additions in Bulletin 2020-8. See the links below for the Agencies' communications.

Credit Underwriting Requirements

The Agencies have announced temporary credit underwriting requirements effective with loan applications dated on or after April 14, 2020, through May 17, 2020. However, they encourage credit unions to apply these new requirements to loans in process. Arch MI **will align** with these new requirements for all loans eligible for insurance (including loans not eligible for sale to the Agencies).

- Age of documentation for income and assets (reduced to two months (60 days) old as of the Note date in most cases).
- Verification of self-employment.
- Market-based assets: stocks, stock options and mutual funds.

Fannie Mae also addresses the age of documentation for single-close construction-to-permanent loans in relation to the conversion to permanent financing. The loans referred to in this section of LL-2020-03 are for loans with LTVs < 70%.

Arch MI does not base the age of documentation for single-close construction-to-permanent loans on the conversion to permanent financing date, but instead uses the Note date.

Effective for loan applications dated on or after April 14, 2020, through May 17, 2020, Arch MI will require the same income and asset items (as indicated above) be no more than two months (60 days) old as of the Note date for single-close construction-to-permanent loans. This continues to be **more expansive** than the published Agency requirements, which require the age of documentation for single-close construction-to-permanent loans to be within 120 days old on the date of conversion to permanent financing.

Example: Initial Note Date: April 20, 2020.

Date of Conversion to Permanent Financing: October 20, 2020.

Arch MI's requirements allow documents to be as old as February 20, 2020.

Agencies' requirements allow the documents to be as old as June 20, 2020.

Appraisal Requirements

Effective immediately, the Agencies have announced additional temporary appraisal requirement flexibilities for loan applications dated on or before May 17, 2020.

Arch MI **will align** with the temporary flexibilities noted below for all loans eligible for insurance up to the **FHFA maximum loan amount for the geographic area** (including loans not eligible for sale to the Agencies). The appraisal flexibilities **will not be allowed** for what are generally considered Jumbo or Super Jumbo loan amounts.

- Flexibilities for new construction loans.
 - Use of desktop appraisals.
 - Documentation requirements.
 - Builder certification.
 - Completion reports.
- Fannie Mae’s flexibilities for Homestyle® Renovation loans.
- Freddie Mac’s flexibilities for GreenCHOICE MortgagesSM.

Powers of Attorney

Effective immediately, the Agencies have announced temporary flexibilities for powers of attorney for loan applications on or before May 17, 2020. Arch MI **will align** with these new requirements for all loans eligible for insurance (including loans not eligible for sale to the Agencies).

Remote Online Notarizations

Effective immediately, the Agencies have new policies for remote online notarizations. These policies are intended to remain in effect indefinitely. Arch MI **will align** with these new policies for all loans eligible for insurance (including loans not eligible for sale to the Agencies).

FANNIE MAE	FREDDIE MAC
Impact of COVID-19 on Originations Lender Letter LL-2020-03	Selling Guidance Related to COVID-19 Bulletin 2020-8
Impact of COVID-19 on Appraisals Lender Letter LL-2020-04	

Arch MI will continue to issue communications as this situation evolves. At this time, our published Underwriting Manual will not be updated. Effective immediately, you may underwrite using the information in this announcement.

For more information, contact your [Arch MI Account Manager](#).