Frequently Asked Questions: Mortgage Origination, Underwriting and Eligibility, Property Valuation, Post Funding Quality Control reviews, Notarization, Title Insurance, Powers of Attorney, Forbearance

Mortgage Origination, Underwriting and Eligibility

Q1: Do Freddie Mac’s existing disaster policies in the Seller/Servicer Guide apply to the COVID-19 pandemic?

No, Freddie Mac’s existing policies related to disasters do not apply to loans impacted by COVID-19. Any guidance specific to COVID-19 will be communicated through Bulletins and FAQ documents such as this.

Q2: [REVISED 03.31.20] Given the unprecedented and rapid instances of voluntary and mandated business closures, and the concerns over whether employees will continue to be paid, is updated income documentation required prior to closing?

Yes, at times the income documentation must be updated based on the age of documentation requirements published in Bulletin 2020-8, on March 31, 2020. In addition, it is recommended that additional due diligence continues to be practiced which may include actions such as obtaining YTD paystubs from the pay period that immediately precedes the Note Date even if the temporary age of documentation requirements are met.

Q3: [NEW 05.05.20] The Borrower works for a company that has publicly stated employees will continue to be paid through a certain date (e.g., 3 weeks out); however, the employer’s physical place of business is temporarily closed. Is it acceptable to use the income to qualify the borrower?

No, the Guide requirements for Income Continuance are not met. As of this writing, the economic effect of COVID-19 to the ability of certain employers to re-open are unknown. This impacts a reasonable expectation of income continuance, regardless of the planned temporary closure status.

Q4: [REVISED 5.05.20] If a recent YTD paystub and/or asset account statement is obtained in lieu of the 10-day pre-closing verification (PCV), as provided in Bulletin 2020-5, and the documentation evidences reduced hours and/or pay due to the pandemic, what are the next steps?

With respect to any information indicating reduced hours or pay, Sellers must comply with the requirements and guidance in Guide Topic 5300 related to income stability and calculation. For example, if the income is fluctuating hourly income and it is declining, the income can be used for qualifying only if it stabilized, and the Seller must not include the previous higher levels of income in the calculation (see Guide Section 5303.4(b)).

Q5: [NEW 05.05.20] The 10-day PCV verifies the borrower’s employment status as employed; however, I have other information that indicates the Borrower may be furloughed or laid off. Is it acceptable to use the 10-day PCV as confirmation of the Borrower’s employment status?

No, the Seller’s knowledge that the Borrower may be furloughed or laid off contradicts a reasonable expectation of continuance and probability of consistent receipt of income. In this scenario the Seller must resolve the discrepancy, which may require updated income documentation, before proceeding with using the income for qualifying. It is also recommended that, if possible, the Seller ask the employer during employment verification whether the borrower’s

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employment status or income level has changed within the last 60 days, as it is possible that a 10-day PCV employment status may still indicate "employed" after the borrower is furloughed or laid off.

Q6: Are there acceptable alternatives if a Seller is unable to obtain a verbal verification of employment (VOE)?

Yes. Temporary alternative methods of verifying the borrower's employment were introduced in Bulletin 2020-5.

Q7: Does the Seller remain responsible for the representations and warranties related to the borrower's employment status when using one of the 10-day PCV flexibilities, as provided in Bulletin 2020-5?

Yes. The Seller's representations and warranties related to the borrower's employment status do not change. We are allowing certain documentation flexibilities due to the unique circumstances resulting from the COVID-19 pandemic to address the issues Sellers have raised due to disruption of employer operations and their inability to be reached by phone. Sellers are not required to use these flexibilities if they are not comfortable with them.

Q8: [REVISED 05.05.20] Are borrowers who are temporarily furloughed or laid off due to the COVID-19 pandemic, with an expected return to work date, eligible to be underwritten using the requirements for Income while on temporary leave?

The requirements for Income while on temporary leave do not extend to employer-initiated actions, such as furloughs and layoffs regardless of whether there is an expected return to work date.

Q9: [REVISED 03.31.20] The borrower is self-employed and owns a business which is not operating or closed due to the COVID-19 pandemic. Can the income be used to qualify?

No, if the business is not operating or closed, the income may not be used to qualify.

Q10: [NEW 05.05.20] If the Borrower is self-employed and has disclosed that they are in the process of obtaining, or have obtained a new SBA Paycheck Protection Plan (PPP) loan under the CARES Act provisions, must a payment be considered?

If a self-employed Borrower has taken out an SBA PPP loan under the CARES Act, no payment, estimated or otherwise, need be included in the DTI or considered in the income calculation (e.g., as a deduction from income) at this time. This guidance may change as more information about the PPP loans becomes available, including the amount of loan forgiveness (e.g., full, reduced or none) which will be determined at a later date.

Q11: [NEW 03.31.20] Does Freddie Mac require monthly payments for liabilities (e.g., student loans), that are deferred or placed in forbearance as a result of COVID-19 pandemic, to be included in the DTI ratio?

Yes. Even if a borrower’s monthly payments are temporarily suspended due to COVID-19 pandemic, the Seller must consider the payment in the borrower’s DTI ratio in qualifying for a mortgage loan. Refer to Topic 5400, Evaluation of monthly obligations.

Q12: [NEW 03.31.20] Are you changing any of your requirements for assets that are subject to market fluctuation and used as a source of income, such as dividends and interest income?

Bulletin 2020-8 requires that the asset documentation be date no more than 60 days prior to the Note Date. Sellers should apply additional due diligence with respect to the current value of the underlying asset since the income is calculated using a historical view which may not be sustainable given current market volatility. The Selling Guide requires evidence of sufficient assets to support the qualifying income; Sellers must ensure that sufficient assets remain after closing to support continuance of the income, at the level used for qualifying.

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Q13: [NEW 03.31.20] Do the 60-day age of documentation requirements announced in Bulletin 2020-8 apply to rental income requirements (e.g., bank statements evidencing deposit or electronic transfer of rental payments, canceled rent checks) supporting two months of receipt of rental income?

Yes, all income and asset documentation must be dated no more than 60 days prior to the Note Date, except as specifically stated otherwise in Bulletin 2020-8.

Q14: [NEW 05.05.20] How do the temporary requirements for age of income and asset documentation in Bulletin 2020-8 apply to construction conversion and renovation mortgages?

For construction conversion and renovation mortgages, asset and income documentation, except as specifically stated otherwise in Bulletin 2020-8, must be dated within 60 days of the effective date of the permanent financing.

Q15: [NEW 03.31.20] If the tax transcripts cannot be obtained due to reduced IRS office operations or closures, is it acceptable to proceed with the origination of the mortgage?

Freddie Mac does not require IRS transcripts to be obtained in connection with origination of the mortgage.

Q16: [NEW 03.31.20] Is there any impact to your requirements for tax return requirements in Section 5302.4 as a result of the federal income tax filing extension granted through July 15, 2020?

No. Guide section 5302.4(a) requires that tax returns must be the Borrower's signed copy of the U.S. federal income tax return(s) that were filed with the Internal Revenue Service (IRS). Additional documentation is not required based solely on the tax filing due dates.

Q17: [NEW 03.31.20] Do the changes in Bulletin 2020-8 apply to mortgages using asset and income modeler (AIM) with Loan Product Advisor®?

Yes, mortgages using asset and income modeler (AIM) must comply with this temporary guidance.

Q18: Do the changes in Bulletin 2020-5 apply to mortgages using AIM with Loan Product Advisor?

If the Seller is eligible for income representation and warranty relief based on Loan Product Advisor’s assessment, this relief will continue to be valid provided the Seller complies with the terms of their Purchase Documents.

AIM's assessment does not include verification of the borrower's current employment. As a result, there is no impact to AIM mortgages.

The temporary guidance introduced in Bulletin 2020-5 applies to AIM mortgages.

Q19: [REVISED 04.22.20] Does Freddie Mac accept delivery of mortgages that are in forbearance?

Yes, provided the temporary requirements in Guide Bulletin 2020-12 are met. Please see our FAQs related to selling loans that are in forbearance.

Q20: [NEW 04.10.20] Is Freddie Mac considering changes to Loan Product Advisor’s risk assessment models in light of COVID-19?

Please continue to monitor the online FAQs as this PDF and the HTML FAQs may be updated on an ongoing basis.
Freddie Mac continually reviews its policy and risk assessment models. When appropriate, changes may be made in order to better meet the needs of clients or to better manage risk.

Collateral

Q1: [REVISED 03.31.20] May a desktop or exterior-only inspection appraisal report completed using the appraisal flexibilities offered by Bulletin 2020-5 include photos or other information provided by the borrower/owner?

Yes. Consistent with USPAP, appraisers are permitted to consider and develop any information deemed credible. It is important to note, certification #10 has been removed in recognition that the appraiser may have relied on information from an interested party to the transaction (borrower, real estate agent, property contact, etc.) and additional verification may not have been possible.

Q2: How will the appraiser be able to obtain subject photos for a desktop appraisal report?

Photos can be obtained from sources such as third-party web sites, owners, or listing services, etc. NOTE: Any use restrictions on photos must be honored.

Q3: [REVISED 03.31.20] What if adequate information is not available for the appraisal?

Appraisers may use information in MLS, reach out to the real estate agent, homeowner, use public records, and/or other online tools such as satellite imagery and street views to obtain the necessary property information. A good faith effort should be used to provide information that the appraiser believes is reasonable. If adequate information about the subject property is not available, 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.

Q4: [REVISED 03.31.20] What form should be used for a desktop appraisal obtained in accordance with the temporary COVID-19 flexibilities announced in Bulletin 2020-5?

The desktop appraisals permitted in accordance with the temporary flexibilities announced in Freddie Mac Bulletin 2020-5 must be completed on one of the following forms, as applicable:

- Uniform Residential Appraisal Report (FRE 70/FNM 1004)
- Individual Condominium Unit Appraisal Report (FRE 465/FNM 1073)
- Individual Cooperative Interest Appraisal Report (FNM 2090)
- Small Residential Income Property Appraisal Report (FRE 72/FNM 1025)
- Manufactured Home Appraisal Report (FRE 70B/FNM 1004C)

The modified scope of work/limiting conditions/certifications included in Bulletin 2020-5 must be used when performing a desktop appraisal permitted in accordance with Bulletin 2020-5.

Q5: [REVISED 03.31.20] What form should be used for an exterior-only inspection appraisal obtained in accordance with the temporary COVID-19 flexibilities announced in Bulletin 2020-5?

The exterior-only inspection appraisals permitted in accordance with the temporary flexibilities announced in Freddie Mac Bulletin 2020-5 must be completed on the following appraisal forms:

Please continue to monitor the online FAQs as this PDF and the HTML FAQs may be updated on an ongoing basis.
The modified scope of work/limiting conditions/certifications included in Bulletin 2020-5 must be used when performing an exterior-only inspection appraisal.

Q6: [REVISED 04.07.20] Why is Freddie Mac requiring the appraisal include the entry “desktop” in the Map Reference field of the appraisal report?

This helps identify the scope of work completed. Because Freddie Mac is permitting desktop appraisals to be completed on forms that are typically used for interior and exterior inspection appraisals, Freddie Mac will be relying on the text in the Map Reference field to identify the type of appraisal (desktop) completed. It is critical that the Map Reference field show “desktop” when applicable.

Q6a: [NEW 04.07.20] Using the COVID-19 appraisal flexibilities for a desktop appraisal report, what information must the appraiser include in the Map Reference field?

For a desktop appraisal report, the Map Reference field must ONLY contain “desktop”. No other entries may be included in this field. It is the Seller’s responsibility to ensure the appraisal is accurately reported.

Q7: [REVISED 03.31.20] Why is Freddie Mac requiring the appraisal include the entry “exterior” in the Map Reference # field of the appraisal report?

This helps identify the scope of work completed. Because Freddie Mac is permitting exterior-only appraisals to be completed on forms that are typically used for interior and exterior inspection appraisals, Freddie Mac will be relying on the text in the Map Reference field to identify the type of appraisal (exterior-only) completed. It is critical that the Map Reference field show “exterior” when applicable.

Q7a: [NEW 04.07.20] Using the COVID-19 appraisal flexibilities for an exterior-only appraisal report, what information must the appraiser include in the Map Reference field?

For an exterior-only appraisal report, the Map Reference field must ONLY contain “exterior”. No other entries may be included in this field. It is the Seller’s responsibility to ensure the appraisal is accurately reported.

Q8: What are the delivery instructions when an exterior-only inspection appraisal report or desktop appraisal report is performed in accordance with the temporary COVID-19 flexibilities announced in Bulletin 2020-05?

- Our delivery requirements for related ULDD data points are expressed in Guide Section 6302.8 and remain unchanged at this time. However, beginning on April 13, 2020, for mortgages with property valuations completed in accordance with the appraisal flexibilities in Guide Bulletin 2020-5, Loan Selling Advisor will be updated to accept “Desktop Appraisal” and “Drive By” as valid values for Sort ID 89. Starting on this date, Sellers should use their best efforts to provide “Drive By” or “Desktop Appraisal”, as applicable, in lieu of “Full Appraisal” for Sort ID 89, Property Valuation Method Type. However, we recognize Seller’s systems may not be updated to accommodate this change and, in these cases, Seller may continue to deliver “Full Appraisal.”
• The table below provides these alternative delivery instructions when an exterior-only inspection appraisal report or a desktop appraisal report was used in accordance with the flexibilities in Guide Bulletin 2020-5.

<table>
<thead>
<tr>
<th>Sort ID</th>
<th>ULDD Data Point</th>
<th>Exterior-Only Inspection Appraisal Report</th>
<th>Desktop Appraisal Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>89</td>
<td>Property Valuation Method Type</td>
<td>Drive By</td>
<td>Desktop Appraisal</td>
</tr>
<tr>
<td>85</td>
<td>Property Valuation Form Type</td>
<td>Exterior Only Inspection Residential Appraisal Report (FRE 2055/FNM 2055)</td>
<td>Uniform Residential Appraisal Report (FRE 70/FNM 1004)</td>
</tr>
</tbody>
</table>

Q9: Will desktop appraisals be assessed through Loan Collateral Advisor?

Yes, desktop appraisals completed on Forms 70/1004 and 465/1073 will be scored by Loan Collateral Advisor just as traditional appraisals are scored when these forms are used.

Q10: [REVISED 03.31.20] Will mortgages with desktop appraisals be eligible for representation and warranty relief for appraised value?

Yes. When a desktop appraisal is obtained using Form 70, Uniform Residential Appraisal Report, or Form 465, Individual Condominium Unit Appraisal Report, and submitted to Uniform Collateral Data Portal® (UCDP®), the appraisal will be assessed for appraised value representation and warranty relief in Loan Collateral Advisor®. All appraisals with a risk score of 2.5 or less that meet the requirements in Section 5601.9(b) will receive appraised value representation and warranty relief.

Q12: [REVISED 03.31.20] How should an appraiser include the revised scope of work, statements of assumptions and limiting conditions, and appraiser’s certifications in the appraisal report?

The modified scope of work, statements of assumptions and limiting conditions, and appraiser’s certifications provided must be copied and pasted, in its entirety, into a text addendum, with no edits or alterations. This may be done on a separate text addendum form, or as part of a general text addendum.

Q13: [REVISED 03.31.20] Must a desktop appraisal or exterior-only inspection appraisal report be submitted “subject to” an extraordinary assumption?

Please continue to monitor the online FAQs as this PDF and the HTML FAQs may be updated on an ongoing basis.
The revised scope of work and certification removes the requirement for the appraisal to be submitted “subject to” an extraordinary assumption. If adequate information about the subject property is not available from a credible source, then the desktop or exterior-only inspection appraisal is not acceptable. Appraisers must have data sources they consider reliable. The assumption that data sources are correct is not considered an extraordinary assumption.

Q14: Bulletin 2020-5 says that reports for desktop appraisals must include subject photos. What photos are required?

At a minimum, there must be a front photo of the subject property. Additionally, in order to pass through automated review systems used by many lenders and AMCs, it may be necessary for the report to include all photos required for an appraisal based on an interior and exterior inspection. In such cases, an appraiser should include all photos that are available. Except for the required front photo, for photos that are not available, an appraiser may include a photo of a statement saying that the photo was not available.

Q15: [REVISED 03.31.20] Does an appraisal report have to include subject property and comparable sales photo when the report is an exterior-only appraisal assignment?

An exterior-only appraisal must include a front photograph of the subject on a subject photo page. The appraiser may use photos obtained from credible and reliable sources to represent the subject and comparables used on the appraisal. Although not required, the presence of a comparable photos page, with images, may be necessary to allow the appraisal report to pass automated review systems.

Q16: [REVISED 03.31.20] Are Manufactured Homes (MH) and 2 to 4 unit properties covered even though there is no exterior-only appraisal form to support them?

We will allow Sellers to use Interior/Exterior forms for 2-4 and MH with the appropriate scope of work/limiting conditions/certifications narrative provided with the Bulletin 2020-5.

Q17: [REVISED 03.31.20] Manufactured Home appraisals require specific, and detailed information from the HUD Tag. How will the appraiser obtain this information for desktop appraisals and exterior-only inspection appraisals?

For exterior-only inspection appraisals, the appraiser may obtain a photo of the HUD Tag, provided they are given permission by the property owner to access the site. For a desktop appraisal, the appraiser may request the owner or an individual that has access to the property to provide a photo of the HUD Tag and deliver it via email or other means to the appraiser.

With both the desktop and exterior-only appraisal, the appraiser may request the borrower, owner, or an individual that has access to the property interior to provide a photo of the HUD Data Plate. The appraiser will need to communicate with the lender or AMC to ensure there is sufficient information available to complete the assignment type ordered.

Q18: [NEW 03.31.20] Why does Freddie Mac allow the desktop appraisals for purchases but not for refinance?

Homes available for purchase are the most likely to have current photos and data concerning the subject property. Refinances may have very dated information in the MLS, if any at all. Having the appraiser complete an exterior inspection provides current information about the home’s condition that might not be available otherwise. Reminder, for refinances of non-Freddie Mac owned mortgages and all cash-out refinances, we continue to require an interior and exterior inspection appraisal.

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Q19: [NEW 03.31.20] When obtaining a desktop or exterior-only appraisal, does the Seller need to document that they attempted to obtain an interior and exterior inspection appraisal and were not successful due to COVID-19?

No. Bulletin 2020-5, Impact of COVID-19 on Appraisals, lists the appraisal types that are suitable for each transaction type while maintaining prudent and responsible lending practices. Lenders delivering mortgages with one of the permitted flexibilities are not required to provide documentation showing that they could not obtain an interior and exterior inspection appraisal due to COVID-19. Lenders are empowered to exercise the flexibilities as described in Bulletin 2020-5.

Q20: [NEW 03.31.20] How should a Seller address markets with “shelter in place” mandates where appraisers are not deemed an essential workforce?

Sellers may use flexibilities described in Bulletin 2020-5. Travel restrictions will likely vary from location to location and Sellers and appraisers should comply with all applicable requirements in their jurisdiction. There may be instances where an appraisal simply cannot be obtained until circumstances change.

Q21: [NEW 03.31.20] Does an appraisal that includes the revised scope of work, statements of assumptions and limiting conditions, and appraiser’s certifications provided in Bulletin 2020-5 also need an extraordinary assumption to address when information was provided by a party that may have a financial interest in the transaction?

No. As stated in Bulletin 2020-5, the appraiser’s certification #10 was removed recognizing that the appraiser may have to rely on information from an interested party to the transaction (borrower, real estate agent, property contact, etc.) and additional verification may not be possible. The removal of this certification acknowledges this could affect the assignment’s results, therefore, if adequate information is not available to complete the appraisal, the assignment cannot be completed.

Q22: [NEW 03.31.20] For purchase transactions, Freddie Mac’s temporary requirements are dependent on mortgage LTV ratios which may be difficult for Sellers to operationalize. Does Freddie Mac have any suggestions on how to manage this operational challenge?

Each Seller will need to operationalize as they deem appropriate. In cases where the Seller is reasonably certain they will not be able to obtain an interior and exterior inspection appraisal, some Sellers use the contract sales price in order to estimate the LTV ratio prior to ordering the appraisal.

Q23: What guidance can Sellers provide to appraisers who claim it is a violation of USPAP to complete a desktop appraisal using forms designed for interior and exterior inspection appraisals, like the Form 1004/70?

The Appraisal Standards Board has issued guidance specific to this topic. They indicate that, with proper disclosure, the modified appraisal report form does not result in a misleading appraisal report or a violation of USPAP. The published Q&A can be found at: https://appraisalfoundation.sharefile.com/share/view/s6ab11bd59b64075a

Q24: If a desktop appraisal is ordered and accepted by the appraiser, may the appraiser expand the scope of work to include an exterior inspection of the subject property or comparable sales? In this situation, what identifier would the appraisal include in the Map Reference # field?

Yes. The appraiser is responsible for determining what is an adequate scope of work for any assignment and may choose to expand the scope beyond the minimum requirements. In this instance, the appraiser would enter “desktop” as this

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reflects the appraisal type agreed to with the acceptance of the assignment and the minimum scope of work required for the assignment.

Q25: Are Sellers permitted to submit an appraisal with an exterior-only inspection on Form 70, 465 or Cooperative Form 2090?

No, the exterior-only inspection appraisals permitted in accordance with the temporary flexibilities announced in Freddie Mac Bulletin 2020-5 must be completed on the following appraisal forms:

- Exterior-Only Inspection Residential Appraisal Report (Form 2055)
- Exterior-Only Inspection Individual Condominium Unit Appraisal Report (FRE 466/FNM 1075)
- Exterior Only Individual Cooperative Interest Appraisal Report (Fannie Mae Form 2095)
- Small Residential Income Property Appraisal Report (FRE 72/FNM 1025)
- Manufactured Home Appraisal Report (FRE 70B/FNM 1004C)

Q26: [REVISED 04.21.20] Given the appraisal flexibilities provided in Bulletin 2020-05, how will Freddie Mac perform post-purchase quality control reviews on the exterior-only inspection appraisal reports and desktop appraisal reports?

When Freddie Mac performs quality control or any other post purchase reviews on these appraisal reports they will be based on the modified scopes of work for the exterior-only inspection appraisal reports and desktop appraisal reports, respectively. The appraiser’s description of the subject property must be complete, and the opinion of the market value of the subject property must be adequately supported. The review will include an assessment of whether there are property deficiencies, including those impacting safety, soundness, or structural integrity, that were reasonably discoverable in the normal course of business as of the effective date of the appraisal, given the applicable scope of work.

Q27: [NEW 04.7.20] For mortgages that require interior and exterior inspection appraisals, would the use of technology like Skype, FaceTime, etc. be sufficient to meet the requirement for an appraiser’s physical inspection?

No. The Form 70 (along with the 456, 70B, 72, and FNM 2090) requires the appraiser to certify “I performed a complete visual inspection of the interior and exterior areas of the subject property.” Virtual inspections are insufficient to comply with our Form 70 and other interior/exterior appraisal form requirements.

Appraisers are free to voluntarily deploy this technology as a means of augmenting the exterior-only (in combination with a drive by inspection from the street) and/or desktop appraisal flexibilities we announced for COVID-19. Appraisers must describe these as either “desktop” or “exterior”, as the case may be.

Q28: [NEW 04.7.20] Can “virtual” inspections provided by a vendor or homeowner be used to complete the Completion Report (442) required to remove recourse on CHOICERenovationSM loans?

No. We require an independent on-site inspection by the appraiser for a CHOICERenovation loan to qualify for recourse removal.

Q29: [NEW 04.07.20] In Bulletin 2020-8 Freddie Mac provided appraisal flexibility for new construction purchase transactions by allowing for completion of “desktop” appraisals. Is this flexibility available for all new construction purchase transactions, including second homes?

No. New construction purchase transactions are subject to the requirements provided in Bulletin 2020-5, including all requirements in the permissible appraisal requirements chart. Therefore, second homes with an LTV greater than 85% require an appraisal report based on an interior and exterior inspection.

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Q30: [NEW 04.07.20] For new construction appraisals completed using the flexibilities in Bulletin 2020-8, does a builder have to provide bedroom photographs for dwellings that are complete to at least the drywall stage?

Yes. In addition to the plans, specification and other photograph exhibits, a builder must provide photos of the bedrooms to the appraiser.

Q31: [NEW 04.14.20] As a Seller we used the flexibilities in Bulletin 2020-5 and engaged a desktop appraisal. However, the appraiser expanded the scope of work and viewed the subject and comparable sales from the street. The appraisal report also included interior photos provided by the borrower. What should the appraiser enter into the Map Reference field?

On a desktop assignment, nothing precludes the appraiser from expanding the scope of work; however, the Map Reference field must reflect “desktop” as it represents the minimum scope of work.

Q32: [NEW 04.14.20] In Bulletin 2020-5 Freddie Mac provided the flexibility for when an appraisal was completed “subject to repairs or alterations” a signed letter from the borrower confirming that the work was completed is allowed. Can the requirements of this letter be provided via email?

The Seller is responsible for ensuring this letter and supporting documentation is in the mortgage file. The borrower and Seller can use electronic means of communication, for example email, to transmit the signed letter and verification documentation.

Q33: [NEW 04.14.20] What does it mean when Loan Product Advisor provides the messages related to Freddie Mac’s ownership of the existing mortgage?

These messages are provided on no cash-out refinance mortgages when Freddie Mac has identified that the mortgage being refinanced is owned by Freddie Mac. This identification can be used to apply the appraisal flexibilities identified in Bulletin 2020-05. Please review the standardized address in the message to ensure accuracy.

Q33a. [NEW 04.28.20] Guide Bulletin 2020-5 states that the use of an exterior-only inspection is only allowed on no cash-out refinance transactions if the mortgage being refinanced is owned by Freddie Mac. How do I know if the mortgage is owned by Freddie Mac?

There are three ways you can determine if Freddie Mac owns the mortgage that is being refinanced, provided the borrower has authorized you to obtain this information on their behalf.

- Loan Product Advisor has been updated with feedback messaging that will alert you when the mortgage being refinanced with a no cash-out refinance transaction is owned by Freddie Mac. Refer to the feedback message in the Property and Appraisal section, listing the Freddie Mac loan number for reference.

- We’ve developed a Loan Look-Up application programming interface (API) that you can build to permit a search in Freddie Mac’s datastore for matching records. To build the API, you’ll need access to our Developer Portal. To learn more and find out how to get access, visit the Developer Portal customer test environment and click the COVID-19: Loan Look-Up Request button.

- You can use the Freddie Mac Loan Look-Up Tool.

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Q34: [NEW 04.14.20] I am the Servicer of the loan being refinanced and our records indicate the loan is owned by Freddie Mac, however I did not receive either of the new refinance messages. Does this mean that the mortgage being refinanced is not owned by Freddie Mac?

Not necessarily:
- Please confirm the address and SSN of all borrowers to your servicing records and resubmit.
- Make corrections if applicable and resubmit.
- If upon resubmission the messages are not returned, please reference the Freddie Mac Loan Look-up Tool.

Q35: [NEW 04.14.20] I am not the Servicer of the loan being refinanced and I did not receive either of the new refinance messages, does it mean that the mortgage being refinanced is not owned by Freddie Mac?

Not necessarily:
- If upon resubmission the messages are not returned, please reference the Freddie Mac Loan Look-up Tool.
- If the look-up tool showed a match, please confirm the address and SSN of all borrowers and resubmit.

Q36: [NEW 04.14.20] If I receive the refinance messages on the resubmission of loans that were originally submitted to Loan Product Advisor before the date the messages are implemented (that did not have an offering ID for Enhanced Relief Refinance), does that change my Loan Product Advisor results?

No. The two messages are strictly informational and do not affect your assessment.

Q37: [NEW 04.14.20] I received the same Freddie Mac loan number message (LPN-X1 or FGM0110) on Enhanced Relief Refinance loans. Does this mean that the loan now qualifies for Enhanced Relief Refinance?

No. Enhanced Relief Refinance is a separate Freddie Mac offering, which must be explicitly requested in your Loan Product Advisor submission. The new messages returned on your Loan Product Advisor no cash-out refinance loans are strictly informational and are not related to the Enhanced Relief Refinance program. For more details, read the Enhanced Relief Refinance fact sheet.

Q38: [NEW 04.14.20] Will Loan Product Advisor be updated to provide the applicable appraisal form types required based on Bulletin 2020-05?

No. The Seller must refer to Bulletin 2020-05 to identify the permissible appraisal form type. Please be advised that Loan Product Advisor minimum assessment feedback (MAF) messages will not be updated to reflect the temporary appraisal flexibilities.

Q39: [REVISED 05.05.20] How long will these refinance messages for the temporary appraisal flexibilities be available?

The temporary flexibilities are effective immediately for all mortgages in process and remain in place for mortgages with Application Received Dates on or before June 30, 2020. Currently Loan Product Advisor does not receive the Application Received Date. Please note, due to customer feedback we will continue to return these messages on Freddie Mac-owned no cash-out refinances for informational purposes only.

Post Funding QC Reviews FAQs Related to COVID-19

Please continue to monitor the online FAQs as this PDF and the HTML FAQs may be updated on an ongoing basis.
Q1: [NEW 03.31.20] If my company is not having issues performing reverifications at this time, do I have to implement these flexibilities?

The flexibilities offered in Bulletin 2020-8 should only be implemented if needed by your company.

Q2: [NEW 03.31.20] Does a checklist exist to support the temporary relief from Field Reviews?

Yes, in the event a field review is not possible, Freddie Mac has developed a checklist to help your QC reviewer appropriately provide an alternative valuation opinion. The checklist is for convenience purposes and is not a substitute for the requirements in the Guide.

Please see the attached link for an online copy of the checklist.
https://sf.freddiemac.com/content/_assets/resources/pdf/forms/freddiemac_qcfieldreview_checklist_v1_fillable.pdf

Q3: [NEW 03.31.20] Is a reviewer required to use the checklist developed by Freddie Mac to evaluate the appraisal in lieu of a field review?

No, the use of the checklist is not mandatory; it simply provides recommended areas of focus for completing the review.

Q4: [NEW 03.31.20] By completing the checklist, does the Seller receive representation and warranty relief?

No, the checklist is not a substitute for the requirements in the Guide and does not provide representation and warranty relief with its use.

Q5: [NEW 03.31.20] What if I cannot obtain tax transcripts that are required as part of my post-closing QC process?

If verbal or electronic reverifications cannot be completed, Sellers can complete the file review without the reverification. However, Sellers must:

- Track which loans did not have a reverification attempt during this time; and
- At the expiration of the effective term in Bulletin 2020-8 conduct a special discretionary sample of such mortgages and perform the required reverifications on the sample population.

As a reminder, the reporting requirements of Guide Section 3402.10 continue to apply with respect to this special discretionary sample.

Note: you should prioritize execution of 4506-T’s in your special discretionary sample due to the expiration date of the 4506-T Form.

Q6: [NEW 03.31.20] Do these flexibilities apply to QC vendors?

QC vendors should only adopt these flexibilities based on guidance from their Seller customers.

Q7: [NEW 03.31.20] How should we conduct the special discretionary sampling required for the verifications typically mailed but not possible through alternative verbal or electronic means?

Please continue to monitor the online FAQs as this PDF and the HTML FAQs may be updated on an ongoing basis.
Freddie Mac requires that you conduct a meaningful sample of this population. The Seller must determine its sampling methodology and sample size depending upon its unique circumstances and population size.

Q8: [NEW 03.31.20] Will a loan entering early payment default status result in an automatic repurchase request?

No, we will follow existing QC practices to review any sampled loan against the requirements of the purchase documents in place at the time of delivery to Freddie Mac. Remedies for any identified Defects will be issued in accordance with Section 3401.1.

Q9: [NEW 04.09.20] When should a Seller take advantage of the temporary reverification flexibility announced in Bulletin 2020-8?

This flexibility is offered for Sellers that may not have the ability to mail manual reverifications or the electronic service they utilize is not available for processing during the coronavirus pandemic. In such case, a Seller can complete the file review without attempting the reverification, provided the Seller meets the tracking and sampling requirements set forth in Bulletin 2020-8.

Q10: [NEW 04.09.20] Are IRS Form 4506-T requests included in the temporary flexibility announced in Bulletin 2020-8 for reverifications that are typically mailed?

Yes, Form 4506-T requests are included.

As a reminder, Sellers are encouraged to prioritize 4506-T Forms in their special discretionary samples due to the expiration date of the 4506-T Form.

Q11: [NEW 04.09.20] How should Sellers treat IRS Form 4506-T requests that are “in process” but have been delayed?

An IRS Form 4506-T that has been delayed should be treated as a reverification flexibility; however, when the IRS resumes operations and the tax transcript is obtained, a Seller may remove the loan from the special discretionary sample selection required for reverification flexibilities.

Q12: [NEW 05.05.20] When must a Seller self-report a mortgage in COVID-19 related forbearance to Freddie Mac?

A Seller must self-report the mortgage through the post-fund data correction process or, alternatively, through the QC reporting process, within thirty days of discovery, as set forth in Bulletin 2020-14.

Q13: Are you making any changes to your QC practices with respect to mortgages impacted by COVID-19, including the flexibilities announced in Bulletin 2020-5?

No, we are not making changes to our QC practices with respect to these loans. See Guide Chapter 3401 for a description of our quality control practices. The Selling and Servicing remedies processes described in Guide Chapter 3602 will continue to apply, including the repurchase alternatives and the appeals process. Note that these flexibilities announced in Bulletin 2020-5 generally do not change our overall credit standards.

Title, Closing, Notarization

Notarization

Please continue to monitor the online FAQs as this PDF and the HTML FAQs may be updated on an ongoing basis.
Q1: **[NEW 04.07.20]** Does Freddie Mac permit Remote Online Notarization (RON) on loans that include wet-ink signed promissory Notes (i.e. non-eMortgages)?

Yes. Loans closed through the RON process can include either wet-ink signed promissory Notes (i.e. non-eMortgages) or electronically signed Notes (i.e. eMortgages). Sellers can deliver loans with electronically signed Notes only if they are approved to deliver eMortgages.

Q2: **[NEW 04.07.20]** Can a borrower electronically sign a promissory Note that is not an eMortgage?

No. A “paper” promissory Note may only be wet-ink signed due to restrictions of applicable law. Only eMortgage related Notes may be electronically signed.

Q3: **[NEW 04.07.20]** What is Freddie Mac’s methodology in determining the list of States in which Remote Online Notarization (RON) is permitted?

In determining the states to be included in Exhibit C of Guide Bulletin 2020-8, a state that has not enacted an express Remote Online Notarization statute is analyzed based on the likelihood that its overall legal structure will recognize RON. The issuance of a governor’s emergency executive order is one of several factors in such analysis.

Q4: **[NEW 04.07.20]** Will Freddie Mac update the list of States in which Remote Online Notarization (RON) is permitted based on executive orders or state law issued since publication?

We are actively reviewing any additional governors’ executive orders and any state and federal laws to update the list of States in which RON process is permitted.

Based on our most such recent review, Sellers can now deliver loans with loan documents that are notarized through RON process, in the additional states listed below, subject to Guide Bulletin 2020-8 requirements:

- Arkansas
- Georgia
- Hawaii

Q5: **[NEW 04.07.20]** Freddie Mac Guide Bulletin 2020-8 requires Sellers to maintain the recording of the notarial ceremony for the life of the loan. Does this mean that the Sellers are responsible to obtain a copy of the recorded notarization session and retain it in their files for the life of the loan?

Freddie Mac is not prescribing whether the Seller must obtain a copy and store it or if the Seller can have a Remote Online Notary technology provider store it for them and provide access to the Seller. Regardless of the storage method chosen, the Seller is responsible to ensure they can obtain the recording of the notarial ceremony, upon our request, for the life of loan.

Q6: **[NEW 04.10.20]** Does Freddie Mac permit loan closings in which the notary public a) witnesses the borrower wet-ink signing of loan documents remotely (via Zoom, Skype, etc.) and b) receives the borrower’s signed documents via FedEx/UPS/USPS to complete the notarization?

Freddie Mac does not restrict Sellers from using this process as long as the notary that is licensed in that state is comfortable notarizing documents signed through such process, consistent with applicable state law, and the title insurance company provides title insurance on such loans without any caveats/restrictions. If the process is only enabled

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pursuant to a temporary executive order of a state’s governor, the process would not be acceptable upon expiration of that Executive order.

Note: This process should not be confused with Remote Online Notarization, as Remote Online Notarization is electronic notarization of electronically signed documents using two-way secure audio/video live connection in compliance with applicable state laws and Freddie Mac minimum standards published in Guide Bulletin 2020-8.

**Title Insurance: Land Record and Recording Office Closures**

**Q1:** [NEW 04.07.20] How many land records offices are partially or fully closed for title examinations and/or recordings?

Sellers should stay abreast about the status of land records offices by visiting and reporting to the coronavirus website maintained by the American Land Title Association (“ALTA”) which contains information about land records offices. You should also stay engaged with your title and closing partners to assess which jurisdiction may not be suitable for closings until the land records offices have reopened.

**Title Insurance: Permitted Exceptions**

**Q1:** [NEW 04.07.20] Is a lender’s title policy with an exception based on the gap between closing and recordation or coronavirus in general acceptable for delivery to Freddie Mac?

No. The only permissible exceptions in the policy are those listed in Guide Section 4702.4. Neither a specific exception for “gap coverage” nor a general exception for complications caused by the coronavirus comply with that section.

**Powers of Attorney (“POA”)**

**Q1:** [REVISED 03.31.20] What are Freddie Mac’s requirements for the use of a power of attorney for the borrower in closings?

Please refer to Guide Bulletin 2020-8 for temporary flexibilities on the use of powers of attorney.

**Q2:** [NEW 04.07.20] How much detail must the pre-closing discussion with the borrower have?

Many borrowers may never have used a POA before and may not understand that the closing could occur without their final involvement. The Seller or settlement agent should give an overview of how the POA is used to sign on behalf of the Borrower and review the final terms of the mortgage loan to ensure they understand them.

**Q3:** [NEW 04.07.20] What should the pre-closing acknowledgment from the Borrower look like?

The acknowledgment from the borrower should memorialize that the Borrower understood the content of the discussion. It does not need to be signed, made under oath, or notarized. It may be made in writing or recorded on a teleconference or video conference. If in writing, the acknowledgement should be kept in the mortgage file and if recorded, stored in a medium that it may be provided to Freddie Mac upon request.

**Q4:** [NEW 04.07.20] May a power of attorney be used with a cash-out refinance under Guide Section 6301.4 but not the new flexibilities announced in Bulletin 2020-8?

*Please continue to monitor the online FAQs as this PDF and the HTML FAQs may be updated on an ongoing basis.*
Yes, the COVID-19 pandemic constitutes an emergency such that POAs may be used under the current Guide Section 6301.4. However, cash-out refinances cannot be closed with the POA flexibilities recently announced.

Forbearance

Change in circumstances before the Note Date

Q1: [NEW 04.22.20] The Borrower lost their job or experienced another change in circumstances before the note date. Is this mortgage eligible for sale to Freddie Mac?

The mortgage may be eligible for sale to Freddie Mac provided that all of the requirements of the Purchase Documents are met, including any requirements that the borrower be requalified and the mortgage be resubmitted to Loan Product Advisor. See Section 5101.6: Resubmission requirements/Loan Product Advisor® tolerances for when a change in information from a previous submission does not require resubmission to Loan Product Advisor.

General eligibility

Q1: [NEW 04.22.20] Is the mortgage eligible for sale to Freddie Mac if the borrower calls the Seller/Servicer after the Note Date and asks about forbearance options but does not request forbearance?

Yes, provided all requirements of the Purchase Documents are met, including but not limited to the provision of Guide Section 4201.13 that there may be no circumstances adversely affecting the value of the mortgage.

Q2: [NEW 04.22.20] After the Note Date, the borrower informs the Seller/Servicer that he or she has experienced a change in circumstances but does not request forbearance. Is the mortgage eligible for sale to Freddie Mac?

The mortgage may be eligible for sale to Freddie Mac provided all of the requirements of the Purchase Documents are met, including but not limited to the requirements of Guide Section 5101.7, Resubmission to Loan Product Advisor® after the Note Date.

Eligibility under the temporary provisions of Bulletin 2020-12

Q1: [NEW 04.22.20] Is the mortgage eligible for sale to Freddie Mac if the borrower calls the Seller/Servicer after the note date and requests forbearance due to financial hardship caused directly or indirectly by COVID-19, but the Servicer doesn’t approve the Borrower for the forbearance plan?

The mortgage may be eligible if it meets the temporary requirements announced in Bulletin 2020-12. Otherwise, it is not eligible for sale regardless of whether the Seller/Servicer approves or the borrower accepts the forbearance plan offer.

Q2: [NEW 04.22.20] Is the mortgage eligible for sale to Freddie Mac if the borrower is current in making their monthly mortgage payment(s) but before the mortgage is sold to Freddie Mac, the Seller/Servicer approves the borrower for forbearance starting with a future monthly payment?

The mortgage may be eligible if it meets the temporary requirements announced in Bulletin 2020-12. Otherwise, once the Seller/Servicer approves a forbearance plan the terms of the mortgage have been waived or changed and the mortgage would be ineligible under Guide Section 4201.2.

Please continue to monitor the online FAQs as this PDF and the HTML FAQs may be updated on an ongoing basis.
Q3: **[NEW 04.22.20]** Is the mortgage eligible for sale to Freddie Mac if the borrower is approved for the forbearance plan but still makes timely payments and remains current?

The mortgage may be eligible if it meets the temporary requirements announced in Bulletin 2020-12. Otherwise, once the Seller/Servicer approves a forbearance plan the terms of the mortgage have been waived or changed and the mortgage would be ineligible under Guide Section 4201.2.

Q4: **[NEW 04.22.20]** Will Freddie Mac exercise remedies if it is discovered that the mortgage was in forbearance, or the borrower requested forbearance in connection with hardship due to COVID-19 prior to the date on which the mortgage was sold to Freddie Mac?

Freddie Mac will not exercise remedies in connection with these loans if the only defect is that the mortgage was in forbearance, as defined in Bulletin 2020-12, and all requirements in Bulletin 2020-12 are met.

Q5: **[NEW 04.22.20]** The Borrower lost their job before the Note Date and the Seller/Servicer became aware of it when the Borrower requested forbearance after the Note Date. Can I use the provisions of Bulletin 2020-12 and sell the loan to Freddie Mac?

No; as stated in the Bulletin 2020-12, the Seller remains responsible for all other representations and warranties in the Guide, including all requirements related to underwriting the Borrower to ensure the Borrower is qualified for the mortgage as of the Note Date.

Q6: **[NEW 04.22.20]** For mortgages sold to Freddie Mac in accordance with the temporary requirements announced in Bulletin 2020-12, is the Seller responsible for documenting in the mortgage file that the forbearance is COVID-19 related?

No.