

## CUSTOMER ANNOUNCEMENT

CA 2020-05 | May 7, 2020

### ► COVID-19 — Updates to Temporary Underwriting Requirements

Fannie Mae and Freddie Mac have announced updates to the COVID-19-related temporary requirements. Fannie Mae updated Lender Letters LL-2020-03 and LL-2020-04, and Freddie Mac issued Bulletin 2020-14. See the links below for the Agencies' communications.

Arch MI **will align** with the following items announced by Fannie Mae and Freddie Mac.

#### Extension of Temporary Requirements and Flexibilities

Both Fannie Mae and Freddie Mac have announced that all temporary requirements and flexibilities set to expire with loan applications through May 17, 2020, will be extended through June 30, 2020.

#### Credit Underwriting Requirements

**Both Fannie Mae and Freddie Mac have announced the following:**

- Reminded lenders that unemployment benefits may only be used for qualifying income if it is associated with seasonal employment.
- Clarified that furloughed employees do not qualify under their Temporary Leave income policies, regardless if there is a projected "return-to-work" date.

**Fannie Mae has announced the following:**

- DU Validation Services will no longer validate employment. Lenders must perform a verbal verification of employment in accordance with the Selling Guide or follow the COVID-19-related temporary policies.

**Freddie Mac has announced the following:**

- Extension of the deadline from May 1, 2020, to August 1, 2020, requiring that the most recent tax returns filed with the IRS be the 2019 return for loans using automated income assessment with Loan Product Advisor<sup>®</sup> (LPA) using tax return data (for example, AIM for self-employed borrowers).

As a reminder, Arch MI allows the documentation requirements of LPA's automated income assessment and the use of a third-party service provider to calculate the self-employed income. We expect that the income used to qualify the borrower meets Freddie Mac's published requirements for analyzing self-employed income. The Freddie Mac representation and warranty relief does not apply to Arch MI.

#### Links to the Agency Communications:

Fannie Mae	Freddie Mac
<p><b>Impact of COVID-19 on Originations</b>  <a href="#">Lender Letter LL-2020-03</a></p> <p><b>Impact of COVID-19 on Appraisals</b>  <a href="#">Lender Letter LL-2020-04</a></p>	<p><b>Selling Guidance Related to COVID-19</b>  <a href="#">Bulletin 2020-14</a></p>

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](#).