

CUSTOMER ANNOUNCEMENT

CUA 2021-02 | April 30, 2021

► COVID-19 — Extensions and Expirations to Temporary Underwriting Requirements

Fannie Mae and Freddie Mac have announced extensions and expirations to COVID-19 temporary underwriting requirements. Fannie Mae updated Lender Letters LL-2021-03 and LL-2021-04, and Freddie Mac issued Bulletins 2021-10 and 2021-15. See the links below for the Agencies' communications.

Extension and Expiration of Temporary Underwriting Requirements

Arch MI had previously announced in CUA 2020-09 that we **would align** with any future Agency extensions to the expiration dates of these temporary underwriting requirements, which is still the case. We are also announcing that we are aligning with any final expiration dates announced for the COVID-19-related temporary underwriting requirements.

Fannie Mae Update to LL-2021-03 and Freddie Mac Bulletin 2021-10

On March 11, 2021, Fannie Mae updated LL-2021-03 and Freddie Mac issued Bulletin 2021-10 that announced the extension of specific COVID-19-related temporary underwriting flexibilities for loan applications dated March 31 to April 30, 2021. They also announced that this would be the final extension for these flexibilities. Arch MI **aligned with both the extensions and the final expirations**. The list of temporary requirements that will expire on April 30, 2021, follows:

Fannie Mae:

- Verbal Verification of Employment — initially effective March 23, 2020.
- Power of Attorney (POA) — initially effective wMarch 31, 2020.

Freddie Mac:

- Employed Income — 10-day pre-closing verification, announced in Bulletin 2020-05.
- Condominium Projects as announced in Bulletin 2020-11.
- Power of Attorney (POA) as announced in Bulletin 2020-8 and updated in 2020-48, 2021-4 and 2021-9.

Loan applications dated May 1, 2021, and later will need to meet Arch MI's published underwriting requirements for these topics. (If not published in our Credit Union Underwriting Manual, then we align with the Agencies' published requirements in their Selling Guides.)

Fannie Mae Update to LL-2021-04 and Freddie Mac Bulletin 2021-15

On April 21, 2021, Fannie Mae updated LL-2021-04 and Freddie Mac issued Bulletin 2021-15 that announced the extension of specific COVID-19-related temporary underwriting flexibilities for loan applications dated April 30 to May 31, 2021. They also announced that this would be the final extension of these flexibilities. Arch MI **aligned with both the extensions and the final expirations**. The list of temporary requirements that will expire on May 31, 2021, follows:

Fannie Mae:

- Temporary Appraisal Requirement Flexibilities, including:
 - Use of desktop appraisals — initially effective March 23, 2020.
 - Use of exterior-only inspection appraisals — initially effective March 23, 2020.
 - Completion reports — initially effective March 23, 2020.
 - Virtual inspections for appraisals and renovation loans — initially effective April 14, 2020.
- HomeStyle® Renovation loans flexibilities, including:
 - Inspection requirements for draws for HomeStyle Renovation loans in process — initially effective March 31, 2020.
 - Allowance of draws while a HomeStyle Renovation loan is in forbearance — initially effective March 31, 2020.
 - Recourse removal for HomeStyle Renovation loans that were subject to forbearance — initially effective May 28, 2020.
- New construction loan flexibilities — initially effective April 14, 2020.
- Condominium project review flexibilities — initially effective April 14, 2020.

Freddie Mac:

- Appraisal flexibilities announced in Bulletin 2020-5 and updated in 2020-8 and 2020-11.
- Completion report flexibilities, including builder certification and GreenChoice® Mortgage flexibilities announced in Bulletin 2020-5 and updated in 2020-8.
- ChoiceRenovation® Mortgage flexibilities announced in Bulletin 2020-19.

Loan applications dated June 1, 2021, and later will need to meet Arch MI's published underwriting requirements for these topics. (If not published in our Credit Union Underwriting Manual, then we align with the Agencies' published requirements in their Selling Guides.)

Temporary Underwriting Requirements That Remain in Effect Until Further Notice

The following is a list of the Agencies' temporary underwriting requirements that will remain in effect until further notice. These will remain in effect for Arch MI as well until further notice. Arch MI **aligns with the requirements unless noted below**. [Click here](#) to see all of Arch MI's previous announcements concerning COVID-19-related temporary underwriting requirements.

Fannie Mae:

- Age of Documentation — initially effective April 14, 2020.
- Requirements for borrowers using self-employed income to qualify — initially effective June 11, 2020.
- Verification of self-employment — initially effective April 14, 2020.
- Employment validation suspension by the DU validation service — initially effective May 4, 2020.
- Furloughed borrowers — initially effective May 5, 2020.
- Temporary eligibility requirements for purchase and refinance transactions — initially effective June 2, 2020. (See Arch MI [CUA 2020-06](#) for our handling of these temporary requirements.)
- Market-based assets (stocks, stock options and mutual funds) — initially effective April 14, 2020.

Freddie Mac:

- Income continuance — additional due diligence required, announced in Bulletin 2020-05.
- Age of income and asset documentation, announced in Bulletin 2020-8.
- Self-employed borrowers — verification that the business is open and operating, announced in Bulletin 2020-8 and updated in 2020-27.

- Requirements for stocks, stock options and mutual funds when used for closing and/or reserves, announced in Bulletin 2020-08.
- Purchase and refinance eligibility requirements for borrowers with existing mortgages, announced in Bulletin 2020-17. (See Arch MI [CUA 2020-06](#) for our handling of these temporary requirements.)
- Requirements and guidance for borrowers with qualifying income derived from self-employment, announced in Bulletin 2020-19 and updated in 2020-44.

Links to the Agency Communications:

Fannie Mae	Freddie Mac
<ul style="list-style-type: none"> ▪ Impact of COVID-19 on Originations Lender Letter LL-2021-03 ▪ Impact of COVID-19 on Appraisals Lender Letter LL-2021-04 	<ul style="list-style-type: none"> ▪ Selling Guidance Related to COVID-19 Bulletin 2021-10 Bulletin 2021-15

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](#).