

The purpose of this job aid is to assist Sales and Operations in the alternative employment and appraisal options available on Conventional, FHA, VA and USDA transactions. Please refer to the Credit Policy Announcements (2020-025, 2020-038, 2020-039, 2020-040 & 2020-048) for complete details and requirements.

## Employment Verification – Quick Reference by Product

<b>Product</b>	<b><i>The re-verification of employment within 10 days of the Note date requirement may be waived provided the guidance below is followed based on product type</i></b>
<b>Conventional – Fannie / Freddie</b>	<p>Wage Earners:</p> <ol style="list-style-type: none"> <li>1. Attempt to obtain the verbal verification of employment (within 10 days of closing)</li> <li>2. If unable to obtain #1, obtain an email verification directly from the employer</li> <li>3. If unable to obtain #1 or #2, request a current paystub</li> </ol> <p>Self-Employed: Verification that the borrower’s business remains operational must be done within 10 days of the Note date</p>
<b>FHA</b>	<p>Wage Earners:</p> <ol style="list-style-type: none"> <li>1. The lender is not aware of any loss of employment by the borrower, and</li> <li>2. For purchase transactions, evidence that the borrower has a minimum of 2-month PITI reserves; and</li> <li>3. A year-to-date paystub or direct verification of income (e.g. The Work Number) for the pay period that immediately precedes the Note date.               <ul style="list-style-type: none"> <li>➤ Bank statements showing direct deposit from the borrower’s employment is not eligible</li> </ul> </li> </ol> <p>Self Employed: Verification that the borrower’s business remains operational must be done within 10 days of the Note date</p>
<b>VA</b>	<p>Wage Earners:</p> <ol style="list-style-type: none"> <li>1. Attempt to obtain the verbal verification of employment (within 10 days of closing)</li> <li>2. If unable to obtain #1, obtain an email verification directly from the employer</li> <li>3. If unable to obtain #1 or #2, request a current paystub</li> </ol> <p>Self Employed: Verification that the borrower’s business remains operational must be done within 10 days of the Note date</p>
<b>USDA</b>	<p>Wage Earners:</p> <ol style="list-style-type: none"> <li>1. A direct electronic verification of employment from a Third-Party Verification Vendor that provides immediate work status</li> <li>2. If unable to obtain #1, obtain an email from the borrower’s employer as an alternative</li> </ol> <p>***A paystub or bank statements as alternative documentation to the VVOE is not acceptable</p> <p>Self Employed: Verification that the borrower’s business remains operational must be done within 10 days of the Note date</p>

## Appraisals – Quick Reference by Product

Product	An exterior-only inspection may be permitted when it is not feasible to complete an interior-exterior appraisal				
<b>Conventional – Fannie / Freddie</b>	<p>When it is not feasible to complete an interior-exterior appraisal:</p> <ol style="list-style-type: none"> <li>1. Run both DU and LPA to determine if an appraisal waiver/ACE is permitted. If both AUS require a full appraisal, go to step #2</li> <li>2. Refer to the Property Valuations – Appraisal Flexibilities chart to determine if an exterior-only appraisal is permitted based on product               <ul style="list-style-type: none"> <li>➤ If a desktop or exterior-only inspection is not permitted, a full appraisal is required prior to closing</li> <li>➤ If an exterior-only is permitted and product is a rate &amp; term refinance, go to step #3</li> </ul> </li> <li>3. For Rate and Term Refinances, determine if the current loan (being paid off) is owned by Fannie Mae or Freddie Mac using the look up tools. If a match is found –               <ul style="list-style-type: none"> <li>➤ Fannie Mae owned: The new loan product MUST be a Fannie Mae product to take advantage of the exterior-only inspection. Rerun the loan through DU, if the last run AUS was LPA</li> <li>➤ Freddie Mac owned: The new loan product MUST be a Freddie Mac product to take advantage of the exterior-only inspection. Rerun the loan through LPA, if the last run AUS was DU</li> <li>➤ If no match is found with Fannie Mae or Freddie Mac, a full appraisal is required</li> </ul> </li> </ol>				
	<b>Loan Purpose</b>	<b>LTV</b>	<b>Occupancy</b>	<b>Ownership of Loan being Refinanced</b>	<b>Permitted Appraisals</b>
	Purchase and New Construction <sup>1</sup>	Up to 97%	Primary residence	NA	Interior and Exterior appraisal, Desktop Appraisal or Exterior-only appraisal <sup>1</sup>
		≤ 85%	Second home Investment property	NA	Interior and Exterior appraisal, Desktop Appraisal or Exterior-only appraisal <sup>1</sup>
		> 85%	Second home	NA	Interior and Exterior appraisal
	Rate & Term Refinance (LCOR & NCO)	Standard guidelines	All	<b>Fannie Mae-owned</b> <b>Freddie Mac-owned</b>	Interior and Exterior appraisal, or Exterior-only appraisal
				<b>Not Fannie Mae-owned</b> <b>Not Freddie Mac-owned</b>	Interior and Exterior appraisal
	Cash-Out Refinance Incl TXA6			Fannie Mae or not Fannie Mae-owned	
				Freddie Mac or not Freddie Mac-owned	
	<sup>1</sup> Exterior-only not permitted on new construction loans.				

<b>FHA</b>	<p>Exterior-only inspections or Desktop appraisal are permitted when access to the interior or the home for inspection it is not feasible to complete an interior-exterior inspection</p> <ul style="list-style-type: none"> <li>➤ Not permitted for Cash-Out Refinances or New Construction (Purchase or Building on Own Land) – An interior-exterior inspection is required</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 35%;">Loan Purpose</th> <th style="width: 25%;">Exterior-Only Inspection</th> <th style="width: 25%;">Desktop Appraisal</th> <th style="width: 15%;">Interior-Exterior Inspection</th> </tr> </thead> <tbody> <tr> <td>Purchase</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>• Rate and Term Refinance</li> <li>• Simple Refinance</li> </ul> </td> <td>Yes</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>Streamline Refinance</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Cash-Out Refinances</td> <td>No</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>           New Construction           <ul style="list-style-type: none"> <li>• Purchase</li> <li>• Building on Own Land</li> </ul> </td> <td>No</td> <td>No</td> <td>Yes</td> </tr> </tbody> </table>		Loan Purpose	Exterior-Only Inspection	Desktop Appraisal	Interior-Exterior Inspection	Purchase	Yes	Yes	Yes	<ul style="list-style-type: none"> <li>• Rate and Term Refinance</li> <li>• Simple Refinance</li> </ul>	Yes	No	Yes	Streamline Refinance	N/A	N/A	N/A	Cash-Out Refinances	No	No	Yes	New Construction <ul style="list-style-type: none"> <li>• Purchase</li> <li>• Building on Own Land</li> </ul>	No	No	Yes
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<b>VA</b>	Exterior-only and desktop appraisals are permitted when access to the interior of the home is not feasible and a complete interior-exterior inspection																									
<b>USDA</b>	<p>Exterior-only inspections are permitted when access to the interior of the home is not feasible to complete an interior-exterior inspection</p> <ul style="list-style-type: none"> <li>➤ Not permitted for New Construction – An interior-exterior inspection is required</li> </ul>																									
<b>Appraisal Order Options</b>	<p>Exterior-Only</p> <ul style="list-style-type: none"> <li>➤ 2055 Single Family Exterior Drive-By w/ Value</li> <li>➤ 2055 Single Family Exterior Drive-By w/Value (USDA)</li> <li>➤ 1075 Exterior Condo Drive-By w/ Value</li> <li>➤ 1073 FHA Single Unit Condominium (Exterior-Only)</li> <li>➤ 1025 Multi-Family (2-4 Unit) FHA Exterior Only w/ Income State</li> <li>➤ 1025 Multi-Family (2-4 Unit) Exterior Drive-By</li> <li>➤ Manufactured Home Exterior-Only (Form 1004C)</li> <li>➤ 2095_05 Exterior Only Individual Coop Interest</li> <li>➤ 1004 URAR FHA Exterior-Only Single-Family Appraisal (FHA)</li> <li>➤ 1004C (3/05) Manufactured Home Appraisal (FHA Exterior Only)</li> </ul>	<p>Desktop</p> <ul style="list-style-type: none"> <li>➤ 1004 Single Family Desktop Appraisal (Conv)</li> <li>➤ 1004 Single Family Desktop Appraisal (FHA)</li> <li>➤ 1073 Condominium Desktop Appraisal (Conv)</li> <li>➤ 1073 Condominium Desktop Appraisal (FHA)</li> <li>➤ 1004C (3/05) Manufactured Home Desktop Appraisal (Conv)</li> <li>➤ 1004C (3/05) Manufactured Home Desktop Appraisal (FHA)</li> <li>➤ 1025 Multi-Family (2-4 Unit) Desktop Appraisal (Conv)</li> <li>➤ 1025 Multi-Family (2-4 Unit) Desktop Appraisal (FHA)</li> <li>➤ 2090 (3/05) Individual Cooperative Interest Desktop Appraisal (Conv)</li> </ul>																								
<b>General Notes</b>	<ul style="list-style-type: none"> <li>➤ It is the responsibility of the individual placing the order to choose the correct appraisal type; if a desktop or an exterior-only inspection is ordered, do the announced flexibilities permit?               <ul style="list-style-type: none"> <li>○ If an interior-exterior inspection order was originally placed and cannot be performed, verify that the transaction is eligible for a desktop or an exterior-only inspection. Upon confirmation, you may communicate the change to the AMC regardless of the original order date.</li> </ul> </li> <li>➤ When ordering a desktop or an exterior-only inspection, be sure to select the appropriate appraisal type.</li> </ul>																									

➤ The AMC will not know if an exterior-only inspection is or is not acceptable per investor requirements.

Note: Failure to validate that a loan is eligible for an exterior-only inspection prior to placing a new order and/or changing an existing order will impact loan eligibility. Exceptions cannot be accommodated when the incorrect appraisal type is ordered and will require a new appraisal report prior to loan approval and closing.

**Revision History**

<b>Date</b>	<b>Revision</b>	<b>Requested By</b>	<b>Revised By</b>
08/11/2020	Added clarification that exterior-only inspections are not permitted on new construction loans.	Sharon Natale	Elizabeth Melniczek
04/17/2020	Added desktop appraisal information	Sharon Natale	Elizabeth Melniczek
04/09/2020	Initial Publication	Lisa Landau	Elizabeth Melniczek