

## Announcement 2018 – 72

### Planet Home Lending Recent Policy Changes

Planet Home Lending is aligning with the recent Agency announcements. The announcements are summarized below with a link to the Agency's full announcement.

| Agency                     | Summary  | Effective Date | Agency Announcement  |
|----------------------------|--|----------------|--|
| Fannie Mae and Freddie Mac | Fannie Mae and Freddie Mac have both eliminated the requirement for an Appraisal to include the Form 71 / 1004MC.<br>Effective immediately, Appraisals submitted for Agency loans, will no longer require the Freddie Mac form 71 or Fannie Mae form 1004MC.   | Immediate      | <a href="#">BUL 2018-13</a><br><a href="#">SEL 2018-06</a> |
| Freddie Mac                | Freddie Mac updated the Selling Guide and Loan Product Advisor feedback to reflect the Verbal Verification of Employment (pre-closing verification) can be obtained from the Union for a Union member that is either actively employed at the time of closing, or between employers at the time of loan closing.<br>In making this change, Freddie Mac and Fannie Mae have now aligned on this topic.  | Immediate      | <a href="#">BUL 2018-24</a>                                |
| Freddie Mac                | The Master Insurance Policy for Condominium Projects may now combine insurance coverage for multiple unaffiliated Condominium Projects and PUD's.  | Immediate      | <a href="#">BUL 2018-24</a>                                |
| Freddie Mac                | <u>California Wildfires:</u><br>Freddie Mac is allowing an extended age of documents for properties that were located in the following zip codes in California: 95954, 95965, and 95969. Loans in process for properties located in these zip codes that were impacted by the recent fires must have credit and capacity documents dated within 180 days of the Note Date. <ul style="list-style-type: none"> <li>• Please note, loans must have an application date on or before 11/12/18 and the Note date must be on or before 5/12/19.</li> <li>• A Verbal VOE must still be completed no more than 10 business days before the Note date.</li> <li>• As a reminder, Loan Product Advisor will automatically pull a new credit report for mortgages submitted or resubmitted 120 days or more after the initial credit report date.</li> <li>• ACE Appraisal waivers are not permitted for properties in the 95954, 95965, and 95969 zip codes unless the Note Date is prior to 11/12/18.</li> </ul> | Immediate      | <a href="#">BUL 2018-25</a>                                |
| Freddie Mac                | <u>Hurricane Irma:</u><br>Freddie Mac issued a reminder that the extended age of document allowance for properties impacted by Hurricane Irma is about to expire. The standard age of document requirements to loans impacted by Hurricane Irma as of January 7, 2019.<br>Subsequently, as of January 7, 2019, ACE appraisal waivers will once again be available for properties located in a formerly impacted area.  | 1/7/19         | <a href="#">BUL 2018-25</a>                                |

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|------------|--|-----------|-----------------------------|
| Fannie Mae | LoanBeam is now an approved vendor tool that can be used in conjunction with DU. The Seller is responsible for the accurate use of the LoanBeam tool, and the data entry into DU.  | Immediate | <a href="#">SEL 2018-09</a> |
| Fannie Mae | <p>Fannie Mae has updated the method of calculating Commission Income. Tax returns are no longer required for commissioned borrowers, regardless of the percentage of commission income.</p> <p>Additionally, the full amount of an automobile allowance may be included as income (history of receipt is still required) and the related lease or financing expense is included as debt. The “cash flow approach” is no longer used when tax returns are omitted.</p> <p>The change is effective immediately; however DU messaging will not be updated until a future release. Sellers may disregard the DU messaging requirement to obtain tax returns for commission income and auto allowances.</p> <p><b>Please note: In the event a Seller is still using the prior “cash flow approach” for auto allowances, the IRS Form 2106 is still required.</b></p> | Immediate | <a href="#">SEL 2018-09</a> |
| Fannie Mae | <p>DU Version 10.3 was introduced over the weekend of December 8, 2019, and two changes to the appraisal waiver guidelines were part of this update.</p> <ul style="list-style-type: none"> <li>Sellers are now permitted to use Appraisal Waivers on loans that were impacted by a natural disaster. Post disaster Property Inspections are still required to confirm the subject property incurred no damage.</li> <li>Appraisal waivers are not allowed on properties valued at more than \$1,000,000.</li> </ul>   | Immediate | <a href="#">SEL 2018-09</a> |
| Fannie Mae | <p>Flood Insurance requirements have been updated / clarified to state:</p> <ul style="list-style-type: none"> <li>Projects with over 25% commercial space must maintain coverage in the same levels as projects maintain a Residential Condominium Building Association Policy.</li> <li>Two to Four Unit Projects no longer require a Master Flood Policy. Individual policies covering the subject unit is acceptable.</li> <li>Loans in a community in the Emergency Program of the NFIP will no longer be required to maintain coverage to make up the difference between what is available through the Emergency Program and the Regular Program.</li> </ul>   | Immediate | <a href="#">SEL 2018-09</a> |

All Planet Home Lending documentation will be updated to reflect those changes as applicable.

If you have any questions, please contact your Regional Sales Manager.