



**IMPORTANT ANNOUNCEMENT:  
HTL's Coronavirus (COVID-19) Industry Updates & Response**

**3/31/2020**

**Updates From Your Management Team**

Effective 3/31/20: As we experience rapidly changing market updates, HTL remains committed to providing both you customer service and constant communication with industry updates.

**IMPACT:**

**FHA Appraisal Flexibility (Forward & HECM)**

HTL is aligning with appraisal flexibility options on [Mortgagee Letter 2020-05](#). **Effective immediately** and for appraisal inspections completed on or before May 17, 2020, all appraisals for purchase and rate/term full doc refinances may utilize either the exterior-only or desktop-only appraisal inspection scope of work. The appraisal requirement for FHA cash-out refinances, 203(k), Construction to Perm, and Building on Own Land remain unchanged.

**VA Appraisal Flexibility**

HTL is aligning with [VA Circular 26-20-11](#). **Effective immediately** and until further notice, Appraisals may be in a form of an Exterior-Only inspection or Desktop Appraisal except for:

1. **Purchase Transaction (vacant property)**- When the appraiser's assigned geographic jurisdiction does not have restrictions imposed by authorities prohibiting individuals leaving their domicile, such as mandatory quarantine or shelter-in-place.
2. **Purchase or Refinance Transaction (property occupied)**- When the appraiser's assigned geographic jurisdiction does not have restrictions imposed by authorities prohibiting individuals leaving their domicile, such as mandatory quarantine or shelter-in-place. In addition, all parties must agree to the interior inspection and meet the following:
  - a. Either party has not been instructed by health authorities to stay home or practice social distancing; or
  - b. Does not have symptoms such as fever, cough, or shortness of breath; or
  - c. Has not been quarantined under direction of public health authorities; and
  - d. No parties are within the [CDC guidance](#) of high risk found

If either party does not wish to move forward with the interior inspection, the appraiser may move forward with an Exterior-Only appraisal with enhanced assignment conditions.

## **3/27/20 Updates (and prior):**

### **640 Credit Score Minimum Requirements on Government Loans:**

**Effective today 3/27/20:** We received communication from several investors that Government FHA / VA loans will have a Minimum Fico Score Requirement of 640. All loans currently locked with under 640 credit scores will be protected.

Loans with 620-640 credit scores that are not locked are still eligible for closing, however must be locked by Friday April 3, 2020.

Loans with less than a 620 credit score are ineligible for new locks or new originations as of today 3/27/20. Any and all branches with loans under 620 have been contacted and locks are protected.

Please review your pipelines and lock your loans as quickly as possible as market conditions continue to be volatile. As always, HTL remains committed to protecting our pipelines, however loans that are not locked cannot be guaranteed as protected by HTL during market volatility.

### **IRS Transcript Delays:**

We received communication from the IRS temporarily suspending acceptance of new Income Verification Express Service Participants (IVES) and 4506T ordering as they adjust to the impact of state and local shelter in place orders to stay home. This will affect IRS Transcript orders; however, we have also received work around information by the IRS that allows a borrower to request IRS Transcripts online directly at:

<https://www.irs.gov/individuals/get-transcript>

Please visit the site for the “Request Online / What You Need” information

### **Jumbo Loans:**

In light of recent events, HTL must scale back on all Non-Conforming Jumbo Products due to unforeseen investor pull out, guidelines changes and liquidity issues in the Secondary Market.

#### **What does this mean to you?**

HTL remains committed to allowing the origination & funding of our Jumbo loan product. However, due to unprecedented market conditions, we're making the changes outlined below effective immediately.

#### **Ineligible transactions**

The following transactions will be **Ineligible** under for the Jumbo loan program:

- Cash-out refinances
- Investment properties
- LTV/CLTVs >80%

What if I have active loans in the pipeline?

If your loan is locked, we will work with you to close the loan within the lock period to the extent our investors and warehouse banks continue to honor the pipeline. However, please note the volatility in the Jumbo market, we are subject to its rapid change in guidelines and cannot guarantee closing/fundings on loans not committed.

### **Mortgage Payment Relief:**

As part of HTL's Pandemic Response Plan for Borrower's unable to make their monthly mortgage payments, HTL will be participating in the Consumers Right to Request Forbearance on those loans where a Borrower makes the payment directly to HighTechLending, Inc.

**For Borrowers making their mortgage payments Directly to HighTechLending, Inc.**

- **Please have Borrowers call: (866) 397-5370**
- **Information regarding mortgage relief will also be noted on their upcoming monthly mortgage statements.**

**For Borrowers that make their mortgage payments to Other Lenders:**

- **Please have them call the Servicers directly on the phone number that is located on their mortgage statements.**

The Consumer Right to Request Forbearance applies to federally backed mortgage loans for those directly or indirectly impacted by the COVID-19 virus **IF** the borrower requests and affirms hardship with their lender. The Forbearance will NOT automatically go into effect for all borrowers. Please be sure to educate your Borrowers that they **MUST** contact their servicers in order to obtain mortgage payment relief.

In General:

FannieMae and FreddieMac: Require Borrowers to call in but are Not requiring signatures or documentation to be considered for relief. The initial period is up to 180 days initially, with the option to extend for up to an additional 180 days.

FHA and VA: Require Borrowers to call in and are requiring a full loss mitigation application at this time.

**Please ensure your Borrowers contact their servicers directly for further specific guidance on their mortgage relief plans.**

## **3/23/20 & Prior Updates**

### **Funding VOE's:**

**Effective today 3/23/20:** FannieMae has come out with guidance during these unstable times. Due to the fact that we are experiencing delays with employers trying to verify employment as well as ensuring that borrowers are still gainfully employed, HTL will be requiring that a VOE is obtained on or up to 1-day Prior to Docs and on or up to 1-day PTF as follows:

#### **Written VOE Flexibility:**

An email directly from the employer's work email address that identifies the name and title of the verifier and the borrower's name and current employment status may be used in lieu of a verbal VOE. HTL will be requiring these be obtained both PTD and PTF.

**Verbal VOE's:** obtained PTD and PTF are still allowable and must ensure the employer states the borrower is still Gainfully Employed.

**Self Employed:** HTL must verify that the borrower's business is operational PTD & PTF. These will be handled as a case by case basis depending upon the borrower's self-employment type.

### **Non-QM:**

**Effective today 3/23/20:** HTL has been notified by its partners that they will not be Locking nor Funding Non-QM loans at this time. As a result, all Non-QM loans currently in the pipeline are on hold until further notice.

### **Appraisals:**

**Effective today 3/23/20:** FannieMae is allowing temporary flexibilities to our appraisal inspection and reporting requirements. Appraisal Requirements, when an interior inspection is not feasible because of COVID-19 concerns. We will allow either a desktop appraisal or an exterior-only inspection appraisal in lieu of the interior

and exterior inspection appraisal (i.e., traditional appraisal). If a traditional appraisal is not obtained and there is insufficient information about the property for an appraiser to be able to complete an appraisal assignment with a desktop or exterior-only inspection appraisal, the loan will not be eligible for funding. Please see attached Grid for eligibility.

### **Turn-Times:**

**With employees working remote effective 3/23/20, we may experience delays in turn times by department.** However, each Manager will be working with their department employees to bring to light any concerns that may affect turn times & closings. Rest assured that we All remain fully committed to ensuring your pipelines move forward as efficiently as possible.

### **Notaries for Closing Docs:**

We are in constant communication with our Escrow / Title / Closing Agent partners to address the lack of Notaries who are willing to visit borrowers for signings during this time. Please note that all States have different guidelines for notarizing documents. For example, in the State of CA, a virtual notary is Not allowable as a thumbprint must be obtained by the borrower. We are working through this with our partners in each State. We ask for your patience and understanding as this will affect loan signings.

### **County Recorder Offices:**

Due to the inability for several counties (noted below) to e-Record, HTL will be unable to fund loans where the counties do not participate in e-Recordings. Currently the following counties being affected by recording delays **Or** inability to record are as follows. We will continue to keep in touch with our Escrow / Title partners on a loan by loan basis:

➤ **Alameda / Contra Costa / Marin / Santa Cruz / San Francisco / San Mateo / Santa Clara**

### **Locks:**

We are working with our investors to see if there will be any issues with respect to Lock Extensions and we will do the very best we can to protect your locks. We strongly encourage you to lock your loans for a **much** longer period of time. There are several factors that will have a negative effect on locks, such as appraisal turn times that need to be taken into consideration. Short term locks are highly discouraged and may cause serious reputational risk.

### **Property Inspection Waiver (PIW):**

Due to the recent increases in Appraisal turn-times, please ensure you are reviewing your DU's for PIW's. If Your DU Approves a PIW, you will Not need to order an Appraisal. This can save Time & Money. The PIW can be seen under DU Section "Property and Appraisal Information".

## **Appraisal Guidance:**

<b>Loan purpose</b>	<b>LTV ratio</b>	<b>Occupancy</b>	<b>Ownership of loan being refinanced</b>	<b>Permissible appraisals (in order of preference)</b>
Purchase*	<i>Per Eligibility Matrix</i>	Principal residence	N/A	Traditional appraisal Desktop appraisal Exterior-only appraisal
	≤ 85%	Second home Investment		Traditional appraisal Desktop appraisal Exterior-only appraisal
	> 85%	Second home		Traditional appraisal
Limited cash-out refinance	<i>Per Eligibility Matrix</i>	All	Fannie Mae-owned	Traditional appraisal Exterior-only appraisal
			Not Fannie Mae-owned	Traditional appraisal
Cash-out refinance			Fannie Mae or not Fannie Mae-owned	Traditional appraisal

\*Excludes new construction and construction-to-permanent loans.