



COVID-19 UPDATE

Idaho Housing and Finance Association (IHFA) recognizes the severity of the impact of COVID-19. These are challenging times that require flexibility, creativity, and understanding. IHFA believes that homeownership is the backbone to our country's economy and will do everything in its power to remain operational.

We value our employees and their families. To keep our employees safe, most of IHFA's personnel are working at home. We have a minimal crew still coming into the office to provide essential functions. Please be assured that members of our staff who you're normally in contact with will remain accessible and we will continue to provide the professional support and service you're used to. At this point, there is no interruption in the processing of loan purchasing.

The situation is consistently changing. Changes in policy and processes can occur at any time.

Some have expressed concern about the bond market and possible impacts to IHFA's lending activity. While IHFA uses a best-execution strategy for selling loans into the secondary market, which may include bonds when viable, we hedge our loan pipeline in the TBA market, providing a take-out regardless of the viability of the bond market. With ample liquidity, IHFA is well prepared to purchase loans in accordance with our program requirements.

As an added note, the recent stimulus bill includes a provision for the Federal Reserve to purchase state and local municipal debt, which includes housing bonds. This action has stabilized the bond market considerably in recent days.

Here is some additional information about our loan processing:

Verbal Verification of Employment

- Verbal Verification of Employment (VVOE) is required for all files. Currently, the requirements for verifications of employment have not changed. It is recommended that

VVOE's are obtained the day of closing. VVOE's may be obtained after closing, up to loan purchase/delivery.

- Borrowers who are furloughed or suspended and are not getting paid are not eligible for loan purchase unless they can qualify without the income.
- *If the VVOE cannot be obtained prior to delivery, the loan is ineligible for delivery to Fannie Mae. If the lender is unable to obtain a VVOE because the business is closed, the loan will be ineligible for purchase until it can be completed.*

Some alternatives taken directly from the Fannie Mae Lender Letter (LL-2020-03)

Verbal verification of employment

Many lenders are reporting difficulty in obtaining the verbal verification of employment (VOE) due to disruption to operations of the borrower's employer. We expect lenders to attempt to obtain the verbal VOE in accordance with our existing requirements guidance. However, we will allow the following flexibilities:

- **Written VOE:** *The Selling Guide* permits the lender to obtain a written VOE confirming the borrower's current employment status within the same timeframe as the verbal VOE requirements. 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. In addition, the lender may obtain the VOE after loan closing, up to the time of loan delivery (though we strongly encourage getting the verbal VOE before the note date).
- **Paystub:** The lender may obtain a year-to-date paystub from the pay period that immediately precedes the note date.
- **Bank statements:** The lender can provide bank statements (or other alternative documentation as permitted by *Selling Guide* B3-4.2-01) evidencing the payroll deposit from the pay period that immediately precedes the note date.

NOTE: *If employment has been validated by the Desktop Underwriter® (DU®) validation service, the validation will remain eligible for representation and warranty relief on employment provided the lender complies with the "close by" date in the DU message. Otherwise, the guidance provided above applies.*

These alternatives also apply to Freddie Mac loans.

Appraisals:

- Fannie Mae and Freddie Mac have established alternative appraisal options if an interior inspection is not possible due to COVID-19. IHFA will follow these guidelines and accept the alternative appraisals. Lenders will be required to document that the appraiser was unable to inspect the interior due to COVID-19.

Pricing:

- In an effort to manage our pricing and loan pipeline more effectively we ask that our lending partners inform us when locks need to be cancelled. Low interest rates have created a strong refinance environment. The increased volatility in our current market

has caused sharp swings to mortgage rates which, if rates are increasing, will result in loans falling out.

For more information or assistance, please contact us at resloan@ihfa.org or call us at **1-855-505-4700, ext 8600**.

We appreciate you and your continued partnership during this time. Please stay safe and healthy during this unprecedented time.