



FEDERAL HOUSING FINANCE AGENCY
Office of the Director

April 27, 2020

Mr. Bill Garber
Director of Government and External Relations
Appraisal Institute
200 West Madison, Suite 1500
Chicago, IL 60606

Dear Mr. Garber:

Thank you for your letter dated April 6, 2020 about the temporary appraisal flexibilities jointly adopted by Fannie Mae and Freddie Mac (the Enterprises) in response to the COVID-19 emergency.

The policies announced by the Enterprises on March 23, and expanded on March 31, provide flexibilities for lenders to help meet the needs of borrowers and appraisers while also ensuring responsible lending and sustainable homeownership. These flexibilities support purchases and certain rate/term refinances, to provide additional short-term support during this crisis. However, they are not intended to be the solution for all lending scenarios, as other sources of liquidity exist for cash-out refinances and other refinance loans not currently held by the Enterprises or otherwise eligible for an appraisal waiver.

We are familiar with the emerging technology that could facilitate interior-inspection data collection for an exterior-only appraisal. However, we are not considering implementing new and/or emerging technology into existing appraisal related processes at this time. Implementing change in the midst of the national emergency is not without potential risks. Moreover, lenders must continue to provide collateral representations and warranties for property value on loans with an exterior-only appraisal.

FHFA is committed to balancing the health and safety of industry participants with the safety and soundness of the Enterprises while providing adequate liquidity to the mortgage market. The Enterprises continue to monitor the COVID-19 emergency and will release additional guidance as needed to address changing and emerging issues.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Calabria', written in a cursive style.

Mark A. Calabria