



Announcement 17-44

Date: October 17, 2017

Topic: Fannie Mae Property Inspection Waivers and Freddie Mac Appraisal Waivers

Fannie Mae and Freddie Mac recently expanded the Property Inspection Waivers (PIW) and appraisal waivers to include purchase transactions, in addition to the Rate-and-Term refinance and Cash-out refinance options.

Effective immediately, PennyMac is aligning with Fannie Mae’s and Freddie Mac’s expansion to property inspection waivers and appraisal waivers and will accept PIW or appraisal waiver on all eligible transactions.

Eligible transactions include:

Fannie Mae	Freddie Mac
DU loan casefiles that receive an Approve/Eligible recommendation.	Loan Product Advisor Accept risk class
One-unit properties, including condos	One-unit properties
<ul style="list-style-type: none"> • Principal residence • Second home • Investment (refinance only) 	<ul style="list-style-type: none"> • Primary residence • Second home
<ul style="list-style-type: none"> • Purchase up to 80%* LTV • Limited Cash-out up to 90%* LTV • Cash-out up to 70%* LTV 	<ul style="list-style-type: none"> • Purchase to 80% LTV • No Cash-out transactions to 80% LTV
*LTV limits dependent on occupancy	

Lenders are reminded that the AUS may not identify ineligible transactions. Lenders must ensure the loan remains eligible for a PIW or appraisal waiver. Fannie Mae PIW ineligible characteristics can be found in the Fannie Mae Seller Guide section B4-1.4-10, while Freddie Mac appraisal waiver ineligible characteristics can be found in Freddie Mac Seller guide section 5601.9.

DU Sample PIW Messaging

Desktop Underwriter accepts the value submitted as the market value for this subject property. This loan is eligible for delivery to Fannie Mae without an appraisal if the Property Inspection Waiver is exercised by the lender at the time of loan delivery to Fannie Mae. To exercise this Property Inspection Waiver and be eligible for representation and warranty relief on the value, condition and marketability of the subject

property, Special Feature Code 801 and the Casefile ID must be included in the loan delivery file. If the waiver is not exercised, an appraisal based on an interior and exterior property inspection is required for this transaction. If an appraisal is obtained for this transaction, or the transaction is one identified as ineligible in the Selling Guide but DU is not able to identify the ineligible criteria (HomeStyle Energy mortgages, community land trusts or properties with resale restrictions, and Texas Section 50(a)(6) mortgages), the Property Inspection Waiver may not be exercised and the loan cannot be delivered with Special Feature Code 801.

LPA Sample Appraisal Waiver Messages

Loan is eligible for collateral representation and warranty relief with an appraisal waiver until ~ACE expiration date~. Freddie Mac accepts the submitted value estimate as the value of the subject property. If Seller accepts the waiver, an appraisal is not required and Seller will be relieved of representations and warranties related to value, condition and marketability. If the waiver is not accepted, an appraisal must be obtained.

And

This loan is eligible for an appraisal waiver. If the waiver is not accepted an appraisal is required.

Please contact your Sales Representative with any questions.