

In Case You Missed It

A Summary of *Selling Guide* and Policy Communications

This job aid summarizes recent *Selling Guide* and related policy updates, clarifications, or other supporting communications. It provides links to related resources as applicable.

Note: Fannie Mae made many of these changes or communications in direct response to lender feedback requesting that we simplify or clarify policies or processes.

How to read this guide:



Most Recent Up Top

Read this guide in **reverse chronological order** (most recent items are listed first in the chart below).



Know Your Acronyms

CU: Collateral Underwriter® (CU®)

DU/DO: Desktop Underwriter® (DU®) and/or Desktop Originator® (DO®)

LL: Lender Letter (reinforces existing policy or provides related information)

SEL: *Selling Guide* Announcement

Introducing Loan Quality Connect

Loan Quality Connect™ is our new system that drives loan quality and manages the post-purchase review process. It brings lenders simplified technology, seamless collaboration, and increased certainty. [View the web page for details.](#)



Did you know?

We've united all the Fannie Mae Single-Family news you need to know in one easy-to-read email. The new *Selling + Servicing News* is designed to help you identify information most important to you. [Click here to subscribe.](#)



Look for What's Most Relevant to You

- Appraisals
- Loan Delivery
- Risk Management/Quality Control
- Servicing
- Technology
- Underwriting
- Other




Keep an Eye on Day 1 Certainty



Look for the icon for updates related to **Day 1 Certainty®**.



#	Publication (Date)	Topic	Description / Resources
52	SEL-2018-09 (12/04/2018)	■ Calculating Self-employment Income	Provided lenders representation and warranty enforcement relief on the accuracy of income calculations when a lender uses a Fannie Mae-approved self-employment income calculation tool and enters the income amount into DU. LoanBeam's Fannie Mae SEI 1084 workbook is now an approved self-employment income calculation tool.
51		■ Commission Income and Unreimbursed Business Expenses	Aligned policy with recent changes made by the IRS by no longer considering unreimbursed business expenses when calculating commission income that is 25% or more of employment income, or automobile allowances.
50		■ DU Version 10.3	Incorporated selling policy changes previously announced in DU/DO Version 10.3 Release Notes, including: <ul style="list-style-type: none"> • risk factors evaluated by DU; • cash-out refinance transactions for borrowers with DTI ratios exceeding 45%; • changes to how loans are underwritten if a borrowers has a credit score based only on medical tradelines; and • appraisal waivers. DU Version 10.3 Release Notes
49		■ Appraisal Waiver Policy for Disasters	 Permitted lenders to exercise an appraisal waiver offer on a loan in process when the area where the property is located is impacted by a disaster, when certain requirements are met.
48		■ On-Frame Modular and Modular Construction	Allowed on-frame modular homes to be considered eligible property types if they meet the eligibility requirements of stick-built homes. Multi-unit buildings, such as attached condos, may be built using modular construction if they comply with local building codes. Manufactured/Modular Housing Types infographic
47		■ Small Business Administration Loans	Clarified that Small Business Administration loans secured by the subject property must be treated as subordinate financing and included in the calculation of CLTV and HCLTV ratios.

■ Appraisals
■ Loan Delivery
■ Risk Management/Quality Control
■ Servicing
■ Technology
■ Underwriting
■ Other



46		<ul style="list-style-type: none"> ■ Kroll Rating Agency 	Consolidated policies related to property insurance carrier requirements for sellers and servicers into the <i>Selling Guide</i> , added Kroll Bond Rating Agency as an acceptable rating agency, and removed the more restrictive rating requirements for co-op projects.
45		<ul style="list-style-type: none"> ■ Flood Insurance 	Consolidated policies related to flood insurance coverage requirements into the <i>Selling Guide</i> , allowed high-LTV refinance loans secured by units in attached condo projects to have individual flood insurance policies, and removed the requirement for HOAs to maintain a master flood insurance policy for two- to four-unit properties. Project Insurance Requirements FAQs
44	LL-2018-05 (11/17/2018)	<ul style="list-style-type: none"> ■ Conventional Loan Limits for 2019 	Provided the general and high-cost area loan limits. Loan Limits web page Loan Limit Look-Up Table
43	DO/DU Release Notes (10/23/2018)	<ul style="list-style-type: none"> ■ DU Version 10.3 (12/8/2018) 	The changes in this release apply to new loan casefiles submitted to DU on or after the weekend of Dec. 8, 2018, including: <ul style="list-style-type: none"> • DU risk assessment update • Appraisal waiver changes • Retirement of DU Version 10.1 • Updates to align with the <i>Selling Guide</i> DU Version 10.3 Release Notes
42	SEL-2018-08 (10/02/2018)	<ul style="list-style-type: none"> ■ Union Members 	Clarified our policies related to employment verification for union members; unions are permitted to provide: <ul style="list-style-type: none"> • verbal verification of employment for a member currently employed; and • an executed employment offer or contract for future employment for a member who is not scheduled to begin employment until after loan closing.
41		<ul style="list-style-type: none"> ■ Employment-Related Assets as Qualifying Income 	Expanded policy for borrowers who want to use certain employment-related assets to generate an income stream for qualifying purposes. This change increases the maximum LTV, CLTV, and

■ Appraisals
■ Loan Delivery
■ Risk Management/Quality Control
■ Servicing
■ Technology
■ Underwriting
■ Other



			HCLTV ratio from 70% to 80% for loans where the asset owner is at least 62 years old at the time of closing.
40		■ Outsourcing of Mortgage Processing and Third-Party Originations	Simplified policies related to the outsourcing of mortgage processing and lender management of third-party originators.
39		■ Selection of Comparable Sales for MH Advantage™ Appraisals	Clarified our comparable sales requirement to allow appraisals of site-built homes to be used as comparable sales for MH Advantage homes when fewer than three MH Advantage sales are available. MH Advantage and Standard MH Mortgages web page
38	SEL-2018-07 (9/04/2018)	■ Renaming of Property Inspection Waivers	Adopted the name <i>appraisal waiver</i> for what was previously called <i>property inspection waiver</i> and <i>property fieldwork waiver</i> . Appraisal Waivers web page
37		■ Rural High-Needs Appraisal Waiver	Announced a new appraisal waiver option for eligible home purchases in certain rural high-needs areas.
36		■ Liability and Fidelity/Crime Insurance for Projects	Clarified requirements for liability, fidelity, and crime insurance for condo projects. Condo, Co-op, and Planned Unit Development (PUD) Eligibility web page
35		■ Single-Entity Ownership of Co-op Projects	Corrected the single-entity ownership policy for co-op projects from 10% to 20% to align with the policy for condo projects to reflect the change made earlier this year.
34		■ High Loan-to-Value Refinance Option	Provided a new high loan-to-value refinance option for borrowers making their mortgage payments on time, but whose LTV ratios exceed the maximum for standard limited cash-out refinance transactions. The details of this option were previously announced and are now included in the <i>Selling Guide</i> . High LTV Refinance web page
33	SEL-2018-06 (8/07/2018)	■ Market Conditions Addendum (Form 1004MC)	Removed the requirement for appraisers to submit Form 1004MC, the Market Conditions Addendum to the Appraisal Report. Appraisers remain responsible for analyzing market conditions and accurately reporting them in the <i>Neighborhood</i> section of the appraisal form.
32		■ Disbursement of HomeStyle® Renovation Funds	Allowed lenders to disburse HomeStyle® Renovation funds by wire transfer when certain requirements are met. Homestyle Renovation web page

■ Appraisals ■ Loan Delivery ■ Risk Management/Quality Control ■ Servicing ■ Technology ■ Underwriting ■ Other



31		<ul style="list-style-type: none"> ■ Consolidation of Data Quality and Integrity and Mortgage Fraud 	Consolidated <i>Selling</i> and <i>Servicing</i> policies pertaining to data quality and integrity and the prevention, detection, and reporting of mortgage fraud into <i>Selling Guide</i> Part A.
30		<ul style="list-style-type: none"> ■ First Payment Date 	Clarified that for both MBS and whole loans the maximum amount of time permitted to occur between the final disbursement date and the first payment date is two months.
29	DO/DU Release Notes (7/24/2018)	<ul style="list-style-type: none"> ■ DU 10.2 (9/22/2018) 	<p>The changes in this release apply to DU 10.2 loan casefiles submitted or resubmitted on or after the weekend of Sept. 22, 2018, and include:</p> <ul style="list-style-type: none"> • High Loan-to-Value Refinance Option Implementation; • DU Validation Service Modification; and • Other Updates to Align with the <i>Selling Guide</i>.
28	SEL-2018-05 (6/05/2018)	<ul style="list-style-type: none"> ■ MH Advantage™ Properties 	<p>Announced MH Advantage, a new homeownership option that pairs affordable financing with specially designated manufactured housing having characteristics typical of site-built homes.</p> <p>Manufactured Housing web page</p>
27		<ul style="list-style-type: none"> ■ Inspection of Manufactured Homes with Structural Modifications 	Clarified approved parties for performing inspections on manufactured housing with structural modifications.
26		<ul style="list-style-type: none"> ■ Project Standards Updates 	<p>Updated condo policies to increase simplicity and flexibility, making it easier for lenders to originate condo loans. The changes reduce review requirements for certain transactions, increase the amount of allowable commercial space, expand review flexibilities, and more.</p> <p>Condo, Co-op, and PUD Eligibility web page</p>
25		<ul style="list-style-type: none"> ■ Flash Settlement for MBS® 	Provided more Flash MBS pooling flexibilities by allowing lenders to receive book-entry delivery on our published Fannie Majors® as early as 48 hours after loan delivery.
24		<ul style="list-style-type: none"> ■ Desktop Underwriter® (DU®) Bankruptcy and Mortgage Delinquency Management 	Aligned the <i>Selling Guide</i> with changes to DU related to certain bankruptcy and mortgage delinquency items on a credit report.

■ Appraisals
 ■ Loan Delivery
 ■ Risk Management/Quality Control
 ■ Servicing
 ■ Technology
 ■ Underwriting
 ■ Other



23		<ul style="list-style-type: none"> HomeStyle® Energy in DU 	Removed the requirement for lenders to manually confirm if a loan is eligible for HomeStyle Energy.
22		<ul style="list-style-type: none"> HomeStyle Renovation Forms 	Provided additional HomeStyle Renovation forms, including special-purpose model documents and riders.
21	LL-2018-02 (5/22/2018)	<ul style="list-style-type: none"> High Loan-to-Value Refinance Option Update 	Provided additional details and updated information for the high LTV refinance option that will be available later this year and was previously introduced in LL-2017-05 High LTV Refinance web page .
20	SEL-2018-04 (5/01/2018)	<ul style="list-style-type: none"> Native American Tribes as Community Seconds® Providers 	Allowed Native American tribes and their sovereign instrumentalities to provide grants or Community Seconds loans to borrowers.
19		<ul style="list-style-type: none"> Property Inspection Waivers Offered After a Disaster 	Allowed lenders to exercise PIWs on properties located in disaster areas when Fannie Mae has received a post-disaster appraisal on the property.
18	DO/DU Release Notes (4/24/2018)	<ul style="list-style-type: none"> DU 10.2 June Update 	<p>The changes in this release apply to DU 10.2 loan casefiles submitted or resubmitted to DU on or after June 23, 2018, and include:</p> <ul style="list-style-type: none"> • Bankruptcy and Mortgage Delinquency Assessment; • HomeStyle® Energy; • DU Validation Service; • Potential Casefile Reuse; • IPC Data Field Retirement; • HFA Preferred™ and Preferred Risk Sharing; and • Other updates to align with the <i>Selling Guide</i>.
17		<ul style="list-style-type: none"> Full-Service Certification Custodians 	Provided lenders a choice to select a full-service certification custodian (FCC) for whole loans and MBS transactions, instead of requiring them to use our designated document custodian. A new <i>Master Custodial Agreement (Form 2017)</i> will govern the custodial relationship between Fannie Mae, the lender, and the FCC.

Appraisals
 Loan Delivery
 Risk Management/Quality Control
 Servicing
 Technology
 Underwriting
 Other



	<u>SEL-2018-03</u> (4/03/2018)		
16		<ul style="list-style-type: none"> Lender Contributions 	Allowed lenders to provide closing cost assistance to borrowers when certain requirements are met.
15		<ul style="list-style-type: none"> Conversion of Construction-to-Permanent Financing: Single-Closing Transactions 	Clarified whether a single-closing construction-to-permanent transaction should be considered a purchase or a refinance, based on the timing of lot ownership.
14		<ul style="list-style-type: none"> Payee Codes in Loan Delivery 	Payee codes will be updated in Loan Delivery after the lender submits new or updated wire transfer transactions on Form 482 , <i>Seller's Designation of Wire Transfer Instructions</i> .
13		<ul style="list-style-type: none"> Retirement of Out of Compliance Process for Housing Goals Data 	Retired monthly Out of Compliance reports as housing goals data is now required in Loan Delivery.
12		<ul style="list-style-type: none"> Compliance with Laws and Responsible Lending 	Consolidated <i>Selling</i> and <i>Servicing</i> policies pertaining to compliance with laws and responsible lending practices into <i>Selling Guide</i> Part A. Removed duplicative content from the <i>Servicing Guide</i> .
11	<u>SEL-2018-02</u> (2/27/2018)	<ul style="list-style-type: none"> Age of Document Requirements for Loans Impacted by a Disaster 	Increased the allowable age of documents from 120 days to 180 days for properties located in a FEMA-declared disaster area.
10		<ul style="list-style-type: none"> Business Continuity and Disaster Recovery 	Aligned the requirements for lender business continuity and disaster recovery plans with the requirements in the <i>Servicing Guide</i> .

Appraisals
 Loan Delivery
 Risk Management/Quality Control
 Servicing
 Technology
 Underwriting
 Other



9		<ul style="list-style-type: none"> ■ HomeStyle® Energy 	<p>Provided more opportunities to use the HomeStyle Energy product that:</p> <ul style="list-style-type: none"> • Allowed borrowers to use this product to make resiliency upgrades that will improve the home's ability to withstand environmental hazards, in addition to making homes more energy efficient; • No longer requires an energy report for many energy-related renovations; • Increased the maximum allowable LTV to 97% for certain loans underwritten in DU; • And more.
8		<ul style="list-style-type: none"> ■ HomeStyle® Renovation 	<p>Expanded the HomeStyle Renovation mortgage option that:</p> <ul style="list-style-type: none"> • Increased the maximum allowable LTV to 97% for certain loans underwritten in DU; • Allowed renovations on manufactured homes; • Allowed lenders to deliver HomeStyle Renovation loans without special approval from Fannie Mae, when certain requirements are met; • And more. <p>For more information, view our web page.</p>
7	<p>DO/DU Release Notes (1/30/2018)</p>	<ul style="list-style-type: none"> ■ DU 10.2 (3/17/2018) 	<p>Included an adjustment to the DU credit risk assessment that limits risk layering. This change does not impact the risk factors evaluated by DU. Other updates in DU 10.2 include:</p> <ul style="list-style-type: none"> • HomeStyle Renovation mortgage eligibility requirements; • Property Inspection Waiver messaging; • Condo Project Review messaging; • Housing Goals messaging; • Retirement of DU 10.0; and • Other updates to align with the <i>Selling Guide</i>.
6	<p>SEL-2018-01 (1/30/2018)</p>	<ul style="list-style-type: none"> ■ Revised Form 360 	<p>Updated Form 360, <i>Certificate of Authority, Incumbency, and Specimen Signatures</i>, to make it easier to validate sellers' and servicers' authorized signers.</p>

Appraisals
 Loan Delivery
 Risk Management/Quality Control
 Servicing
 Technology
 Underwriting
 Other



5		<ul style="list-style-type: none"> ■ Second Appraisals 	<p>Required lenders to choose the most reliable appraisal when two appraisals are obtained for one property. This changes aligns Fannie Mae policy with industry standards.</p>
4		<ul style="list-style-type: none"> ■ Field Reviews for Properties Valued at \$1,000,000+ 	<p>Removed the requirement for field reviews on properties valued at \$1,000,000 or more.</p>
3		<ul style="list-style-type: none"> ■ Minor Litigation in Projects 	<p>Expanded project-related minor litigation policy to provide lenders more flexibility.</p>
2		<ul style="list-style-type: none"> ■ ■ Detached Condo Projects ■ 	<ul style="list-style-type: none"> • Waived project review requirements for all detached condo units. • Removed all references to site condos. • Allowed for construction-to-permanent financing. • Requires SFC 588 and project code V for all detached condo loans at delivery. • Retired SFC 917.
1		<ul style="list-style-type: none"> ■ Federal Tax Installment Plans 	<p>Allowed a borrower's monthly federal tax repayments to be included in the debt-to-income ratio (in lieu of payment in full) when certain requirements are met.</p>

■ Appraisals
■ Loan Delivery
■ Risk Management/Quality Control
■ Servicing
■ Technology
■ Underwriting
■ Other