

Announcement SEL-2010-04**March 29, 2010*****Selling Guide* Updates**

The *Selling Guide* is being updated to include changes to the following items:

- Texas Section 50(a)(6) mortgages
- DU Refi Plus™ and Refi Plus
- Borrower-paid fees when purchasing a preforeclosure sale or short sale
- Borrower Social Security number invalid format
- Conversion of construction-to-permanent financing
- Fannie Majors® mortgage pooling requirements

Each of these changes is briefly described below. The affected topics (and specific paragraphs) are noted for each policy change and are linked to the updated *Selling Guide*. Lenders should review each topic to gain a full understanding of the policy changes. The updated topics are dated March 29, 2010.

Texas Section 50(a)(6) Mortgages

Fannie Mae is changing the delivery of Texas Section 50(a)(6) mortgages from a variance to requiring lenders to obtain special approval. This approval will be documented by the execution of an addendum to the Master Selling and Servicing Contract (MSSC) already executed by the lender.

Fannie Mae is not modifying any of the eligibility, documentation, or underwriting requirements that were in the variance terms or are in the *Selling Guide*.

Updated *Selling Guide* Topics

[A1-1-01](#), Application and Approval of Lender (Special Lender Approval)

[B5-4-01](#), Texas Section 50(a)(6) Mortgages (Lender Eligibility, Loan Origination, and Compliance and Lender Certification)

[B5-4-02](#), Texas Section 50(a)(6) Mortgage Eligibility (Refinance Classifications)

[B5-4-03](#), Texas Section 50(a)(6) Underwriting and Collateral Considerations (Underwriting and Loan Documentation)

[B5-4-04](#), Texas Section 50(a)(6) Mortgage Delivery Considerations (Special Feature Codes and Pricing)

[B5-4-05](#), Texas Section 50(a)(6) Mortgage Legal Considerations (Mortgage Documentation)

[B5-5.1-05](#), DU Refi Plus and Refi Plus Eligibility (Maximum LTV, CLTV, and HCLTV Ratios and Texas 50(a)(6) Mortgages)

[B7-2-04](#), Special Title Insurance Coverage Considerations (Other Mortgages)

[B8-5-04](#), Texas Section 50(a)(6) Mortgage Documentation

Effective Date

Fannie Mae is in the process of contacting lenders that have this variance and updating their MSSC with the new addendum. Lenders without this variance that are interested in delivering Texas 50(a)(6) mortgage loans should contact their Customer Account Team.

DU Refi Plus and Refi Plus Enhancements

Removal of Borrowers

Currently, DU Refi Plus requires that all borrowers on the existing mortgage loan remain on the new mortgage loan, while Refi Plus permits borrower removal in the limited circumstances of death or divorce. To provide consistency between the two products and expand eligibility, DU Refi Plus and Refi Plus requirements are being updated to:

- permit the removal of borrowers for any reason, not solely due to death or divorce;
- require that the remaining borrower(s) demonstrate that they have been making the payments from their own funds for the prior 12 months;
- require that the borrower being removed is also removed from the deed (or provide evidence of death, as applicable); and
- provide additional flexibilities through DU Refi Plus for borrowers being removed due to death (no 12-month payment history required).

Updated *Selling Guide* Topic

[B5-5.1-05](#), DU Refi Plus and Refi Plus Eligibility (Borrower Eligibility)

Effective Date

These changes are effective immediately for Refi Plus. Desktop Underwriter[®] (DU[®]) will be updated on or after the weekend of April 17, 2010. Refer to the Desktop Originator[®]/DU Version 8.0 April Update Release Notes.

Refi Plus Date Alignment

Refi Plus currently allows any existing Fannie Mae-owned or securitized mortgage to be refinanced under the program, regardless of the date the original mortgage was acquired by Fannie Mae. DU Refi Plus, however, requires that any existing mortgage be owned by Fannie Mae prior to March 1, 2009 to be eligible.

Refi Plus is being updated to also require that all existing mortgages be owned by Fannie Mae prior to March 1, 2009 to be eligible. This update supports the original intent of the product by ensuring that borrowers who have experienced a significant decline in property value or who need additional flexibilities due to changes in underwriting and credit requirements in the market can take advantage of the refinance flexibilities offered under the program.

Updated *Selling Guide* Topic

[B5-5.1-05](#), DU Refi Plus and Refi Plus Eligibility (Eligible Existing Mortgage Loan Types)

Effective Date

This change is effective for loan applications dated on or after April 15, 2010.

Social Security Number Matching Process

As stated in the DU Version 8.0 April Update Release Notes, Fannie Mae is updating the Social Security number matching process used by DU when underwriting loan casefiles as DU Refi Plus. The *Selling Guide* is being updated to reflect this change.

Updated *Selling Guide* Topic

[B5-5.1-06](#), DU Refi Plus and Refi Plus Underwriting (Converting DU Refi Plus to Refi Plus)

Effective Date

This change will apply to DU Version 8.0 loan casefiles submitted or resubmitted to DU on or after the weekend of April 17, 2010.

Extension of DU Refi Plus and Refi Plus Flexibilities

FHFA and Fannie Mae recently announced the extension of the Home Affordable Refinance Program. The *Selling Guide* is being updated accordingly.

Updated *Selling Guide* Topic

[B5-5.1-06](#), DU Refi Plus and Refi Plus Underwriting (Converting DU Refi Plus to Refi Plus)

Borrower-Paid Fees when Purchasing a Preforeclosure Sale or Short Sale

New fees and payments have become commonplace in the negotiation and purchase of properties that are the subject of a preforeclosure sale or short sale. Fannie Mae is providing guidance for the treatment of such fees and payments when they are not common or customary.

Updated *Selling Guide* Topic

[B2-1.4-01](#), General Mortgage Terms and Conditions (Fees and Payments for the Purchase of Preforeclosure or Short Sale Properties)

Effective Date

This change is effective immediately.

Social Security Number Invalid Format

Announcement SEL-2010-01, *Selling Guide Updates for the Loan Quality Initiative* described requirements for lenders in resolving Social Security number issues identified by DU or Fannie

Mae's Loan Delivery system. Fannie Mae is clarifying the *Selling Guide* regarding Social Security numbers with invalid formats. If the Social Security number is invalid and the borrower cannot provide a valid Social Security number, the loan is not eligible for delivery to Fannie Mae.

Updated *Selling Guide* Topic

[B2-2-01](#), General Borrower Eligibility Requirements (Tax Identification Numbers)

Effective Date

This change is effective immediately.

Conversion of Construction-to-Permanent Financing

DU Version 8.0 April Update Release Notes indicated that DU will no longer permit construction-to-permanent financing for condominium properties. The High-Balance Mortgage Loan and DU Maximum Allowable LTV Ratio charts in the [Eligibility Matrix](#) are being updated (in the footnotes) to reflect this policy. The *Selling Guide* is being updated to include a link to the Eligibility Matrix in the applicable topic.

Updated *Selling Guide* Topic

[B5-3.1-01](#), Conversion of Construction-to-Permanent Financing Overview

Effective Date

This change will apply to DU Version 8.0 loan casefiles submitted or resubmitted to DU on or after the weekend of April 17, 2010.

Fannie Majors Mortgage Pooling Requirements

The *Selling Guide* requirements related to multiple lender pools, Fannie Majors, have been updated to direct lenders to eFannieMae.com for specific mortgage pooling requirements related to Fannie Majors pools.

Updated *Selling Guide* Topic

[C3-6-01](#), Parameters for Pooling Loans Into Fannie Majors (Selecting Mortgages to Include in a Fannie Majors Pool)

Lenders who have questions about this Announcement should contact their Customer Account Team.

Marianne E. Sullivan
Senior Vice President
Single-Family Chief Risk Officer