

Announcement SEL-2011-01**January 27, 2011*****Selling Guide* Updates**

The *Selling Guide* has been updated to include changes to the following topics:

- Community land trusts
- Non-standard payment collection options
- Miscellaneous updates

Each of the updates is described below. The affected topics (and specific paragraphs) are noted for each policy change. Lenders should review each topic to gain a full understanding of the policy changes. The updated topics are dated January 27, 2011.

Highlighted *Selling Guide* Published on eFannieMae.com

With this update, Fannie Mae has begun publishing a “highlighted” PDF version of the *Selling Guide* on eFannieMae.com on a trial basis. The highlights identify where updates have been made for this particular update, and have been done according to some “highlighting rules” that are also posted on eFannieMae.com. For example, readers will find the topic title highlighted in both the Table of Contents and the body of the *Guide* for any topic with updated, added, or deleted text. The specific block titles and sentences will also be highlighted to identify where text has been modified. From the announcement that is posted on eFannieMae.com, the links to the updated topics referenced below will take the reader to the highlighted topics so that the changes can be readily identified. Lastly, a link to the prior version of the topic (posted on eFannieMae.com in the prior *Selling Guide* PDF) has been added into each updated topic to facilitate an easy comparison of the text and enable readers to see text that was updated or deleted.

Fannie Mae will highlight all major changes to text. Other minor changes, such as changes to formatting or punctuation, will not be highlighted. The highlighting is provided strictly as a convenience for our customers, to assist in the review of *Selling Guide* updates. However as some changes considered by Fannie Mae to be minor are not highlighted, lenders are responsible for knowing the full content of the *Guide* and its updates and should not rely on the highlighted text as a complete picture of the current changes or status of the *Guide* contents. Refer to eFannieMae.com for additional information.

Note: Lenders may continue to access the *Selling Guide* from AllRegs® from either eFannieMae.com or through a direct subscription with AllRegs. AllRegs posts the most current version of the *Selling Guide* and certain archived versions (December 1, 2010, December 30, 2009, July 2007, and January 2006).

Community Land Trusts

This *Selling Guide* update contains revisions to Fannie Mae’s requirements for community land trusts related to the *Community Land Trust Ground Lease Rider* ([Form 2100](#)), and refinance transactions. In addition, the resources available on eFannieMae.com have been updated.

Community Land Trust Ground Lease Rider (Form 2100)

The National Community Land Trust Network (NCLTN), the umbrella organization supporting the work of community land trusts across the United States, has developed the NCLTN 2011 CLT Network Model Ground Lease. Fannie Mae has reviewed and approved the use of the NCLTN 2011 CLT Network Model Ground Lease for first mortgage loans delivered to Fannie Mae that are secured by this ground lease. Lenders may temporarily continue to use the Institute for Community Economics (ICE) Model Ground Lease, as explained below. Both model ground leases are available from the NCLTN.

In order for lenders to deliver mortgage loans secured by properties on community land trusts, they must use the appropriate Fannie Mae ground lease rider. Fannie Mae has revised its standard community land trust ground lease rider for use with the NCLTN 2011 CLT Network Model Ground Lease and with the ICE Model Ground Lease.

The new version of Fannie Mae's ground lease rider is labeled the *Community Land Trust Ground Lease Rider, Form 2100 3/06 (rev 12/10)*. Although lenders may use Form 2100 3/06 (rev 12/10) with either the NCLTN 2011 CLT Network Model Ground Lease or the ICE Model Ground Lease, **the former 3/06 version of the rider may only be used with the ICE Model Ground Lease**. Lenders should ensure that their community land trust partners have approved the use of the 12/10 version of Form 2100 before the 3/06 version is retired on 12/31/2011. Loans delivered after 12/31/2011 must use the 12/10 version of Form 2100.

The purpose of the ground lease rider is to ensure that the ground lease conforms to Fannie Mae's requirements for community land trust mortgages without the delay that would result from the lender's obtaining Fannie Mae's approval of each ground lease. Fannie Mae's approval is required, however, if the ground lease rider is modified or is not properly executed. In addition, if the lender determines that the ground lease does not conform to the NCLTN 2011 CLT Network Model Ground Lease or to the ICE Model Ground Lease, Fannie Mae's approval of the ground lease is required prior to delivery of any loans.

The *Selling Guide* has been updated to reflect references to both approved model ground leases. Under [B7-2-04](#), Special Title Insurance Coverage Considerations, additional language was added to clarify that the following are allowable if permitted under Form 2100: ground lease occupancy and resale restrictions, covenants, or agreements that "run with the land" that are recorded apart from the ground lease.

For more information about the NCLTN, visit their Web site at cltnetwork.org.

Refinance Transactions

Previously, the *Selling Guide* only required the lender to document the community land trust's approval when the borrower's transaction involved a cash-out refinance. The *Selling Guide* has been updated to reflect that the lender must document the community land trust's approval of any refinance transaction when a loan is being delivered to Fannie Mae. This update is consistent with the language contained in the model leases approved by Fannie Mae, and as such does not represent a change in policy.

Updated Resources on eFannieMae.com

The Community Land Trust page on eFannieMae.com provides a brief description of community land trusts, and links to Form 2100 (both versions) and to a revised community land trust checklist, which is designed to be used by lenders and community land trust organizations. The site has also been updated to remove a number of outdated resources that were posted in 2006.

Updated *Selling Guide* Topics

[B5-5.1-04](#), Community Land Trusts

[B7-2-04](#), Special Title Insurance Coverage Considerations (Mortgages Subject to Leasehold Estates)

[B8-5-05](#), Sample Legal Documents (Mortgages Secured by Property Located on Community Land Trusts)

[E-1-02](#), Acronyms and Abbreviations

Effective Date

The policy changes contained in this Announcement are effective immediately. As stated above, the revised Form 2100 03/06 (rev 12/10) may be used immediately with both the ICE Model Ground Lease and with the NCLTN 2011 CLT Network Model Ground Lease.

Mortgage loans delivered with the ICE Model Ground Lease may use Form 2100 (03/06) until 12/31/11. Beginning on January 1, 2012, however, mortgages loans delivered with the ICE Model Ground Lease may only use the revised Form 2100 03/06 (rev 12/10).

Non-standard Payment Collection Options

The *Selling Guide* has been updated to address Fannie Mae's policies regarding non-standard payment collection options. Such payment collection options are agreements between the lender and borrower that allow the borrower to make principal and interest payments on a schedule other than once per month (such as biweekly, weekly, semi-monthly, etc.).

Non-standard payment agreements must be separate from the mortgage note. Additionally, in alignment with Fannie Mae's MBS base prospectus and good delivery guidelines for the "to be announced" or TBA market for MBS, non-standard payment collection agreements must not be in place prior to the sale of the loan to Fannie Mae. Refer to the new topic for additional criteria that applies when a non-standard payment collection agreement is in place.

New *Selling Guide* Topic

[B2-1.4-06](#), Non-standard Payment Collection Options

Effective Date

This update is effective immediately

Miscellaneous *Selling Guide* Updates

This *Selling Guide* update includes a number of other miscellaneous updates and clarifications:

- The *Selling Guide* currently contains prior effective dates and time frames by which lenders were required to meet new net worth requirements. The following topic has been updated to remove these prior dates:
 - [A4-2-01](#), Net Worth and Liquidity Requirements
- Fannie Mae no longer issues a conditional final project acceptance. Since all previously issued conditional final acceptances have expired, and the list of accepted projects has been removed from eFannieMae.com, the following topics have been updated to remove references to this project status:
 - [B4-2.2-01](#), Condo Project Eligibility (Condo Project Type Codes)
 - [B4-2.2-12](#), Geographic-Specific Condo Project Considerations (Florida – Attached Unit New and Newly Converted in Condo Projects)
- A reference to a process in the *Fannie Mae Requirements for Document Custodians* (RDC guide) was inserted to alert lenders to an existing process that must occur when document custodians discover data discrepancies during their quality control process. The following topic has been updated:
 - [A3-3.04](#), Document Custodians (Roles and Responsibilities of the Document Custodian)
- A reference to the Home Valuation Code of Conduct was changed to the Appraiser Independence Requirements. (This should have occurred in the December 2010 *Selling Guide* update). The following topic has been updated:
 - [B4-1.1-01](#), General Information on Appraisal Requirements
- The *Selling Guide* has been updated with regard to how Desktop Underwriter® (DU®) identifies prior foreclosures based on the data in the credit report. (The update matches the logic currently applied by DU and does not represent a change in policy). The following topic has been updated:
 - [B3-5.3-09](#), DU Credit Report Analysis (Prior Bankruptcy, Foreclosure, Deed-In-Lieu of Foreclosure, and Preforeclosure Sales)
- The Glossary was updated to remove the term “supervised lender” since it is not a term utilized in the body of the *Selling Guide*.

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

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