

Selling Guide Announcement (SEL-2020-04)

Aug. 5, 2020

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

- [Solar panel policies](#): clarified the underwriting and appraisal requirements associated with different financing structures used for the purchase of solar panels
- [Representations and warranties framework for loans in forbearance](#): aligning the Guide with previously announced LL-2020-06 stating loans in forbearance are eligible for enforcement relief based on the payment history, without regard to being in forbearance
- [Removal of Master Agreements](#): removed references to Master Agreements as they are no longer applicable to the lender contract process

View the list of [impacted topics](#).

Solar panel policies

The use of solar panels and other energy efficiency improvement programs continues to increase in popularity in the market. As a result, we have updated our policy to clarify how our underwriting and appraisal requirements differ based on the type of financing structure used for the purchase of the solar panels, including when the panels are owned outright by the borrower. Specifically, we are providing further guidance concerning the calculation of the DTI ratio and CLTV ratio when the solar panels are subject to financing in the form of a power purchase or lease agreement. We are reminding lenders of their responsibility to ensure our first lien enforceability at all times. We are also reminding lenders and appraisers that they may consider the cost and income approach to evaluate the value impact of solar panels (and other energy efficiency improvements), provided the analysis relies primarily on the market approach.

Representations and warranties framework for loans in forbearance

In Lender Letter [LL-2020-06, Selling Loans in Forbearance Due to COVID-19](#) (updated May 19, 2020) we stated that we will define a loan subject to a forbearance agreement as having an acceptable payment history if the borrower continues to make timely payments during the forbearance period and meets all other Version 2 requirements. We are clarifying that loans in forbearance (that are not impacted by a disaster) are eligible for representation and warranty relief based on payment history if the loan meets the Version 2 payment history requirements. We have updated the Guide to reflect this clarification which applies to all loans that go into forbearance after sale to us, not only loans sold to us under the temporary sale flexibility in the Lender Letter.

Removal of Master Agreements

As a result of the simplification of our lender contract process, we no longer issue Master Agreements to lenders who sell us special loan products or other mortgage loans that were originated with terms that are exceptions to our standard eligibility, underwriting, or other origination criteria. Since we no longer use Master Agreements, we have removed all policies and references to Master Agreements from the *Selling Guide*.

Lenders may also contact their Fannie Mae Account Team if they have questions about this Announcement. Have guide questions? Get answers to all your policy questions, straight from the source. [Ask Poli](#).



Impacted Topics

Section of the Announcement	Updated <i>Selling Guide</i> Topics (Dated Aug. 05, 2020)
Solar panel policies	<ul style="list-style-type: none">▪ B2-3-04, Special Property Eligibility Considerations▪ B4-1.3-05, Improvements Section of the Appraisal Report
Representations and warranties framework for loans in forbearance	<ul style="list-style-type: none">▪ A2-3.2-02, Enforcement Relief for Breaches of Certain Representations and Warranties Related to Underwriting and Eligibility
Removal of Master Agreements	<ul style="list-style-type: none">▪ A2-1-01, Contractual Obligations for Sellers/Servicers▪ A2-3.1-01, Lender Breach of Contract▪ A2-4-01, Master Agreement Overview (DELETED)▪ A2-4-02, Terms of a Master Agreement (DELETED)▪ A2-4-03, Variances and Special Provisions (DELETED)▪ A2-4-04, Breaches of a Master Agreement (DELETED)▪ B3-2-06, Approve/Ineligible Recommendations▪ B3-5.1-01, General Requirements for Credit Scores▪ B4-2.1-01, General Information on Project Standards▪ B5-1-01, High-Balance Mortgage Loan Eligibility and Underwriting▪ B5-6-01, HomeReady Mortgage▪ B6-1-01, General Government Mortgage Loan Requirements▪ B6-1-02, Eligible FHA-Insured Mortgage Loans▪ B6-1-03, Eligible VA-Guaranteed Mortgages▪ C1-1-01, Execution Options▪ C2-1.1-03, Mandatory Commitment Terms, Amounts, Periods and Other Requirements▪ E-1-04, List of Lender Contracts▪ E-2-03, Master Agreement Terms and Conditions (DELETED)▪ E-3-19, Glossary of Fannie Mae Terms: S▪ E-3-22, Glossary of Fannie Mae Terms: V