



Selling Guide Announcement (SEL-2021-06)

Jul. 7, 2021

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

- [Asset documentation requirements for refinance transactions](#): reduces the documentation requirements for certain refinances
- [Age of appraisal](#): clarified when an appraisal update or new appraisal is needed
- [MBS trade confirmation process update](#): clarified the lenders' responsibility for notifying us of discrepancies in the terms of a trade
- [Miscellaneous update](#): alignment with previously announced policy changes

In addition, updates to the following are described in this Announcement:

- [Uniform instruments](#): updated and made improvements to all uniform legal instruments to enhance clarity and usability
- [Special Feature Codes](#): updated the name and description of Special Feature Code (SFC) 107, New York Co-op Flexibilities

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

Asset documentation requirements for refinance transactions

In response to feedback provided by lenders and in alignment with the DU validation service, we have reduced certain documentation requirements related to refinance transactions. For limited cash-out and cash-out refinance transactions, lenders may use the most recent one-month period of account activity (30 days) to document bank statements or investment portfolio statements.

Effective: Lenders may take advantage of this revised policy requirement immediately. DU will be updated in a future release to only require a bank statement covering a one-month period on refinance transactions. Until that time, lenders may apply the one-month requirement to DU loan casefiles.

Age of appraisal

For loans delivered with an appraisal, the property must have been appraised within the 12 months that precede the date of the note and mortgage. With this update, we have clarified that the age of the appraisal is the difference between the effective date of the original appraisal report and the date of the note and the mortgage. The appraisal is valid for up to four months and, further, can be used up to 12 months if the value of the property has not declined (as evidenced by an appraisal update report on Form 1004D with an effective date within four months of the date of the note and the mortgage). However, when the age of the original appraisal report is more than 12 months, a new appraisal (rather than an update) is required. An exception is made for single-closing construction-to-permanent transactions.



MBS trade confirmation process update

As part of this update, we are clarifying that lenders are responsible for notifying our Operations team of any discrepancies in the terms of their trades by the close of trading on the next trading day, and that lenders will be responsible for any associated fees if they fail to identify any discrepancies within the notification window.

NOTE: *The electronic trading platform is an option that is available that increases efficiency for customers when executing trades. To learn more, see Selling Guide C3-7-01, Establishing an MBS Trading Account.*

Effective: Lenders may take advantage of these changes immediately but must adhere to the new process by Aug. 1, 2021.

Miscellaneous update

B2-2-03, Multiple Financed Properties for the Same Borrower: updated to align with changes announced previously in [LL-2021-08](#). The topic now reflects that loans secured by second homes and investment properties must be underwritten in DU.

Lenders may 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](#).

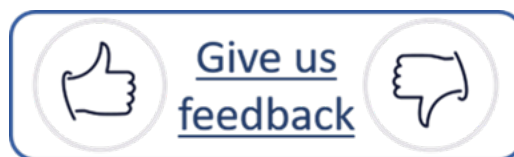
Uniform instruments

We have updated all of our uniform legal instruments – security instruments, notes, riders and addenda, and special-purpose documents – used for loans delivered to us. In collaboration with Freddie Mac, we conducted a comprehensive review of the instruments and made improvements to enhance their clarity and usability. This update includes both Fannie Mae/Freddie Mac uniform instruments and Fannie Mae-specific instruments. These new instruments can be found at <https://singlefamily.fanniemae.com/fannie-mae-legal-documents>. The new instruments have a Jul. 2021 footer date.

Effective: Lenders may begin using these updated forms immediately but will be required to use them for loans with note dates on or after Jan. 1, 2023. The updated Jul. 2021 uniform instruments cannot be used in combination with any earlier versions. For example, a security instrument with a Jul. 2021 footer must be used with a note that also has a Jul. 2021 footer.

Special Feature Codes

We have updated the name and description of SFC 107 to remove references to New Jersey and clarified its use as it pertains to specific exception permitted in the Guide or negotiated provisions.





Impacted Topics

Section of the Announcement	Updated <i>Selling Guide</i> Topics (Dated Jul. 07, 2021)
Asset documentation requirements for refinance transactions	<ul style="list-style-type: none"><li data-bbox="602 447 1149 478">▪ B3-4.2.01, Verification of Deposits and Assets<li data-bbox="602 495 1187 527">▪ B3-4.4-02, Requirements for Certain Assets in DU
Age of appraisal	<ul style="list-style-type: none"><li data-bbox="602 556 1175 588">▪ B4-1.2-02, Appraisal Age and Use Requirements
MBS trade confirmation process update	<ul style="list-style-type: none"><li data-bbox="602 625 992 657">▪ C3-7-02, Initiating an MBS Sale