



Selling Guide Announcement (SEL-2022-09)

Oct. 5, 2022

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

- [Retention of asset verification reports](#): updating the requirements for retaining certain documentation in the loan origination file
- [Social Security income](#): expanding documentation options
- [Average median credit score for manually underwritten loans](#): using average median credit score for determining compliance with minimum credit score eligibility
- [Miscellaneous updates](#):
 - Power of attorney exceptions
 - Appraiser selection
 - Gross living area

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

Retention of asset verification reports

When Desktop Underwriter® (DU®) uses 12 months of borrower asset data for assessment of rent payment history, the full asset verification report containing the 12 months of asset data is not required to be retained as part of the loan origination file. The following requirements apply:

- The lender must have access to the full asset verification report containing the data that was provided to DU for assessment.
- A human-readable asset verification report covering a minimum of 60-days must be retained in the loan origination file.

The related quality control requirements have also been updated.

Effective: This policy update is effective immediately.

Social Security income

We expanded the documentation options for borrowers drawing Social Security income from their own account or work record. In addition to the Social Security Administration's (SSA) Award letter or proof of current receipt, we will allow the SSA-1099 or the most recent signed federal income tax returns (or tax transcripts) to serve as adequate documentation of retirement or disability benefits. This will grant lenders further flexibility in documenting certain Social Security income, particularly when the tax returns are required for other purposes.

In addition to these changes, we reorganized the policy for Social Security income in our Guide to make it easier to differentiate the verification requirements when the borrower is drawing benefits from their own account or work record versus from another person's account or work record.



Effective: DU messages will be updated in a future release, but lenders may take advantage of this policy change immediately.

Average median credit score for manually underwritten loans

We updated our policy for manually underwritten loans to allow use of the average median credit score to determine compliance with our minimum credit score requirements. In permitting the use of the average median score when there is more than one borrower on the loan, as opposed to the representative credit score, we are aligning our eligibility requirements for manually underwritten loans with those underwritten using DU. This change will provide increased access to credit for more borrowers. We are not changing our requirements related to pricing, delivery, or MBS disclosures and will continue to require use of the representative credit score for these purposes. Lenders must continue to deliver a representative credit score for each borrower and Loan Delivery will calculate the loan-level average median credit score to determine if the loan is eligible for purchase.

Effective: Manually underwritten loans where the lender has used the average median credit score for eligibility purposes can be sold to us beginning Oct. 28, 2022.

Note that the [Eligibility Matrix](#) was updated to remove reference to “representative” credit score (and a minor update to Note (1)).

Miscellaneous updates

B1-1-01, Contents of the Application Package and **B8-5-05, Requirements for Use of a Power of Attorney:** As part of our ongoing efforts to ensure our policies are clear and concise, we have revised our requirements related to power of attorney exceptions.

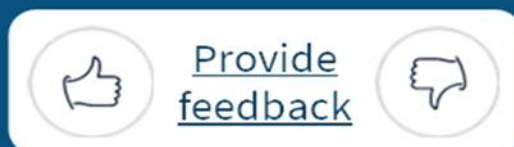
B4-1.1-03, Appraiser Selection Criteria: Lenders must use appraisers that have the requisite knowledge about, and access to, all necessary and appropriate local data sources for the subject property’s geographic area, including multiple listing service(s) and government records. The Guide has been updated to describe these requirements more clearly.

B4-2.1-01, Appraisal Report Forms and Exhibits: We removed the word “estimate” from the description of the ANSI Z765-2021 Standard required for measuring gross living area. Adherence to this standard will produce the actual square footage of the improvements.

Note: As a part of our Guide maintenance efforts, we updated various links that had expired, or the content had been moved within our website.

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](#).

Let your voice be heard! We want your feedback on our policy communications to help us improve the clarity of new and updated policy and understand any implications to borrowers. Click below to take a short survey regarding this Announcement.





Impacted Topics

Section of the Announcement	Updated <i>Selling Guide</i> Topics (Dated Oct. 05, 2022)
Retention of asset verification reports	<ul style="list-style-type: none">▪ A2-4.1-01, Establishing Loan Files▪ B3-2-03, Risk Factors Evaluated by DU▪ D1-03-02, Lender Post-Closing Quality Control Review of Approval Conditions, Underwriting Decisions, and Documentation▪ D2-1-02, Fannie Mae QC File Request and Submission Requirements
Social Security income	<ul style="list-style-type: none">▪ B3-3.1-01, General Income Information▪ B3-3.1-09, Other Sources of Income
Average median credit score for manually underwritten loans	<ul style="list-style-type: none">▪ B2-1.1-01, Occupancy Types▪ B2-1.4-02, Adjustable-Rate Mortgages (ARMs)▪ B3-5.1-01, General Requirements for Credit Scores▪ B3-5.1-02, Determining the Credit Score for a Mortgage Loan▪ B5-6-02, HomeReady Mortgage Underwriting Methods and Requirements