



# Selling Guide Announcement (SEL-2023-03)

April 05, 2023

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

- [Medical collections](#): aligning Guide policy for the treatment of medical collections with the risk assessment performed by Desktop Underwriter®
- [Compliance with Office of Foreign Assets Control regulations](#): adding reporting requirements for penalties and enforcement actions
- [Use of earned real estate commission](#): allowing the use of a borrower's earned real estate commission for down payment and closing costs
- [Miscellaneous updates](#):
  - HERA and the Minority and Women Inclusion Rule
  - DU® minimum reserve requirements

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

## Medical collections

We revised our underwriting requirements for collections and charge-offs on non-mortgage accounts. Specifically, medical collection accounts are no longer required to be paid off at or prior to closing for both DU and manually underwritten loans, regardless of the amount. This change will align our Guide policy with DU's risk assessment.

Additionally, for manually underwritten loans, we removed the flexibility that permitted certain unpaid collections and charge-offs on non-mortgage accounts to remain unpaid if the borrower had a strong credit profile and meaningful reserves. Going forward, non-medical collection accounts and non-mortgage charge-off accounts that exceed \$250 individually or \$1,000 in aggregate must be paid in full at or prior to closing.

**Effective:** Lenders may take advantage of this policy change immediately. DU will be updated the weekend of April 15, 2023 to no longer include accounts reported as medical collections in the collection messages.

## Compliance with Office of Foreign Assets Control regulations

We updated the compliance with laws policy with additional seller/servicer reporting requirements. Seller/servicers must report to Fannie Mae's Ethics division all instances of penalties (civil or criminal) or enforcement actions for compliance failures or violations related to Office of Foreign Assets Control regulations. This reporting requirement aligns with the current reporting requirements for anti-money laundering violations.

**Effective:** Seller/servicers are encouraged to implement this additional reporting requirement immediately but must do so by May 1, 2023.



## Use of earned real estate commission

We updated our policy on verification of non-depository assets to permit the use of the borrower’s earned real estate commission for down payment and closing costs. Lenders may use the borrower’s earned real estate commission as an eligible source of funds when the borrower is a licensed real estate agent and will receive a sales commission from the purchase of the subject property.

**Effective:** Lenders may take advantage of this policy change immediately.

## Miscellaneous updates

**HERA and the Minority and Women Inclusion Rule:** [A3-2-01, Compliance with Laws](#) was updated to include a specific reference to the Minority and Women Inclusion Rule that is part of the Housing and Economic Recovery Act of 2008 (HERA). As a reminder, sellers/servicers are required to comply with all applicable federal and state laws.

**DU minimum reserve requirements:** We continuously strive to improve the level of detail in the Guide so lenders can find all the information they need in one place. [B3-4.1-01, Minimum Reserve Requirements](#) was updated to describe in more detail how DU determines the amount of required reserves for loan casefiles based on the transaction type, risk assessment of the loan casefile, and other factors.

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](#).

## Impacted Topics

Section of the Announcement	Updated <i>Selling Guide</i> Topics (Dated April 05, 2023)
Medical collections	<ul style="list-style-type: none"> <li><a href="#">B3-5.3-09, DU Credit Report Analysis</a></li> <li><a href="#">B3-6-07, Debts Paid Off At or Prior to Closing</a></li> </ul>
Compliance with Office of Foreign Assets Control Regulations	<ul style="list-style-type: none"> <li><a href="#">A3-2-01, Compliance With Laws</a></li> </ul>
Use of earned real estate commission	<ul style="list-style-type: none"> <li><a href="#">B3-4.3-21, Borrower’s Earned Real Estate Commission</a> (<i>new topic</i>)</li> </ul>