



Selling Guide Announcement (SEL-2024-08)

Dec. 11, 2024

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

- [HomeStyle® Energy – energy report age extension](#): allowing an energy report, when required for any HomeStyle Energy mortgage, to be dated no more than 24 months before the note date
- [Limited cash-out refinances](#): adding additional exceptions to the borrower ownership requirement
- [Time adjustments in appraisals](#): encouraging the use of home price indices and other market data to support overall value accuracy
- [HomeStyle® Renovation Loan Agreement](#): clarifying both parties may execute the agreement at any time during the closing process with the agreement matching the note date
- [Miscellaneous update](#):
 - [Remote online notarization](#)

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

HomeStyle Energy – energy report age extension

As part of our energy report requirements, borrowers must obtain a residential or home energy report to identify the recommended energy improvements to the property. Currently, for HomeStyle Energy mortgages that require an energy report, the *Selling Guide* requires it to be dated no earlier than 120 days prior to the note date.

With this policy change, we will allow an energy report for HomeStyle Energy mortgage, when required, to be dated no more than 24 months before the note date.

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

Limited cash-out refinances

We added two additional exceptions to our requirement that at least one borrower is an owner (on title) of the subject property at the time of the initial application for a limited cash-out refinance. The following, additional exceptions are permitted if the lender documents:

- the borrower on the new loan is currently financially obligated on the loan being paid off. Ownership must be transferred to the borrower(s) at time of closing.
- the borrower is paying off an installment land contract that was executed more than 12 months prior to the application for the refinance.

We also clarified the payoff of an installment land contract executed more than 12 months prior to the loan application is an acceptable use of a limited cash-out refinance transaction.

Effective: Lenders may take advantage of these changes immediately.



Time adjustments in appraisals

We added clarifying language to remind lenders and appraisers the use of home price indices (HPIs), statistical analysis, modeling, paired sales, or other commonly accepted methods are acceptable for supporting appraisal time adjustments. Fannie Mae encourages the use of these tools to provide supporting evidence for market trends and conditions. Failure to make market-derived time adjustments when indicated by market data is an example of an unacceptable appraisal practice. Appraisal reports must summarize all supporting evidence and should include a description of the data sources, tools, and techniques used to determine the overall valuation.

Effective: Lenders are encouraged to implement these appraisal policy changes immediately but must do so for appraisals dated on or after March 1, 2025.

HomeStyle Renovation Loan Agreement execution date

With this update, we are clarifying our policy that the lender and the borrower may execute the renovation loan agreement at any time during the closing process; however, the agreement date must match the note date.

Miscellaneous update

A2-4.1-03, Electronic Records, Signatures, and Transactions: We updated the list of states to include Maine for remote online notarization. For a subject property located in Maine, remote online notarization is permitted, including a remote online notarization taken by a notary outside of the State of Maine in accordance with the laws of the state in which the notarial act was performed.

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 Dec. 11, 2024)
HomeStyle Energy – energy report age extension	<ul style="list-style-type: none">▪ B5-3.3-01, HomeStyle Energy for Improvements on Existing Properties
Limited cash-out refinances	<ul style="list-style-type: none">▪ B2-1.3-02, Limited Cash-Out Refinance Transactions▪ B2-1.3-05, Payoff of Installment Land Contract Requirements
Time adjustments in appraisals	<ul style="list-style-type: none">▪ B4-1.3-09, Adjustments to Comparable Sales▪ B4-1.1-04, Unacceptable Appraisal Practices
HomeStyle Renovation Loan Agreement execution date	<ul style="list-style-type: none">▪ B5-3.2-06, HomeStyle Renovation: Renovation Contract, Renovation Loan Agreement, and Lien Waiver