



Selling Guide Announcement (SEL-2025-01)

Feb. 5, 2025

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

- [Information security, business continuity and incident response](#): introducing new and updated cybersecurity requirements for lenders
- [Desktop Underwriter Version 12.0 policy updates](#): updating the *Selling Guide* requirements specific to policy changes with the release of DU Version 12.0
- [Early payoff reimbursement for MBS swap transactions](#): providing calculation details for early payoff reimbursement
- [Hybrid appraisal expansion](#): expanding the use of property data collection and hybrid appraisals
- [Shared equity clarifications](#): simplifying program registration and documentation requirements for community land trusts
- [DU validation service – military income](#): adding military income as an income type eligible for validation using an asset verification report
- [Miscellaneous update](#):
 - Risk factors evaluated by DU

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

Information security, business continuity and incident response

To enhance the protection of Confidential Information and support compliance with industry regulations and best practices, we are introducing new and updated cybersecurity requirements for lenders (sellers, servicers and seller/servicers) in three key areas:

- Information Security,
- Incident Management, and
- Business Resiliency.

The new requirements include:

- Relevant Terms,
- Information Security Program,
- Cybersecurity Incident Management, and
- Business Continuity Management.

These requirements will be part of the new *Fannie Mae Information Security and Business Resiliency Supplement* (the “[Supplement](#)”), which is incorporated by reference as part of the *Selling Guide*, *Servicing Guide* and *Consolidated Technology Guide*. Lenders are reminded they are obligated to report any Cybersecurity Incidents (including those impacting third parties) as soon as possible but no later than 36 hours after discovery.

For additional details about these requirements, refer to the Supplement information [webpage](#), which addresses frequently asked questions about implementation, timelines, and compliance.



Effective: Lenders are encouraged to adopt these changes immediately but must fully implement them by Aug. 12, 2025.

Desktop Underwriter version 12.0 policy updates

With the release of Desktop Underwriter® (DU®) Version 12.0, we updated the *Selling Guide* requirements specific to these policies:

Cash flow assessment with bank statements

DU Version 11.1 conducts a cash flow assessment on loan casefiles where no borrower has a credit score. DU Version 12.0 conducts a cash flow assessment for certain loan casefiles when a 12-month asset verification report is submitted regardless of whether the borrower has a credit score. Note that there are no changes to the existing policy permitting 12-month asset verification report to be used to satisfy the nontraditional credit history requirements for borrowers without credit scores when a cash flow assessment is performed.

Positive rent payment history

DU Version 11.1 only considers positive rent payment history using a 12-month asset verification report for first-time homebuyers purchasing a principal residence and requires the borrower to have a credit score. With DU Version 12.0, we expanded the evaluation of rent payment history to include certain additional borrowers paying rent, even if that borrower has had an ownership interest in another property in the last three years. For certain loan casefiles, DU can consider a borrower’s rent payment history identified on a credit report, in addition to a 12-month third-party asset verification report. Furthermore, to be eligible for the positive rent payment history offering, borrowers are no longer required to have a credit score and must meet one of the following requirements:

- not have a mortgage or second lien appearing on their credit report,
- have no credit score, or
- have a limited credit history

Borrowers with nontraditional credit

No borrower has a credit score: In DU Version 11.1, only certain transactions are permitted when no borrower on the loan application has a credit score. With DU Version 12.0, we expanded the types of loans eligible for these borrowers and updated the *Selling Guide* with the following requirements:

Borrower Credit Profile	Eligibility Requirements Applied
<ul style="list-style-type: none"> • No borrower has a credit score • At least one borrower has a minimum of one credit account or installment account reported on their credit report 	<ul style="list-style-type: none"> • No limitations on loan purpose or occupancy, the loan application will be subject to standard eligibility guidelines • Risk assessed using the borrower’s reported credit
<ul style="list-style-type: none"> • No borrower has a credit score. • No borrower has at least one credit account or installment account reported on their credit report. 	<ul style="list-style-type: none"> • Property must be a one- to four-unit, principal residence, and all borrowers must occupy the property. • Transaction must be a purchase or limited cashout refinance.

Nontraditional credit references will be required for each borrower without a credit score. This can be completed manually or by providing a 12-month asset verification report and obtaining a cash flow assessment through DU.

At least one borrower has no credit score and another borrower has a credit score: In DU Version 11.1, when one borrower on the loan application has no credit score and another borrower has a credit score, only certain transactions are permitted (for example, one-unit, principal residence). These transactions will no longer be subject to limitations on loan purpose or occupancy and will now be subject to standard eligibility guidelines.



For these transactions, when the borrower with a credit score is contributing 50% or less of the qualifying income, DU will continue to require the lender to document a nontraditional credit history for each borrower without a credit score. This can be completed manually or by providing a 12-month asset verification report and obtaining a cash flow assessment through DU.

Effective: These updates are being applied to loan casefiles underwritten with DU Version 12.0 (implemented the weekend of Jan. 11, 2025). Loan casefiles underwritten with DU Version 11.1 will continue to be underwritten using prior guidelines.

Early payoff reimbursement for MBS swap transactions

Fannie Mae reserves the right to require reimbursement from the lender of any premiums paid in connection with the purchase of a loan that pays off within 120 days of acquisition.

With this update, we differentiate between our current premium pricing recapture for whole loans and an early payoff reimbursement for loans a lender delivers as part of an MBS swap transaction.

For a whole loan, the premium is the amount the purchase price exceeded the par price (100% of the face value) multiplied by the UPB of the loan at the time of purchase.

For a loan delivered as part of an MBS swap transaction, the early payoff reimbursement will consist of 100 basis points (1%) of the UPB at the time of securitization plus any buyup proceeds paid by Fannie Mae.

Effective: The early payoff reimbursement policy will apply to loans paid off within 120 days beginning with May 1, 2025 issued pools.

Hybrid appraisal expansion

We have expanded eligibility requirements for hybrid appraisals, providing the industry with an additional option. Hybrid appraisals include information from a comprehensive property data collection, performed by a trained and vetted third-party property data collector, submitted to the appraiser for the development of a credible opinion of value. Hybrid appraisals must be completed on the Uniform Residential Appraisal Report (Hybrid) (Form 1004 Hybrid) or the Individual Condominium Unit Appraisal Report (Hybrid) (Form 1073 Hybrid). Loans that are eligible for a hybrid appraisal option will be communicated through DU.

Eligible property and transaction types will closely align with those for traditional appraisals but will not include certain property and transaction types, including the following:

- two- to four-unit, co-op and manufactured homes;
- construction to permanent financing, HomeStyle® Renovation and HomeStyle® Energy loans; or
- proposed construction properties.

The lender must obtain the property data collection in compliance with the Uniform Property Dataset and submit it to Fannie Mae's Property Data API prior to loan delivery in accordance with the *Selling Guide*. A Desktop Underwriter (DU) message will specify on the DU Underwriting Findings Report if a loan is eligible for the hybrid appraisal option.

Effective: DU version 12.0 will be updated the weekend of March 22, 2025, to include messaging specifying eligibility for a hybrid appraisal.



Shared equity clarifications

We removed the requirement that lenders contact their Fannie Mae Account Team for approval of community land trust ground leases not based on either the Grounded Solutions Network *2011 CLT Model Ground Lease* or the *Institute for Community Economics (ICE) Model Ground Lease*. Instead, lenders may recommend the community land trust program apply for certification directly through our [Fannie Mae Shared Equity Program Platform](#). In addition to our *Community Land Trust Ground Lease Rider (Form 2100)*, we will now accept use of Freddie Mac's equivalent form as an alternative. Accordingly, we will refer to the *Community Land Trust Ground Lease Rider*, rather than by form number, in our *Selling and Servicing Guide* and have created a glossary term for *Community Land Trust Ground Lease Rider* that references both forms.

Effective: Lenders may take advantage of these clarifications immediately.

DU validation service – military income

Added military income as an income type eligible for validation using an asset verification report to align with changes previously communicated in the Desktop Underwriter Validation [Release Notes](#) dated Feb. 5, 2025.

Effective: This update is effective for all casefiles submitted and resubmitted on and after April 4, 2025.

Miscellaneous update

B3-2-03, Risk Factors Evaluated by DU and **B3-5.3-09, DU Credit Report Analysis**: We made various, miscellaneous changes to align Guide text with changes previously communicated in the Desktop Underwriter/Desktop Originator [Release Notes](#) DU Version 12.0.

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 Feb. 05, 2025)
Information security, business continuity and incident response	<ul style="list-style-type: none">▪ A2-1-01, Contractual Obligations for Sellers/Servicers▪ A3-2-01, Compliance with Laws▪ A3-4-01, Confidentiality of Information▪ A4-1-01, Maintaining Seller/Servicer Eligibility▪ E-1-01, References to Fannie Mae’s Website▪ E-1-02, List of Contacts
DU Version 12.0 policy updates	<ul style="list-style-type: none">▪ B3-2-03, Risk Factors Evaluated by DU▪ B3-5.4-01, Eligibility Requirements for Loans with Nontraditional Credit
Early payoff reimbursement	<ul style="list-style-type: none">▪ C1-1-01, Execution Options
Hybrid appraisal expansion	<ul style="list-style-type: none">▪ B4-1.2-01, Appraisal Report Forms and Exhibits▪ B4-1.2-02, Desktop Appraisals▪ B4-1.2-03, Hybrid Appraisals▪ E-3-06, Acronyms and Glossary of Defined Terms: F
Shared equity clarifications	<ul style="list-style-type: none">▪ B5-5.3-01, Shared Equity Overview▪ B5-5.3-02, Shared Equity Transactions: General Requirements▪ B5-5.3-03, Shared Equity Transactions: Eligibility, Underwriting and Collateral Requirements▪ B4-1.4-06, Community Land Trust Appraisal Requirements▪ B8-5-04, Sample Legal Documents▪ E-3-03, Acronyms and Glossary of Defined Terms: C
DU validation service – military income	<ul style="list-style-type: none">▪ B3-2-02, DU Validation Service