

In Case You Missed It

Summary of *Selling Guide*/Policy Communications in 2017

January 2018

This job aid summarizes recent [Selling Guide](#) and related policy updates, clarifications, or other supporting communications. It provides links to related resources as applicable. ***Fannie Mae made many of these changes or communications in direct response to lender feedback requesting that we simplify or clarify policies or processes.***

Did you know that Fannie Mae's [Quarterly Compass](#) is another source of information for lenders about process, policy, and technology updates?

Most recent items listed first

SEL = *Selling Guide* Announcement

LL = Lender Letter (Lender Letters typically do not announce policy changes and instead reinforce existing policy or provide related information.)

#	Publication (Date)	Topic	Description / Resources
68	SEL-2017-10 (12/19/2017)	Underwriting Borrowers with Frozen Credit	Permitted lenders to underwrite loans for borrowers with frozen credit at one of the three national credit repositories. Desktop Underwriter® (DU®) or manual underwriting may be used when certain criteria are met.
67		Texas Section 50(a)(6) Loans	Highlighted recent amendments to Texas Section 50(a)(6) refinance loans. These changes have minimal impact to the Fannie Mae Selling Guide, but lenders are advised to review the updates.
66		Use of Premium Pricing	Clarified policy on premium pricing by providing a definition and additional guidance on how it can be used.
65		Cash-Out Refinance Waiting Periods for Properties Owned by LLCs	Aligned <i>Selling Guide</i> and <i>Servicing Guide</i> policy to allow a post-origination transfer into a limited liability company (LLC) under certain conditions and clarify related waiting period requirements for a cash-out refinance transaction.
64		Representation and Warranty Relief for Loans Impacted by a Disaster	Revised the representations and warranties relief framework policy to allow most loans with disaster-related forbearance to retain payment history eligibility. View the updated summary for more information.



63		Lender Internal Audit Requirements	Provided additional guidance regarding Fannie Mae's requirements for seller/servicer internal audit and management controls.
62		Consolidation of Ownership and Retention of Loan Files and Records	Updated content from <i>Selling Guide</i> and <i>Servicing Guide</i> Part A pertaining to the management of loan files and record retention. Removed duplicative content from the <i>Servicing Guide</i> .
61		Early Funding	Expanded the Loan Delivery application to include Early Funding functionality, which replaces the legacy Funding Express® application.
60	DU for Government Loan Release Notes (12/19/2017)	DU January 2018 Release (01/20/2018)	Updated DU to support 2018 VA county loan limit changes as well as minor system changes to support Federal Housing Administration (FHA) 2018 loan limits.
59	LL-2017-10 (11/28/2017)	Confirmation of Conventional Loan Limits for 2018	Provides limits for conventional loans acquired by Fannie Mae in 2018, in accordance with Federal Housing Finance Agency (FHFA) guidance.
58		Servicing Execution Tool™ (SET™) and Servicing Marketplace	<ul style="list-style-type: none"> Expanded access to the bifurcation of selling and servicing representations and warranties available through the Pricing & Execution – Whole Loan® (PE-Whole Loan). Introduced Servicing Marketplace to connect sellers with co-issue servicing partners to bring pricing certainty and operating efficiencies.
57		<i>Inter Vivos</i> Revocable Trusts	Permitted properties owned by an <i>Inter Vivos</i> trust to be considered eligible collateral when certain requirements are met.
56	SEL-2017-09 (10/31/2017)	Consolidation of eSign and Electronic Transactions	Updated content from <i>Selling Guide</i> and <i>Servicing Guide</i> Part A pertaining to electronic records, signatures, and other electronic transactions. Removed duplicative content from the <i>Servicing Guide</i> .
55		Mortgages Paid by Others	Clarified policy for mortgages paid by others by allowing lenders to exclude the full monthly housing expense from the debt-to-income ratio when a mortgage is being paid on-time by someone other than the borrower.
54		Form 1004D as Optional for Uniform Collateral Data Portal (UCDP)	Allowed Form 1004D, the <i>Appraisal Update and/or Completion Form</i> , to be uploaded to UCDP.



53	DU/DO Release Notes (10/17/2017)	DU Version 10.0 and 10.1 November Update (11/18/2017)	Updated DU 10.0 and 10.1 to underwrite loan casefiles when a borrower has placed a freeze on their credit report at only one of the three credit repositories.
52	DU/DO Release Notes (10/10/2017)	DU Version 10.1 December Update (12/9/2017)	Updated DU logic to determine the number of financed properties; properties being paid off with the transaction not included in the determination. Several DU messages updated.
51	SEL-2017-08 (09/26/2017)	Uniform Closing Dataset (UCD)	Updated the <i>Selling Guide</i> to require submission of the UCD file prior to delivery of the loan to Fannie Mae. Lenders are required to electronically submit the UCD XML file containing the borrower data and the PDF copy of the borrower Closing Disclosure. NOTE: <i>There will be a six-month transition period to resolve operational issues associated with this change, with warning edits being issued instead of fatal edits.</i> UCD general information and resources
50		Property Inspection Waivers (PIWs) for Purchase Transactions	Expanded PIW eligibility to certain purchase transactions, in addition to refinance transactions.
49		Extension of DU Refi Plus™ and Refi Plus™	Extended DU Refi Plus™ and Refi Plus™ options through December 31, 2018.
48	LL-2017-07 (09/21/2017)	Reimbursement for Property Inspections and Additional Servicing-Related Reminders	Expanded the Hurricanes Harvey and Irma disaster policies recently communicated to apply to all hurricanes occurring on or after August 25, 2017 and through the 2017 hurricane season.
47	LL-2017-06 (09/13/2017)	Additional Clarifications for Mortgage Loans Impacted by Hurricanes Harvey and Irma	Provided additional clarifications regarding disaster-related policies for loans impacted by Hurricanes Harvey and Irma.
46	LL-2017-05 (09/08/2017)	High Loan-to-Value Refinance Option	Announced the extension of DU Refi Plus™ and Refi Plus™ options and introduced the High LTV refinance requirements. High LTV Refinance Option information and resources



45	LL-2017-04 (08/31/2017)	Selling Policies for Mortgage Loans Impacted by Hurricane Harvey	Informed sellers of policies related to properties affected by Hurricane Harvey.
44	SEL-2017-07 (08/29/2017)	Use of MERS in Maine	Created Form 3749 to be used when assigning loans to MERS in Maine. Lenders are required to use Form 3749 starting Jan. 1, 2018, but it is available for use now.
43		Part A Simplification: General Contract Terms, Indemnification Provisions, and Fannie Mae Trade Name and Trademarks	Consolidated duplicative content from <i>Selling Guide</i> and <i>Servicing Guide</i> Part A pertaining to general contract terms, indemnification provisions, and Fannie Mae trade names and trademarks.
42		Public Record Information on Credit Reports	Updated credit report requirements in connection with industry changes in how public record information is reported.
41	DU/DO Release Notes (08/18/2017)	DU August Updates (08/19/2017)	Allowed purchase transactions to be eligible for consideration to receive Property Inspection Waiver (PIW) offers.
40	SEL-2017-06 (07/25/2017)	Debt-to-Income Ratios	Expanded the number of borrowers with debt-to-income ratios between 45 and 50 percent that can get a DU Approve/Eligible recommendation, based on DU's comprehensive risk assessment; we've removed the specific compensating factors previously required for these loans, and instead we're relying on DU's standard, comprehensive risk assessment.
39		ARM Enhancements	<ul style="list-style-type: none"> Aligned the maximum allowable LTV, CLTV, and HCLTV ratios for adjustable-rate mortgages (ARMs) with fixed-rate mortgages for all transactions, occupancy, and property types, up to a maximum of 95%. Added a 5/5 ARM plan. Eligibility Matrix Standard ARM Plan Matrix
38		Employment Offers or Contracts	Allowed lenders an option to deliver loans to us prior to borrower starting new employment in certain situations.
37		Fidelity Bond and Errors and Omissions Insurance	<ul style="list-style-type: none"> Updated our requirements for fidelity bond and errors and omissions insurance to align with current market conditions. Implementation by Fannie Mae seller/servicers must occur by Oct. 1, 2018.



36		Disputed Tradelines	Simplified underwriting guidelines for loans with disputed tradelines.
35		Timeshare Accounts	Clarified timeshares should be treated as installment debt (not mortgage debt).
34		Simplification of Document Custody Requirements	<ul style="list-style-type: none"> Updated, reorganized, and clarified our document custody requirements. Removed duplicate content from the <i>Servicing Guide</i>. Provided references to the <i>Requirements for Document Custodians</i> on our website.
33		Student Loan Clarifications	<ul style="list-style-type: none"> Updated options for lenders to qualify a borrower using a zero monthly payment on student loan debt under certain circumstances. Updated DU messaging to issue a specific message when it appears cash-out refinance proceeds will be used solely to pay off subject property liens and student loans.
32		Alimony Treatment	Updated our underwriting guidelines to allow lenders to reduce the borrower's monthly qualifying income by the monthly alimony payment instead of counting the alimony as a monthly debt.
31		Mortgages Paid by Others	Updated our underwriting policy to allow lenders to exclude mortgage debt paid by others when certain criteria are met.
30	LL-2017-02 (06/13/2017)	Changes to the Reporting of Civil Judgements and Tax Liens on Credit Reports	Clarifies how industry-wide changes to credit reports impact the DU risk assessment, Fannie Mae requirements, and lender responsibilities.
29		Use of Electronic Notarization including Remote Notarization	Clarified that we accept delivery and servicing of mortgage loans with electronic documents (including security instruments or mortgage loan modification agreements) that have been electronically notarized, either in person or remotely using real-time, two-way audio/video communication, provided certain requirements are met.
28	SEL-2017-05 (05/30/2017)	Medium of Recorded Mortgages	<ul style="list-style-type: none"> Updated our policy to allow for copies of recorded documents that contain the recording information from the recorder's office. Clarified that we require originals of any applicable unrecorded rider and any other unrecorded document that changes the mortgage loan terms (or that otherwise affects our legal or contractual rights under the mortgage).
27		ARM Pass-through Rate after Adjustment	Changed the committing and delivery of whole loan ARMs to use the gross mortgage margin that is on the security instrument instead of the required net margin.



26		Over Deliveries of Whole Loan Commitments	Simplified our “over delivery” limit to require only that it not exceed 25% of the original commitment amount.
25		Whole Loan Cash Back Pair-Offs	Gave lenders more flexibility in pairing-off whole loan commitments.
24	DU/DO Release Notes (05/30/2017)	DU Version 10.1 May Updates (07/29/2017)	Implemented DU Version 10.1 to include changes to multiple requirements that impact new loan casefiles submitted to DU on or after Jul. 29, 2017.
23	DU for Government Loans Release Notes (05/16/2017)	DU Government Loan Updates (06/24/2017)	Updated to support FHA-related changes, as well as changes to messaging and DU logic.
22	SEL-2017-04 (04/25/2017)	Student Loan Solutions	<p>Simplified the options for calculating the monthly payment amount for student loans:</p> <ul style="list-style-type: none"> • the payment amount listed on the credit report, • 1% of the outstanding balance, or • the fully amortizing payment. <p>Updated our policy to allow debts paid by others to be excluded from the debt-to-income ratio when certain criteria are met:</p> <ul style="list-style-type: none"> • 12-month history of timely payments made by the other party, and • the other party is not an interested party to the transaction. <p>Allowed the pay-off of student loans in a cash-out refinance transaction without requiring the cash-out loan-level price adjustment. Loans must be delivered using Special Feature Code 841.</p>
21		Project Eligibility Review Waiver for Fannie Mae to Fannie Mae Limited Cash-Out Refinances	Waived the project eligibility review for certain Fannie Mae loans that are refinanced as a limited cash-out refinance.
20		Properties Listed for Sale in the Previous Six Months	Eliminated certain eligibility restrictions for properties that have been listed for sale in the previous six months.



19		Project Eligibility Review Service (PERS) Expiration Dates	Allowed Final Project Approvals for Streamlined PERS submissions to be issued for up to 24 months.
18		Truncated Asset Account Numbers	Permitted truncated account numbers that display at least the last four digits of the asset account number.
17		Flash Settlement for Mortgage-Backed Securities	Eliminated the processing fee for using Fannie Mae's Flash MBS® delivery option.
16		Servicing Execution Tool Bifurcation Option Terms and Conditions	Removed the requirement that SET Bifurcation loans be underwritten through DU and receive an Approve/Eligible recommendation.
15	SEL-2017-03 (03/28/2017)	DU Validation Service	<p>Clarified that lenders may obtain a verification report (formerly known as a vendor report) from a report supplier or from a report distributor when using the DU validation service.</p> <ul style="list-style-type: none"> • A report supplier generates a verification report and sends it electronically to DU. • A report distributor obtains the report from an authorized report supplier.
14		Property Value Representations and Warranties	Expanded eligibility for Day 1 Certainty™ for loans with Collateral Underwriter® risk scores of 2.5 or below on the appraisal regardless of whether the loan was underwritten through DU.
13	SEL-2017-02 (2/28/2017)	IRS Form 4506-T for Loans with Validated Income	<p>Clarified that if all of the borrower's income was validated by the DU validation service, the lender does not need to obtain a signed Form 4506-T (<i>IRS Request for Transcript of Tax Return</i>) for QC purposes.</p> <p>IRS Form 4506-T: Tips for Underwriting and Quality Control</p>
12		Homebuyer Education and Counseling	<p>Clarified our policies to</p> <ul style="list-style-type: none"> • clearly distinguish homeownership education from housing counseling, • provide more specific information about when education or counseling is required, and • rename the <i>Certificate of Completion of Housing Counseling</i> (Form 1017) to align with the changes in the <i>Guide</i>.
11		Calculation of Rental Income when Using Market Rent	Clarified that 75% of the monthly lease agreement or market rent reported on Forms 1007 or 1025 should be used to calculate monthly qualifying rental income (or loss).



10	DU/DO Release Notes (02/21/2017)	DU Version 10.0 March Update (03/25/2017)	Updates related to the DU validation service, including income and employment messages and how certain income is calculated.
9	DU/DO Release Notes (01/31/2017)	DU Version 10.0 February Update (02/25/2017)	Updated messaging related to income, employment, and assets in the DU validation service.
8	SEL-2017-01 (1/31/2017)	Confidentiality of Information and Data Breach	Updated the confidentiality of information policies to: <ul style="list-style-type: none"> • better define “Confidential Information,” • require more detailed controls, • provide clearer disclosure requirements, • establish new terms and conditions regarding pilot initiatives, • provide notification requirements when breach occurs, and • establish new requirements to ensure broad security measures are implemented. Added a reference to the data breach section in the <i>Servicing Guide</i> .
7		Seller/Servicer Financial Eligibility Requirements	<ul style="list-style-type: none"> • Changed certain polices to allow Fannie Mae to use discretion to determine whether a breach of the Lender Contract should be called. • Clarified that net worth calculations are based in part on one- to four-unit residential loans serviced for the owner of the loan. • Clarified minimum acceptable levels of capital. • Added flexibility regarding credit recourse obligations. • Removed explicit breach criteria for outstanding repurchase requests.
6		Comparables in New Projects or Subdivisions	Provided for acceptance of two pending sales in lieu of one closed sale in new subdivision or project if resales are not yet available.
5		Property Inspection by Appraiser Trainee	Clarified that an unlicensed or uncertified appraiser, or an appraiser trainee, can complete the property inspection.
4		Adjustments to an Appraisal for Sales Concessions	Clarified that an appraiser may use dollar-for-dollar adjustments for financing or sales concessions under certain circumstances.



3		Alignment with the <i>Servicing Guide</i> – Various Part A Topics	Began the project to remove duplicate content that appeared in both the <i>Selling</i> and <i>Servicing Guides</i> by moving certain requirements that apply to both sellers and servicers into the <i>Selling Guide</i> .
2		Miscellaneous Updates	<ul style="list-style-type: none">• Identified Special Feature Code 917 for site condos.• Changed contact information for reporting mortgage fraud information.
1	LL-2017-01 (1/4/2017)	Mortgage insurance updates	<ul style="list-style-type: none">• Approved the United Guaranty Corporation acquisition by Arch Capital Group, Ltd.• Updated the approved mortgage insurance forms list