



From the Desk of Carlos Perez
Chief Credit Officer for Single-Family

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Executive Overview of *Selling Guide* Updates

The December 2018 *Selling Guide* Announcement provides more flexibility to appraisal waiver offers, on-frame modular and modular construction, and more. This update:

- **More flexibility for appraisal waiver offers in disaster-impacted areas.** We're providing more flexibility for the exercise of appraisal waiver offers for properties located in disaster-impacted areas. Lenders may now execute an appraisal waiver offer on a loan in process when the area where the property is located is impacted by a disaster. Lenders are still required to determine if the property has been damaged and confirm that it meets all Fannie Mae property eligibility requirements. This change supports Day 1 Certainty® and will lessen the impact on loan closure and delivery timeframes.
- **Provides more opportunities to get representation and warranty relief.** We allow lenders to use vendor tools to calculate self-employment income. With this update, when a lender uses a Fannie Mae-approved self-employment income calculation tool and enters the income amount into Desktop Underwriter®, they will receive representation and warranty relief on the accuracy of the income calculation. LoanBeam's Fannie Mae SEI 1084 workbook is now an approved income calculation tool.
- **Simplifies unreimbursed business expense requirements.** To align with recent changes to IRS federal income tax reporting requirements, we no longer consider unreimbursed business expenses when calculating commission income that is 25% or more of employment income, or automobile allowances.
- **Adds more flexibility for on-frame modular and modular construction.** On-frame modular homes are now considered eligible property types if they meet the eligibility requirements of stick-built homes. Multi-unit buildings, such as attached condos, may be built using modular construction if they comply with local building codes. View the *Manufactured/Modular Housing Types* infographic as a quick reference.
- **Clarifies flood insurance policies for condo projects.** In support of our continued efforts to consolidate the *Selling* and *Servicing Guides*, we've updated several of our flood insurance policies for condo projects. The changes include allowing high-LTV refinance loans secured by units in attached condo projects to have individual flood insurance policies. We no longer require the homeowners' associations to maintain a master flood insurance policy for two- to four-unit properties.

See [Announcement SEL-2018-09](#) for details of these and other miscellaneous updates.

Thank you for business and best wishes for your holiday season.

Carlos Perez