



Selling Guide Announcement SEL-2019-03

April 3, 2019

Selling Guide Updates

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

- HomeReady® Mortgage Loans
- Self-Report Process
- Multiple Servicers for Fannie Majors®
- Miscellaneous *Selling Guide* Updates

Each of the updates is described below. The affected topics for each policy change are listed on the Attachment. The *Selling Guide* provides full details of the policy changes. The updated topics are dated April 3, 2019.

HomeReady Mortgage Loans

HomeReady mortgage is our premier affordable lending product designed for creditworthy low- to moderate-income borrowers, offering expanded eligibility for financing homes in low-income communities. We have updated our HomeReady policies to include the following:

- **Multiple financed properties:** We are imposing a maximum limit of two financed properties, including the subject property, for all HomeReady mortgage loans. Financed properties owned by a non-occupant borrower do not have to be included. The additional reserves required for multiple financed properties are not applicable to HomeReady loans.
- **Boarder income:** Our current policy states that a boarder may not be obligated on the mortgage loan. We are clarifying that the boarder may also not have an ownership interest in the property.
- **Mortgage insurance coverage:** We are clarifying that HomeReady loans combined with HomeStyle® Renovation may be delivered with the lower level of mortgage insurance coverage permitted for HomeReady.

Effective Date

Lenders may implement these policies immediately. Desktop Underwriter® (DU®) will be updated to include the multiple financed property policy and boarder ownership policy in a future release, at which time these will be required for DU loan casefiles. For manually underwritten loans, lenders must apply these policies for loans with application dates on or after June 15, 2019.

Self-Report Process

We require lenders to self-report several matters to us, including breaches of selling warranties, suspected misrepresentation or fraud, loan data and eligibility issues, and issues related to the quality control function. Previously, all self-reporting was done via an email mailbox. With the transition to our new and improved loan quality management system, Loan Quality Connect™, the process for self-reporting will now occur more efficiently within that system. The Guide has been updated to remove references to the mailbox and replace them with references to Loan Quality Connect.

Effective Date

Lenders can take advantage of this change immediately.



Multiple Servicers for Fannie Majors

To provide flexibility to lenders delivering into Fannie Majors, any combination of seller/servicer numbers will now be accepted. This change will allow for the delivery of multiple servicer numbers per seller number.

Effective Date

Lenders can take advantage of this change for pools with issue dates beginning April 1, 2019.

Miscellaneous Selling Guide Updates

B1-1-01, Contents of the Application Package: In December 2018, we updated the *Uniform Underwriting and Transmittal Summary* (Form 1008) and at the time we communicated an effective date of July 1, 2019. Based on industry feedback we have moved the effective date to align with the mandated use of the redesigned *Uniform Residential Loan Application* (Form 1003) for applications dated on and after February 1, 2020. In addition, we updated the Guide to allow for the use of a similar document in lieu of Form 1008 to allow lenders to use their own version of an underwriting form. With the effective date of the Form 1008 extended, Fannie Mae and Freddie Mac are considering a few additional updates to the Form, which we will communicate at a later date.

E-3-19, Glossary of Fannie Mae Term S: We added a definition for “State”, meaning any state, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.

-FHA and VA loans: Topics **A2-4-01, Master Agreement Overview** and **B6-1-01, General Government Mortgage Loan Requirements** currently state that lenders must obtain negotiated terms to deliver FHA-insured and VA-Guaranteed loans to Fannie Mae. To ensure that lenders are aware of this policy, we have placed similar statements directly in topics **B6-1-02, Eligible FHA-Insured Mortgage Loans** and **B6-1-03, Eligible VA-Guaranteed Mortgages**. (Note that we are not actively negotiating for the purchase of these loans at this time.)

Lenders who have questions about this Announcement should contact their Fannie Mae Account Team.

Carlos T. Perez
Senior Vice President and
Chief Credit Officer for Single-Family



Attachment

Section of the Announcement	Updated <i>Selling Guide</i> Topics
HomeReady Mortgage Loans	<ul style="list-style-type: none"> ▪ B2-2-03, Multiple Financed Properties for the Same Borrower ▪ B5-3.2-02, HomeStyle Renovation Mortgages: Loan and Borrower Eligibility ▪ B5-6-03, HomeReady Mortgage Underwriting Methods and Requirements ▪ B7-1-02, Mortgage Insurance Coverage Requirements
Self-Report Process	<ul style="list-style-type: none"> ▪ A2-2-01, Contractual Representations and Warranties ▪ A3-2-01, Compliance with Laws ▪ A3-4-03, Preventing, Detecting, and Reporting Mortgage Fraud ▪ D1-3-01, Lender Post-Closing Quality Control Review Process ▪ D1-3-03, Lender Post-Closing Quality Control Review of Data Integrity ▪ D1-3-04, Lender Post-Closing Quality Control Review of Appraisers and Appraisals ▪ D1-3-06, Lender Post-Closing Quality Control Reporting, Record Retention, and Audit ▪ D2-1-01, General Information on Fannie Mae QC Reviews ▪ D2-1-02, Fannie Mae QC File Request and Submission Requirements ▪ E-1-03, List of Contacts
Additional Flexibilities for Fannie Majors	<ul style="list-style-type: none"> ▪ C3-2-01, Determining Eligibility for Loans Pooled into MBS ▪ C3-6-01, Parameters for Pooling Loans into Fannie Majors