



## **Selling Guide Announcement SEL-2019-05**

**June 5, 2019**

### **Selling Guide Updates**

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

- Tax Reform Legislation Policy
- Title Insurer Rating Requirements
- Signature Requirement for Initial *Uniform Residential Loan Application* (URLA) (Form 1003)
- Purchase of Certain LIBOR Adjustable-Rate Mortgage (ARM) Loans
- Miscellaneous *Selling Guide* Update

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 June 5, 2019.

#### **Tax Reform Legislation Policy**

A limited number of policies that reference specific IRS tax forms have been updated to incorporate changes made to 2018 IRS forms as a result of the [Tax Cuts and Jobs Act](#). This includes new references to Schedule 1, filed as part of IRS Form 1040 effective with reporting of 2018 income for tax filing purposes. In addition, the reference to the Adjusted Gross Income Approach has been removed as it no longer serves to provide guidance in completion of Fannie Mae's *Cash Flow Analysis* ([Form 1084](#)).

The Form 1084 has also been updated to remove a reference to "entertainment" to align with changes to the IRS tax forms.

#### **Effective Date**

These updates apply to mortgage loans with 2018 IRS tax returns. Lenders can take advantage of these changes immediately.

#### **Title Insurer Rating Requirements**

We are updating our requirements for acceptable title insurers to remove prescriptive ratings. Lenders must now ensure title insurers are:

- duly authorized and licensed, as required, to issue title insurance in the state where the property is located; and
- further evaluated in accordance with the lender's procedures for title insurer approval.

#### **Effective Date**

Lenders can take advantage of this policy change immediately; but must implement the change for title insurer acceptability for loan applications dated on or after September 1, 2019.



## **Signature Requirement for Initial *Uniform Residential Loan Application (URLA)* (Form 1003)**

With this update we removed the requirement that the initial Form 1003 be signed by the borrower and retained in the loan file. The exceptions that currently apply when a power of attorney is used to sign the loan documents remain and have been further clarified. The final signed version of the Form 1003 will continue to be required.

### **Effective Date**

Lenders may take advantage of this change immediately.

## **Purchase of Certain LIBOR Adjustable-Rate Mortgage (ARM) Loans**

We updated the *Selling Guide* to include changes related to the purchase and securitization of certain LIBOR ARM loans as previously announced in [LL-2019-05](#).

### **Effective Date**

This policy change was effective on May 17, 2019.

## **Miscellaneous *Selling Guide* Update**

**A2-5.1-03, Electronic Records, Signatures, and Transactions:** We are introducing a new special feature code (SFC) 861 that must be delivered on all loans that have documents that were remotely notarized as part of an electronic notarization. Lenders may begin using SFC 861 immediately; but must do so for loans delivered on or after September 1, 2019. The [Special Feature Codes](#) list has been updated to include SFC 861.

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

Malloy Evans  
Senior Vice President and  
Chief Credit Officer for Single-Family



## Attachment

Section of the Announcement	Updated <i>Selling Guide</i> Topics
Tax Reform Legislature Policy	<ul style="list-style-type: none"><li>▪ <a href="#">B3-3.1-08, Rental Income</a></li><li>▪ <a href="#">B3-3.3-01, General Information on Analyzing Individual Tax Returns</a></li><li>▪ <a href="#">B3-3.4-01, Analyzing Partnership Returns for a Partnership or LLC</a></li><li>▪ <a href="#">B3-3.4-02, Analyzing Returns for an S Corporation</a></li><li>▪ <a href="#">B3-3.4-03, Analyzing Returns for a Corporation</a></li></ul>
Title Insurer Rating Requirements	<ul style="list-style-type: none"><li>▪ <a href="#">B7-2-02, Title Insurer Requirements</a></li></ul>
Signature Requirement for Initial <i>Uniform Residential Loan Application</i> (URLA) (Form 1003)	<ul style="list-style-type: none"><li>▪ <a href="#">B1-1-01, Contents of the Application Package</a></li><li>▪ <a href="#">B8-5-05, Requirements for Use of a Power of Attorney</a></li></ul>
Purchase of Certain LIBOR Adjustable-Rate Mortgage (ARM) Loans	<ul style="list-style-type: none"><li>▪ <a href="#">B2-1.3-02, Adjustable-Rate Mortgages (ARMs)</a></li><li>▪ <a href="#">B2-1.4-02, Loan Eligibility</a></li></ul>