

## Announcement SEL-2011-11

October 25, 2011

### *Selling Guide Updates*

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

- Uniform Appraisal Dataset and Uniform Collateral Data Portal® Requirements
- eCommitONE™
- Part C, Selling, Securitizing, and Delivering Loans
- Miscellaneous *Selling Guide* Updates

Each of the updates is described below. The affected topics (and specific paragraphs) are noted for each policy change. Lenders should review each topic to gain a full understanding of the policy changes. The updated topics are dated October 25, 2011.

### **Uniform Appraisal Dataset and Uniform Collateral Data Portal Requirements**

On July 26, 2011, Fannie Mae issued Announcement SEL-2011-06, *Selling Guide Updates*, which contained information concerning the Uniform Appraisal Dataset (UAD) and the Uniform Collateral Data Portal (UCDP®). The UCDP is the joint portal through which lenders will be required to submit electronic appraisal reports to Fannie Mae and Freddie Mac. The UCDP was made available on June 27, 2011, for customers and their designated agents to begin to submit selected appraisal data files.

With this update of the *Selling Guide*, Fannie Mae is clarifying the following requirements:

- Lenders must ensure all applicable appraisals have been completed in compliance with *Appendix D: Field-Specific Standardization Requirements* (“Appendix D”) of the *Fannie Mae and Freddie Mac Uniform Appraisal Dataset Specification* (“UAD Specification”). (Previously, the *Selling Guide* referred to the entire UAD Specification.) Appendix D lists the requirements for the data that must be included in specific forms and how the data must be communicated on the appraisal report.
- In addition to submitting the required Fannie Mae appraisal reports forms to the UCDP, lenders must also receive a “Successful” status from UCDP before the delivery date of the mortgage loan to Fannie Mae.

### **Updated Selling Guide Topic**

[B4-1.2-05](#), Requirements for the Appraisal Report

### **Effective Dates**

As a reminder, the following effective dates are applicable:

- The four UAD appraisal report forms with effective dates on or after September 1, 2011, must be completed utilizing Appendix D of the UAD Specification when reporting the results of an appraisal for a conventional mortgage loan.

- For all conventional mortgage loans for which an appraisal report form is required and with an application date on or after December 1, 2011, and a delivery date on or after March 19, 2012, selected appraisal report forms, including all exhibits, addenda, and photographs, must be submitted to the UCDP and receive a “Successful” status from UCDP before the delivery date of the mortgage loan to Fannie Mae.

In addition, the *Selling Guide* has been updated as follows:

- [A2-5.1-03](#), Electronic Records, Signature, and Transactions (Uniform Collateral Data Portal™ (UCDP™)): Information concerning the UCDP has been added to this topic.
- [B4-1.4-12](#), Appraisal Report Review: Actual and Effective Ages of the Improvements: This topic has been changed to clarify that whenever adjustments are made to an appraisal for the year the dwelling was built, the appraiser must provide an explanation for the adjustments.
- [B4-1.4-18](#), Appraisal Report Review: Lender Review of the Adjustment Grid (Proximity to Subject Property and Location, Date of Sale and Time Adjustments): The description of the proximity of the comparable sales to the subject property must now be reflected in “miles” and include the applicable directional indicator. This topic also requires the lender to provide the month and year of the sales contract and settlement or closing for comparable sales.

### **Effective Date**

These changes are effective immediately.

## **eCommitONE**

Information has been moved from the eCommitONE Schedule of the Software Subscription Agreement into relevant sections of the *Selling Guide* in anticipation of the obsolescence of the eCommitONE Schedule. A Bulletin to the Software Subscription Agreement will be issued to place licensing of eCommitONE under the Shipping and Delivery Applications Schedule. No policy or procedural changes resulted from this movement of text into the *Selling Guide*.

### **Updated Selling Guide Topics**

- [C2-1.2-01](#), Best Efforts Commitment Process
- [C2-1.2-02](#), Best Efforts Commitment Pricing, Periods, and Fees
- [C2-1.2-03](#), Best Efforts Commitment Terms, Amounts, and Other Requirements
- [C2-1.2-04](#), Servicing Execution Tool in eCommitONE (New topic)
- [E-1-04](#), List of Lender Contracts

### **Effective Date**

These *Selling Guide* updates are effective immediately.

## **Part C, Selling, Securitizing, and Delivering Loans Updates**

Fannie Mae conducted a review of Part C of the *Selling Guide* to ensure that it contained up-to-date operational instructions and commitment and delivery information. As a result, a number of topics have been updated with minor changes. Each update is briefly described in the Attachment to this Announcement. None of these updates represent new policies or procedures.

NOTE: *In a number of topics, only editorial changes were made, such as formatting, punctuation, and correcting links and the names of forms or documents. The topic date for these types of changes was not updated unless there were other major changes to the same topic.*

## Miscellaneous *Selling Guide* Updates

The following additional updates have been made in the *Selling Guide*:

- [B3-5.3-09](#), DU Credit Report Analysis: This topic has been updated to clarify that Desktop Underwriter® (DU®) does not take bankruptcies in the public records section of the credit report into account when they are older than seven years from the credit report. Also, if there is a recent bankruptcy reported in a tradeline account, and there is not a bankruptcy reported in a public record within seven years of the credit report date, DU will use the bankruptcy information from the tradeline account.
- [B7-1-04](#), Financed Borrower-Purchased Mortgage Insurance: This topic has been updated to clearly state the loan amount including financed mortgage insurance can not exceed the applicable Fannie Mae loan limit.
- [E-1-04](#), List of Lender Contracts: This topic has been updated to accurately reflect the major contracts lenders must have to do business with Fannie Mae.
- [E-3-20](#), Glossary of Fannie Mae Terms: Trade Equity: This topic has been updated to remove the verbiage indicating that an asset other than real estate can be used as trade equity. Only real estate can be considered for use as trade equity.

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

John Forlines  
Vice President  
Single-Family Chief Risk Officer

## Attachment

### Selling Guide Part C: Selling, Securitizing, and Delivering Loans

Topic Number and Title	Description of Update
Numerous topics throughout Part C	Changed American Securitization Forum (ASF) to Securities Industry and Financial Markets Association (SIFMA).
<a href="#">C1-1-01</a> , Execution Options	<p>Added the statement that a closed loan in a best efforts commitment must be delivered to Fannie Mae, or a pair-off fee will be assessed.</p> <p>Removed the statement that certain product-specific loan-level price adjustments are reflected in the commitment price available via eCommitting and eCommitONE.</p>
<a href="#">C1-2-02</a> , Loan Data and Documentation Delivery Requirements	Removed the statement that if lenders cannot deliver electronically, in the event of an emergency they can submit hard copies of the Loan Schedule or Schedule of Mortgages to Fannie Mae's designated document custodian or to the applicable document custodian.
<a href="#">C1-2-03</a> , Third-Party Security Interests Overview	Clarified the verification process concerning the accuracy of certain loan information by replacing "warehouse lender" with "lender."
<a href="#">C1-2-04</a> , Bailee Letters	<p>Added the statement that document custodians must not certify loans until they receive notification from Fannie Mae.</p> <p>Clarified the process for resolving a mismatch or when there is missing information related to the instructions for delivering transaction proceeds.</p> <p>Added a link to another topic.</p>
<a href="#">C2-1.1-03</a> , Mandatory Commitment Terms, Amounts, Periods and Other Requirements	Clarified that lenders exceeding the daily mandatory commitment limit without Fannie Mae approval may be required to pair off the commitment(s) <i>at the lender's expense</i> .
<a href="#">C2-1.1-04</a> , Mandatory Commitment Extensions and Pair-Offs	<p>Updated the hours of operation for the Capital Markets Sales Desk.</p> <p>Removed the reference to lenders requesting pair-offs.</p>
<a href="#">C2-1.1-05</a> , Servicing Fees	The statement that lenders deduct their servicing fee from the borrower's P&I payment has been clarified to reflect the deduction is from the interest payment.
<a href="#">C2-1.2</a> , Best Efforts Commitments to Sell Whole Loans	This section contains detailed information concerning best efforts commitments and eCommitONE. All of the topics have been updated. See the Announcement for details.
<a href="#">C2-2-01</a> , General Requirements for Good Delivery of Whole Loans	<p>Clarified that for best efforts commitments, the loan amount for a committed loan can be changed any time prior to purchase by Fannie Mae (changed from delivery).</p> <p>Also corrected an example of an overdelivery of a whole loan commitment.</p>

Topic Number and Title	Description of Update
<a href="#">C2-2-02</a> , Documentation Requirements for Whole Loan Deliveries	Removed the requirement for delivery of hard copies of custody documents for Construction-to-Permanent mortgages. (This product is no longer offered by Fannie Mae).  Changed portfolio mortgage to whole loan in a number of places.
<a href="#">C3-1-01</a> , General Information About Fannie Mae's MBS Program	Removed references to prior versions of the Single-Family Master Trust Agreement. (These prior Trust Agreements were effective for loans in pools with MBS issue dates on or before December 2008.)  Clarified a reference to the Capital Markets Structured Transactions group.
<a href="#">C3-1-01</a> , General Information About Fannie Mae's MBS Program  <a href="#">C3-2-04</a> , MBS Remittance Type and Selecting a Remittance Cycle  <a href="#">C3-2-05</a> , Obtaining a Pool Purchase Contract  <a href="#">C3-3-01</a> , Determining and Remitting Guaranty Fees  <a href="#">C3-3-04</a> , Buying Up or Buying Down the Guaranty Fee for ARM MBS	Removed references to Rapid Payment Method® (RPM®) and MBS Express®, which are remittance options that are no longer available for new loan originations. (These remittance options continue to apply to loans previously delivered with these options.)
<a href="#">C3-2-01</a> , Determining Eligibility for Loans Pooled into MBS	Added a reference to another topic regarding maturity parameters for commingling seasoned loans in pools with unseasoned loans.
<a href="#">C3-4-01</a> , Term-Related Fixed-Rate Mortgage Pooling Parameters	Added descriptions for 20-year and 10-year fixed-rate mortgage MBS, and updated the description for 15-year (intermediate-term) fixed-rate mortgage MBS.
<a href="#">C3-6-01</a> , Parameters for Pooling Loans Into Fannie Majors	Removed the reference to minimum submission requirements for loans delivered by tape or hard copy.
<a href="#">C3-7-01</a> , Establishing an MBS Trading Account	Removed the reference that lenders can deposit U.S. Treasury Securities with Fannie Mae to offset a price differential.
<a href="#">C3-7-02</a> , Initiating an MBS Sale	Clarified that TBA trade eligibility is defined by SIFMA.