

***Selling Guide* Announcement SEL-2014-08**

June 24, 2014

Fannie Mae Announces Approved Mortgage Insurance Forms

Under the direction of the Federal Housing Finance Agency, Fannie Mae and Freddie Mac have worked with approved mortgage insurers to update their master primary policies and related endorsements and other forms (Forms). Most Forms had not been updated in approximately 20 years. These Forms provide the terms of mortgage insurance coverage on individual loans sold to or securitized by Fannie Mae (as well as other investors and guarantors). Pursuant to the [Selling Guide](#), B7-1-01, Provision of Mortgage Insurance (General Requirements), when lenders purchase mortgage insurance on such loans, the coverage must be on Forms that Fannie Mae has approved. If an insured Fannie Mae loan defaults and a mortgage insurance claim is filed, Fannie Mae is the beneficiary of the coverage and receives the insurance benefit from the mortgage insurer.

In the past, Fannie Mae has relied on the mortgage insurers to ensure that only Fannie Mae-approved Forms were used in connection with loans sold to or securitized by Fannie Mae. With this Announcement, lenders also become responsible for ensuring that only Fannie Mae-approved Forms are used in connection with such loans. A new list of Fannie Mae-approved Forms for each provider is available on Fannie Mae's website – see [Approved Mortgage Insurance Forms](#). Prior to October 1, 2014, but after all of the applicable Forms have been approved by the various state insurance departments, this list will be updated to include approximately 180 state-required variation endorsements. Lenders should consult their mortgage insurance providers regarding the status of each state's approval of its Forms, as well as the applicability of any state-required variation endorsements.

Effective Date

Any mortgage loan sold to or securitized by Fannie Mae that requires primary mortgage insurance (or is delivered with primary mortgage insurance even though not required) and has a loan application date on or after October 1, 2014, must be insured under one of the Fannie Mae-approved Forms. If such loan is insured under any pre-existing forms or agreements between lenders and mortgage insurers, the loan will not be eligible for delivery to Fannie Mae, and will be subject to repurchase if identified after acquisition by Fannie Mae.

Any mortgage loan sold to or securitized by Fannie Mae that requires primary mortgage insurance (or is delivered with primary mortgage insurance even though not required) and has a loan application date prior to October 1, 2014, may be insured under either

- one of the Fannie Mae-approved Forms; or
- any pre-existing forms and agreements between lenders and mortgage insurers, as long as the lender first confirms with the mortgage insurer that such forms and agreements were approved by Fannie Mae for use at the time of the loan application date.

Lenders are reminded that, pursuant to B7-1-01, in the section titled Prohibition of Certain Mortgage Insurance Agreements, they are prohibited from entering into any agreement that modifies the terms of any approved mortgage insurance master policy on loans delivered to or intended for delivery to Fannie Mae.


Exception

Insured mortgage loans that are refinanced through Refi Plus™ and DU Refi Plus™, and insured balloon loans that are modified or refinanced may continue to be insured pursuant to the forms and agreements under which the existing loan is insured regardless of the new loan's loan application date. However, the new loan must be insured pursuant to a modification of the existing mortgage insurance certificate, which may or may not involve the assignment of a new certificate number by the mortgage insurer. If the mortgage insurer issues an entirely new mortgage insurance certificate, this exception does not apply.

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

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Chief Credit Officer for Single-Family