



# Selling Guide Announcement (SEL-2020-05)

Sep. 02, 2020

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

- [Accessory dwelling units](#): Allowing a manufactured home to be eligible as an accessory dwelling unit and updated comparable sales requirements for the appraisal.
- [Removal of refinanced or modified balloon loan policies](#): removing all references to refinanced or modified balloon loans from the *Selling Guide*.
- [Clarifications based on Ask Poli® insights](#): updating the Guide based on common questions pertaining to non-occupant borrowers.

View the list of [impacted topics](#).

## Accessory dwelling units

An accessory dwelling unit (ADU) is an additional living area that is independent of the primary property and has basic bathroom, cooking, and sleeping facilities. With this update, we clarified ADU property eligibility and comparable sales requirements in the appraisal as follows:

- expanded the current definition of an ADU to improve proper classification of ADUs;
- expanded property eligibility by allowing multi-width manufactured homes titled as real property to be eligible as an ADU; and
- allow appraisal flexibilities that now include the use of
  - an aged settled sale to demonstrate market acceptability, and
  - an active listing, or a pending sale as a supplemental exhibit to show marketability.

**Effective:** Lenders may take advantage of these updates immediately.

## Removal of refinanced or modified balloon loan policies

Over ten years ago, we discontinued acquiring balloon loans. Since that time, all balloon loans have reached the end of the balloon period and have either been refinanced, modified, or paid off. As a result, this update removes all references to refinanced or modified balloon loans from the *Selling Guide*.

## Clarifications based on Ask Poli insights

We regularly review the questions lenders Ask Poli to determine where the *Selling Guide* could be clarified. This month, we have updated the Guide based on common questions pertaining to non-occupant borrowers. Guarantors, co-signers, and non-occupant borrowers are permitted on purchase, limited cash-out and cash-out refinance transactions and must meet the requirements of B2-2-01, General Borrower Eligibility Requirements.



Lenders may also contact their Fannie Mae Account Team if they have questions about this Announcement. Have guide questions? Get answers to all your policy questions, straight from the source. [Ask Poli](#).

## Impacted Topics

Section of the Announcement	Updated <i>Selling Guide</i> Topics (Dated Sep. 02, 2020)
<b>Accessory Dwelling Units</b>	<ul style="list-style-type: none"> <li>▪ <a href="#">B2-3-01, General Property Eligibility</a></li> <li>▪ <a href="#">B2-3-04, Special Property Eligibility Considerations</a></li> <li>▪ <a href="#">B4-1.3-05, Improvements Section of the Appraisal Report</a></li> <li>▪ <a href="#">E-1-02, Acronyms and Abbreviations</a></li> </ul>
<b>Removal of refinanced and modified balloon loan policies</b>	<ul style="list-style-type: none"> <li>▪ <a href="#">B2-1.2-04, Prohibited Refinancing Practices</a></li> <li>▪ B2-2.13-04, Refinanced Balloon Mortgages (Topic Deleted)</li> <li>▪ <a href="#">B2-1.5-02, Loan Eligibility</a></li> <li>▪ <a href="#">B7-1-01, Provision of Mortgage Insurance</a></li> <li>▪ <a href="#">B7-2-04, Special Title Insurance Coverage Considerations</a></li> <li>▪ <a href="#">B8-2-02, Special-Purpose Security Instruments</a></li> <li>▪ <a href="#">B8-3-01, Notes for Conventional Mortgages</a></li> <li>▪ <a href="#">E-2-01, Required Custodial Documents</a></li> <li>▪ <a href="#">E-3-03, Glossary of Fannie Mae Terms: C</a></li> <li>▪ <a href="#">E-3-18, Glossary of Fannie Mae Terms: R</a></li> </ul>
<b>Clarifications based on Ask Poli insights</b>	<ul style="list-style-type: none"> <li>▪ <a href="#">B2-2-01, General Borrower Eligibility Requirements</a></li> <li>▪ <a href="#">B2-2-04, Guarantors, Co-signers, or Non-Occupant Borrowers on the Subject Transaction</a></li> </ul>