



# Selling Guide Announcement (SEL-2025-10)

Dec. 10, 2025

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

- [HomeStyle® Refresh](#): introducing a rebranded version of HomeStyle® Energy with expanded financing options and streamlined requirements
- [HomeStyle® Renovation](#): expanding eligible upfront disbursements, removing \$50,000 renovation cap for manufactured homes, and clarifying using limited cash-out refinance transactions to buy out a co-owner's interest
- [Remove the 3% acceptability requirement for 7- and 10-year ARMs](#): eliminating this requirement for ARM loans with longer initial fixed-rate periods
- [Accessory dwelling units and manufactured homes](#): expanding property eligibility criteria for accessory dwelling units and manufactured homes
- [Preventing, detecting and reporting mortgage fraud clarifications](#): eliminating inconsistencies and adding additional resources and clarity to prevent fraudulent transactions
- [Miscellaneous update](#):
  - Clarifications to minimum credit score requirements

## HomeStyle Refresh

We updated the *Selling Guide* to introduce HomeStyle Refresh, a rebranded version of the HomeStyle Energy mortgage. This update reinforces our continued commitment to supporting sustainable, resilient, and affordable housing through flexible renovation financing options and includes key changes shown below.

### Financing and Eligibility

- Renovation costs may be financed up to 15% of the as-completed appraised value.
- Standard loan-to-value (LTV) ratio.
- For purchase transactions, LTV is based on the lesser of the as-completed appraised value or the purchase price plus renovation costs.
- For limited cash-out transactions, LTV is based on the as-completed appraised value.

### Eligible Transactions and Improvements

This applies to purchase and limited cash-out refinance transactions.

- Eligible improvements include:
  - Cosmetic and functional improvements,
  - Disaster repair, preparedness and resiliency improvements, or
  - Environmental remediation for lead, asbestos or mold.

### Completion and Loan Delivery Requirements

- Renovations must be completed within six months of the note date.
- Loans are delivered with recourse until proof of completion is provided through [Loan Quality Connect™](#).
- Loan repurchase during the recourse period will only occur in cases of serious delinquency (120+ days).



- No special lender approval is required to deliver these loans.
- Lenders must use Special Feature Code (SFC) 892 HomeStyle Refresh.

The [Eligibility Matrix](#) and [Special Feature Codes](#) list have been updated to reflect these updates.

**Effective:** This policy change applies to HomeStyle Refresh loans with application dates on or after Mar. 31, 2026. Desktop Underwriter® (DU®) will be updated in a future release to reflect these new requirements.

## HomeStyle Renovation

---

We updated the *Selling Guide* to clarify and update our HomeStyle Renovation financing policies. These updates expand eligible upfront disbursements, remove outdated cost caps for manufactured homes and provide enhanced guidance on limited cash-out refinance transactions.

### Increased Flexibility for Initial Renovation Disbursement

Lenders may now disburse up to 50% of the total renovation costs at closing. Eligible uses include:

- material purchases,
- permit fees,
- architectural and design services, or
- borrower deposits.

### Removal of Renovation Cost Cap for Manufactured Homes

We have removed the \$50,000 cap on renovation costs for manufactured homes. Lenders may now allow renovation costs up to 50% of the as-completed appraised value for eligible manufactured homes.

### Clarification for HomeStyle Renovation Limited Cash-Out Refinance Transactions

Lenders may use HomeStyle Renovation limited cash-out refinance transactions to buy out a co-owner's interest, such as in cases of inheritance or divorce, while completing renovations. Borrowers may not receive any cash proceeds from these transactions, including those typically permitted under a standard limited cash-out refinance eligibility requirement.

**Effective:** Lenders may take advantage of these changes immediately. DU will be updated in a future release to reflect these changes.

## Remove the 3% acceptability requirement for 7- and 10-Year ARMs

---

The *Selling Guide* currently requires lenders to determine whether an ARM loan is acceptable for purchase by Fannie Mae by subtracting the initial note rate of the loan from the fully indexed rate in effect when the loan originated. The difference must not exceed 3%. We updated our Guide to remove the 3% acceptability requirement for 7- and 10-year ARMs.

**Effective:** Lenders may take advantage of this policy change immediately.



## Accessory dwelling units and manufactured homes updates

---

We expanded our accessory dwelling unit (ADU) criteria to meet the growing demand for flexible and affordable housing solutions.

**ADU** expanded eligibility updates to our *Selling Guide* [UAD 3.6 Policy Supplement](#) include:

- **Multi-unit properties:** Allows two- to three-unit properties to include ADUs, provided the number of dwelling units in the primary structure plus the ADUs does not exceed four.
- **Multiple ADUs on single-unit properties:** Extends eligibility to one-unit properties with up to three ADUs.
- **One ADU for standard manufactured housing:** Extends eligibility to single-unit manufactured homes (single- or multi-section) as the primary dwelling with a single ADU classified as real property.
- **Multiple ADUs for MH Advantage®:** Extends eligibility to (single- or multi-section) MH Advantage as the primary dwelling, to include ADUs provided the number of dwelling units plus the ADUs (which must all be classified as real property) does not exceed four.

Properties with multiple ADUs must still be classified as either single-unit or two- to three-unit principal residences.

**Manufactured Homes** expanded eligibility reflects a significant step toward expanding financing access and modernizing appraisal standards for diverse manufactured housing configurations.

The revisions include:

- Single- and Multi-section: Updates to definitions
- Manufactured Home: Extends eligibility to two- to four-unit properties.
- Multi-story Manufactured Homes: Extends eligibility to multi-story manufactured homes.

**Effective:** These changes are effective Mar. 31, 2026, and are only available to lenders utilizing UAD 3.6 policy.

## Preventing, detecting, and reporting mortgage fraud clarifications

---

We eliminated duplicative and overly specific language regarding closing attorneys, settlement agents, and appraiser selection criteria. We added references to additional seller/servicer resources for identifying fraud and clarified that any valid match to the Department of Treasury Office of Foreign Assets Control (OFAC) sanctions list must be reported to Fannie Mae within 24-hours of identification.

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

## Miscellaneous update

---

[B2-1.3-01, Purchase Transactions](#), [B2-2-03, Multiple Financed Properties for the Same Borrower](#), [B2-2-06, Homeownership Education and Housing Counseling](#), and [B3-5.4-01, Eligibility Requirements for Loans with Nontraditional Credit](#): We made additional miscellaneous changes to align these topics with updates previously communicated in *Selling Guide* Announcement [SEL-2025-09](#). The minor clarifications relate to the removal of minimum credit score requirements for DU loans.

Lenders may 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 Dec. 10, 2025)
HomeStyle Refresh	<ul style="list-style-type: none"><li>▪ <a href="#">B2-1.3-03, Cash-Out Refinance Transactions</a></li><li>▪ <a href="#">B4-1.2-02, Desktop Appraisals</a></li><li>▪ <a href="#">B4-1.2-03, Hybrid Appraisals</a></li><li>▪ <a href="#">B4-1.2-05, Requirements for Verifying Completion and Postponed Improvements</a></li><li>▪ <a href="#">B4-1.4-10, Value Acceptance</a></li><li>▪ <a href="#">B4-1.4-11, Value Acceptance + Property Data</a></li><li>▪ <a href="#">B5-3.2-01, HomeStyle Renovation Mortgages</a></li><li>▪ <a href="#">B5-3.2-03, HomeStyle Renovation Mortgages: Collateral Considerations</a></li><li>▪ <a href="#">B5-3.3, HomeStyle Refresh Mortgages</a></li><li>▪ <a href="#">B5-3.3-01, HomeStyle Refresh for Improvements on Existing Properties</a></li><li>▪ <a href="#">B7-2-06, Attorney Title Opinion Letter Requirements</a></li></ul>
HomeStyle Renovation	<ul style="list-style-type: none"><li>▪ <a href="#">B5-3.2-02, HomeStyle Renovation Mortgages: Loan and Borrower Eligibility</a></li><li>▪ <a href="#">B5-3.2-04, HomeStyle Renovation Mortgages: Costs and Escrow Accounts</a></li></ul>
Remove the 3% acceptability requirement for 7- and 10-year ARMs	<ul style="list-style-type: none"><li>▪ <a href="#">B2-1.4-02, Adjustable-Rate Mortgages (ARMs)</a></li></ul>
Accessory dwelling units and manufactured homes	<ul style="list-style-type: none"><li>▪ <a href="#">B4-2.3-01, Eligibility Requirements for Units in PUD Projects</a></li><li>▪ <a href="#">B5-2-02, Manufactured Housing Loan Eligibility</a></li><li>▪ <a href="#">B5-2-03, Manufactured Housing Underwriting Requirements</a></li><li>▪ <a href="#">B5-2-04, Manufactured Housing Pricing, Mortgage Insurance, and Loan Delivery Requirements</a></li><li>▪ <a href="#">B5-2-05, Manufactured Housing Legal Considerations</a></li><li>▪ <a href="#">B8-2-02, Special-Purpose Security Instruments</a></li></ul>
Preventing, detecting and reporting mortgage fraud clarifications	<ul style="list-style-type: none"><li>▪ <a href="#">A3-2-01, Compliance with Laws</a></li><li>▪ <a href="#">A3-4-03, Preventing, Detecting, and Reporting Mortgage Fraud</a></li></ul>