



From the Desk of Carlos Perez
Chief Credit Officer for Single Family

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Executive Overview of *Selling Guide* Updates

The February 2017 *Selling Guide* update simplifies the requirements for lenders to obtain a borrower-signed Form 4506-T, more clearly defines homeownership education and housing counseling, and provides a more consistent method for calculating monthly qualifying rental income (or loss). Please take a few minutes to review these beneficial updates:

- **Clarifications for IRS Form 4506-T for Loans with Validated Income:** Lenders use IRS Form 4506-T (IRS Request for Transcript of Tax Return) to obtain permission from the borrower to pull their tax transcripts. This *Selling Guide* update simplifies our documentation requirements for loans using the Desktop Underwriter® (DU®) validation service:
 - *If all borrower income data has been validated through the DU validation service:* A borrower-signed Form 4506-T is not required.
 - *If all borrower income data is not validated:* Lenders must obtain a borrower-signed Form 4506-T for use in the quality control process.

The DU validation service provides a more accurate, simpler digital process for documenting borrower income. Lenders and borrowers benefit by moving away from traditional manual processes. [Learn more about opting in to the DU validation service.](#)

- **Updated definitions of homebuyer education and counseling:** This updates the definitions of homeownership education and housing counseling to more clearly distinguish between the two, and provides additional guidance on when either education or counseling is required.
- **Clarification for rental income calculations:** We have clarified that to calculate monthly rental income (or loss), simply use 75% of the market rent amount from Form 1007, or the monthly lease amount on Form 1025 (the small residential income property appraisal report).

See [Announcement SEL-2017-02](#) for details.

We truly value your feedback and will continue working to make your business the best it can be. Thank you for your support.

Carlos Perez