



From the Desk of Carlos Perez
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Executive Overview of *Selling Guide* Updates

In our July *Selling Guide* update, we made several changes to simplify your work and provide an even better experience for your customers. Below is a summary of the updates:

- **Simplified underwriting with policy changes in Desktop Underwriter® (DU®) Version 10.1.** *Selling Guide* policies are aligned with updates in DU 10.1 (July 29 release) to:
 - Expand the number of borrowers with debt-to-income ratios between 45 and 50 percent that can get a DU Approve/Eligible recommendation. We've removed the specific compensating factors previously required for these loans, and instead we're relying on DU's standard, comprehensive risk assessment.
 - Align the loan-to-value (LTV) ratio for adjustable-rate mortgages (ARMs) and fixed-rate mortgages up to a maximum LTV of 95% for ARMs, and add a 5/5 ARM plan.
 - Simplify underwriting of loan casefiles with disputed tradelines, and no longer require lenders to investigate unless it would make the difference in obtaining a DU Approve/Eligible recommendation.
- **Expedited loan approval process for borrowers with written employment offers or contracts.** Lenders can now deliver loans to us prior to a borrower starting new employment when certain criteria are met.
- **Expanded borrower debt solutions.** We're offering even more solutions for borrowers with student loans, mortgages paid by others, alimony obligations, and timeshare accounts. Our policy updates:
 - Simplify DTI ratio calculations by allowing lenders to use a zero monthly payment amount for borrowers with student loan debt who can provide evidence of an income-driven repayment plan.
 - Exclude mortgages paid by others from the DTI ratio calculation if another party shares the mortgage debt and is making the payments.
 - Increase flexibility for borrowers paying alimony by allowing lenders to reduce the monthly qualifying income by the amount of the alimony obligation as an alternative to counting it as a monthly payment.
 - Clarify that timeshares should be treated as installment loans, not as mortgage debt.
- **Streamlined document custody requirements in the *Selling and Servicing Guides*.** We have updated, reorganized, and clarified our document custody requirements in the *Selling Guide* and removed duplicative content from the *Servicing Guide*.
- **Aligned fidelity bond and errors and omissions insurance with current risk management practices.** We've updated our fidelity bond and errors and omissions insurance to clarify our policies and align them with current market conditions. Fannie Mae seller/servicers must implement the changes by Oct. 1, 2018.

See [Announcement SEL-2017-06](#) for details.

Thank you for providing valuable feedback as we work to enhance your processes. Let's keep the momentum going!

Carlos Perez