

In Case You Missed It

Summary of *Selling Guide*/Policy Communications in 2017

September 8, 2017

This job aid summarizes recent [Selling Guide](#) and related policy updates, clarifications, or other supporting communications. It provides links to related resources as applicable. ***Fannie Mae made many of these changes or communications in direct response to lender feedback requesting that we simplify or clarify policies or processes.***

Did you know that Fannie Mae's [Quarterly Compass](#) is another source of information for lenders about process, policy, and technology updates? Missed anything from last year? View [In Case You Missed It 2016](#) for more summaries.

Most recent items listed first

SEL = *Selling Guide* Announcement

LL = Lender Letter (Lender Letters typically do not announce policy changes and instead reinforce existing policy or provide related information.)

#	Publication (Date)	Topic	Description / Resources
39	LL-2017-04 (8/31/2017)	Selling Policies for Mortgage Loans Impacted by Hurricane Harvey	Informs sellers of policies that address properties affected by a disaster.
38		Use of MERS in Maine	Created Form 3749 to be used when assigning loans to MERS in Maine. Lenders are required to use Form 3749 starting Jan. 1, 2018, but it is available for use now.
37	SEL-2017-07 (08/29/2017)	Part A Simplification: General Contract Terms, Indemnification Provisions, and Fannie Mae Trade Name and Trademarks	Consolidated duplicative content from <i>Selling Guide</i> and <i>Servicing Guide</i> Part A pertaining to general contract terms, indemnification provisions, and Fannie Mae trade names and trademarks.
36		Public Record Information on Credit Reports	Updated credit report requirements in connection with industry changes in how public record information is reported.
35	SEL-2017-06 (07/25/2017)	Debt-to-Income Ratios	Expand the number of borrowers with debt-to-income ratios between 45 and 50 percent that can get a DU Approve/Eligible recommendation, based on DU's comprehensive risk assessment; we've



			removed the specific compensating factors previously required for these loans, and instead we're relying on DU's standard, comprehensive risk assessment.
34		ARM Enhancements	<ul style="list-style-type: none"> Aligned the maximum allowable LTV, CLTV, and HCLTV ratios for adjustable-rate mortgages (ARMs) with fixed-rate mortgages for all transactions, occupancy, and property types, up to a maximum of 95%. Added a 5/5 ARM plan. Eligibility Matrix Standard ARM Plan Matrix
33		Employment Offers or Contracts	Allows lenders an option to deliver loans to us prior to borrower starting new employment in certain situations.
32		Fidelity Bond and Errors and Omissions Insurance	<ul style="list-style-type: none"> Updated our requirements for fidelity bond and errors and omissions insurance to align with current market conditions. Implementation by Fannie Mae seller/servicers must occur by Oct. 1, 2018.
31		Disputed Tradelines	Simplified underwriting guidelines for loans with disputed tradelines.
30		Timeshare Accounts	Clarified timeshares should be treated as installment debt (not mortgage debt).
29		Simplification of Document Custody Requirements	<ul style="list-style-type: none"> Updated, reorganized, and clarified our document custody requirements. Removed duplicate content from the <i>Servicing Guide</i>. Provided references to the <i>Requirements for Document Custodians</i> on our website.
28		Student Loan Clarifications	<ul style="list-style-type: none"> Updated options for lenders to qualify a borrower using a zero monthly payment on student loan debt under certain circumstances. Updated DU messaging to issue a specific message when it appears cash-out refinance proceeds will be used solely to pay off subject property liens and student loans.
27		Alimony Treatment	Updated our underwriting guidelines to allow lenders to reduce the borrower's monthly qualifying income by the monthly alimony payment instead of counting the alimony as a monthly debt.
26		Mortgages Paid by Others	Updated our underwriting policy to allow lenders to exclude mortgage debt paid by others when certain criteria are met.



25	SEL-2017-05 (05/30/2017)	Use of Electronic Notarization including Remote Notarization	Clarify that we accept delivery and servicing of mortgage loans with electronic documents (including security instruments or mortgage loan modification agreements) that have been electronically notarized, either in person or remotely using real-time, two-way audio/video communication, provided certain requirements are met.
24		Medium of Recorded Mortgages	<ul style="list-style-type: none"> Updated our policy to allow for copies of recorded documents that contain the recording information from the recorder's office. Clarified that we require originals of any applicable unrecorded rider and any other unrecorded document that changes the mortgage loan terms (or that otherwise affects our legal or contractual rights under the mortgage).
23		ARM Pass-through Rate after Adjustment	Changed the committing and delivery of whole loan ARMs to use the gross mortgage margin that is on the security instrument instead of the required net margin.
22		Over Deliveries of Whole Loan Commitments	Simplified our "over delivery" limit to require only that it not exceed 25% of the original commitment amount.
21		Whole Loan Cash Back Pair-Offs	Gave lenders more flexibility in pairing-off whole loan commitments.
20	SEL-2017-04 (04/25/2017)	Student Loan Solutions	<p>Simplified the options for calculating the monthly payment amount for student loans:</p> <ul style="list-style-type: none"> the payment amount listed on the credit report, 1% of the outstanding balance, or the fully amortizing payment. <p>Updated our policy to allow debts paid by others to be excluded from the debt-to-income ratio when certain criteria are met:</p> <ul style="list-style-type: none"> 12-month history of timely payments made by the other party, and the other party is not an interested party to the transaction. <p>Allows the pay-off of student loans in a cash-out refinance transaction without requiring the cash-out loan-level price adjustment. Loans must be delivered using Special Feature Code 841.</p>
19		Project Eligibility Review Waiver for Fannie Mae to Fannie Mae Limited Cash-Out Refinances	Waives the project eligibility review for certain Fannie Mae loans that are refinanced as a limited cash-out refinance.



18		Properties Listed for Sale in the Previous Six Months	Eliminated certain eligibility restrictions for properties that have been listed for sale in the previous six months.
17		Project Eligibility Review Service (PERS) Expiration Dates	Allows Final Project Approvals for Streamlined PERS submissions to be issued for up to 24 months.
16		Truncated Asset Account Numbers	Permits truncated account numbers that display at least the last four digits of the asset account number.
15		Flash Settlement for Mortgage-Backed Securities	Eliminated the processing fee for using Fannie Mae's Flash MBS® delivery option.
14		Servicing Execution Tool Bifurcation Option Terms and Conditions	Removed the requirement that SET Bifurcation loans be underwritten through DU and receive an Approve/Eligible recommendation.
13	SEL-2017-03 (03/28/2017)	DU Validation Service	Clarified that lenders may obtain a verification report (formerly known as a vendor report) from a report supplier or from a report distributor when using the DU validation service. <ul style="list-style-type: none"> • A report supplier generates a verification report and sends it electronically to DU. • A report distributor obtains the report from an authorized report supplier.
12		Property Value Representations and Warranties	Expanded eligibility for Day 1 Certainty™ for loans with Collateral Underwriter® risk scores of 2.5 or below on the appraisal regardless of whether the loan was underwritten through DU.
11	SEL-2017-02 (2/28/2017)	IRS Form 4506-T for Loans with Validated Income	Clarified that if all of the borrower's income was validated by the DU validation service, the lender does not need to obtain a signed Form 4506-T (<i>IRS Request for Transcript of Tax Return</i>) for QC purposes. IRS Form 4506-T: Tips for Underwriting and Quality Control
10		Homebuyer Education and Counseling	Clarified our policies to <ul style="list-style-type: none"> • clearly distinguish homeownership education from housing counseling, • provide more specific information about when education or counseling is required, and • rename the <i>Certificate of Completion of Housing Counseling</i> (Form 1017) to align with the changes in the <i>Guide</i>.



9		Calculation of Rental Income when Using Market Rent	Clarified that 75% of the monthly lease agreement or market rent reported on Forms 1007 or 1025 should be used to calculate monthly qualifying rental income (or loss).
8	<u>SEL-2017-01</u> (1/31/2017)	Confidentiality of Information and Data Breach	<p>Updated the confidentiality of information policies to:</p> <ul style="list-style-type: none"> • better define “Confidential Information,” • require more detailed controls, • provide clearer disclosure requirements, • establish new terms and conditions regarding pilot initiatives, • provide notification requirements when breach occurs, and • establish new requirements to ensure broad security measures are implemented. <p>Added a reference to the data breach section in the <i>Servicing Guide</i>.</p>
7		Seller/Servicer Financial Eligibility Requirements	<ul style="list-style-type: none"> • Changed certain policies to allow Fannie Mae to use discretion to determine whether a breach of the Lender Contract should be called. • Clarified that net worth calculations are based in part on one- to four-unit residential loans serviced for the owner of the loan. • Clarified minimum acceptable levels of capital. • Added flexibility regarding credit recourse obligations. • Removed explicit breach criteria for outstanding repurchase requests.
6		Comparables in New Projects or Subdivisions	Provided for acceptance of two pending sales in lieu of one closed sale in new subdivision or project if resales are not yet available.
5		Property Inspection by Appraiser Trainee	Clarified that an unlicensed or uncertified appraiser, or an appraiser trainee, can complete the property inspection.
4		Adjustments to an Appraisal for Sales Concessions	Clarified that an appraiser may use dollar-for-dollar adjustments for financing or sales concessions under certain circumstances.
3		Alignment with the <i>Servicing Guide</i> – Various Part A Topics	Began the project to remove duplicate content that appeared in both the <i>Selling</i> and <i>Servicing Guides</i> by moving certain requirements that apply to both sellers and servicers into the <i>Selling Guide</i> .
2		Miscellaneous Updates	<ul style="list-style-type: none"> • Identified Special Feature Code 917 for site condos. • Changed contact information for reporting mortgage fraud information.



1	LL-2017-01 (1/4/2017)	Mortgage insurance updates	<ul style="list-style-type: none">• Approved the United Guaranty Corporation acquisition by Arch Capital Group, Ltd.• Updated the approved mortgage insurance forms list
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