



Selling Guide Announcement SEL-2019-06

July 3, 2019

Selling Guide Updates

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

- HomeReady® Income Limits
- Compliance with Office of Foreign Assets Control Regulations
- Use of IRS Form 4506-T
- Definition of Relocation Loans
- Reminder of Disaster Policies
- Miscellaneous *Selling Guide* Updates

Each of the updates is described below. The affected topics for each policy change are listed on the Attachment. The *Selling Guide* provides full details of the policy changes. The updated topics are dated July 3, 2019.

HomeReady Income Limits

We've updated the *Selling Guide* to include the changes related to area median income (AMI) limits for HomeReady mortgage loans recently announced in [LL-2019-06](#): Upcoming HomeReady and Desktop Underwriter® (DU®) Updates.

Effective Date

As indicated in the Lender Letter, all changes will apply to new loan casefiles submitted to DU the weekend of July 20, 2019 and to manually underwritten loans with application dates on or after July 20, 2019.

Compliance with Office of Foreign Assets Control Regulations

We have updated A3-2-01, Compliance with Laws with additional clarifications for compliance with Department of Treasury Office of Foreign Assets Control (OFAC) Regulations regarding servicing loans.

Effective Date

Lenders can take advantage of this clarification immediately.

Use of IRS Form 4506-T

We currently require lenders to have all borrowers sign an IRS Form 4506-T, Request for Transcript of Tax Return, at or before closing. With this update, we are removing the requirement for a signed IRS Form 4506-T for any borrower whose income is not being used to qualify for the loan.

Effective Date

Lenders can take advantage of this change immediately. DU messaging will be updated in a future release to specify the requirement is applicable for each borrower whose income is used to qualify for the loan.



Definition of Relocation Loans

With the transition to the Uniform Mortgage-Backed Securities (UMBS) and in alignment with Freddie Mac, we have modified our definition of a relocation loan and updated the Guide accordingly. This update provides consistency for lenders when determining whether a relocation loan is subject to the de minimis pooling requirements for TBA-eligible UMBS securities. (As a reminder, relocation loans are considered “nonstandard loans” for TBA-eligible pools and are subject to concentration limits.)

A relocation loan is now defined as an owner-occupied purchase money loan, originated pursuant to an established employee relocation program, administered by the employer (or its agent), where the employer relocates employees as part of its normal course of business.

Effective Date

Lenders can take advantage of this change immediately.

Reminder of Disaster Policies

We remain committed to helping communities affected by earthquakes, floods, hurricanes, or other disasters and wanted to provide a reminder of the disaster policies in the *Selling Guide*. Our requirements for disaster assistance are in the following topics:

- [B2-3-05, Properties Affected by a Disaster](#);
- [B3-4.3-07, Disaster Relief Grants or Loans](#); and
- [B4-1.4-10, Appraisal Waivers](#).
- [B5-4-02, Disaster-Related Limited Cash-Out Refinance Flexibilities](#);
- [B5-5.2-01, DU Refi Plus and Refi Plus Eligibility](#); and
- [B5-7-02, High LTV Refinance Underwriting, Documentation, and Collateral Requirements for the New Loan](#).

Refer to the [Disaster Relief – Single-Family Selling/Servicing FAQs](#) and to the [Assistance in Disaster](#) page on Fannie Mae’s website for comprehensive information and resources related to our disaster policies.

Miscellaneous *Selling Guide* Updates

[B3-2-02: DU Validation Service](#): Minor update to the description of retirement income validated by the DU validation service to align with updates that will be made with the DU Version 10.3 July Update.

[B4-1.1-06, Uniform Appraisal Dataset \(UAD\) and the Uniform Collateral Data Portal \(UCDP\)](#), [B4-1.2-01, Appraisal Report Forms and Exhibits](#): We removed references to certain outdated appraisal forms (Forms 1075, 2055, and 2095) as they are no longer options provided by DU. These forms are still available on Fannie Mae’s website, but have been removed from policy to avoid confusion.

[B4-2.1-01, General Information on Project Standards](#): Minor edit to align with existing policy (in another topic) that the streamlined project eligibility review service (PERS) method is used for established condo or PUD projects with manufactured homes that are subject to a community land trust, deed restriction, leasehold estate, or shared equity arrangement.

[B5-3.3-01, HomeStyle Energy for Improvements on Existing Properties](#) and [B2-1.2-03, Cash-Out Refinance Transactions](#): Clarifies energy-related improvements are permitted on a cash-out refinance but are not considered HomeStyle® Energy loans, as all standard cash-out refinance requirements apply. We also updated the [Eligibility Matrix](#) to reflect this clarification.



Lenders who have questions about this Announcement should contact their Fannie Mae Account Team.

Malloy Evans
Senior Vice President and
Chief Credit Officer for Single-Family



Attachment

Section of the Announcement	Updated <i>Selling Guide</i> Topics
HomeReady Income Limits	<ul style="list-style-type: none"><li data-bbox="594 485 1344 520">▪ B5-6-02, HomeReady Mortgage Loan and Borrower Eligibility<li data-bbox="594 533 1317 604">▪ B5-6-03, HomeReady Mortgage Underwriting Methods and Requirements
Compliance with Office of Foreign Assets Control Regulations	<ul style="list-style-type: none"><li data-bbox="594 653 1003 688">▪ A3-2-01, Compliance With Laws
Use of IRS Form 4506-T	<ul style="list-style-type: none"><li data-bbox="594 737 1422 808">▪ B3-3.1-06: Requirements and Uses of IRS Request for Transcript of Tax Return Form 4506-T
Definition of Relocation Loans	<ul style="list-style-type: none"><li data-bbox="594 852 1312 888">▪ C3-2-01, Determining Eligibility for Loans Pooled into MBS<li data-bbox="594 900 1117 936">▪ E-3-18, Glossary of Fannie Mae Terms: R