



Introducing HOME by Fannie Mae™

A New Mobile App to Inform Future Buyers about the Homebuying Process

App Features

- A dashboard and checklist to track user progress
- Financial calculators to help estimate affordability, calculate mortgage payments, plan for a down payment, and learn how paying ahead can save money and reduce loan payback times
- A HUD-approved housing counseling agency “locator tool”
- Articles and videos, and much more



Benefits to Our Partners

- Helps reduce customer barriers to homeownership with free resources and tools
- Supports efforts to expand access to mortgage credit to informed, qualified homebuyers
- Serves as an unbiased informational tool to prepare consumers for the homebuying process
- Complements existing buyer education programs and counseling services

Download Today

- Visit www.knowyouroptions.com/homeapp for download instructions **OR**
- Search for “HOME by Fannie Mae” on your mobile device (available for Android, iPhone, or iPad) in the Apple App or Google Play stores

Don't forget to share the app with your customers and personal network!

Questions? Email nancy_cole@fanniemae.com



HomeReady™ Mortgage: Fast Facts for Loan Officers

Help meet the diverse needs of today's buyers with HomeReady, Fannie Mae's enhanced affordable lending product.

Designed for creditworthy, low- to moderate-income borrowers, with expanded eligibility for financing homes in designated low-income, minority, and disaster-impacted communities.

Key Features

- Up to **97% financing** (1-unit purchase)
- **No minimum borrower contribution** (1-unit properties); use flexible sources of funds for down payment and closing costs (gifts, grants, Community Seconds®, and cash-on-hand)
- Required **homeownership education** through a simple online course provided by [Framework](#)

Flexibilities

- **Non-occupant borrowers** allowed (max 95% LTV in DU®) – income is considered part of qualifying income and subject to applicable income limits
- Innovative new feature that **supports extended family households**: will **consider income from a non-borrower household member**
 - **Compensating factor** in DU to allow for a debt-to-income (DTI) ratio higher than 45% up to 50%.
 - **Not** counted as qualifying income.
 - Non-borrower's income must be at least 30% of the total monthly qualifying income being used by the borrower.
 - The non-borrower household member must be a family member, i.e., a spouse, child, dependent, domestic partner, fiancé, fiancée, or any other individual related to the borrower by blood, marriage, adoption, or legal guardianship.
 - The non-borrower must document their income and sign statement of intent to reside with the borrower(s) – only required if DU determines the non-borrower income will provide a benefit.
- Rental income from **accessory dwelling units** may be considered in qualifying the borrower (per rental income guidelines)
- Lower than standard mortgage insurance coverage – 25% for LTVs above 90% to 97%

Pricing

- Standard risk-based loan-level price adjustments (LLPAs) *waived with an LTV above 80% and a representative credit score equal to or greater than 680*; for loans outside of these parameters, standard LLPAs apply (per the [LLPA matrix](#)) with a cap of 1.50%.

Resources

- [HomeReady web page](#)
- [HOME by Fannie Mae mobile app](#) – information and calculators for borrowers (*not* homeownership education)

Borrower Income Eligibility

No income limit: Properties in low-income census tracts

100% of AMI: Properties in high-minority census tracts and designated disaster areas

80% of AMI: All other properties

AMI = area median income (AMI data source: FHFA)

HomeReady[™] Mortgage

Help meet the diverse needs of today's buyers with HomeReady, Fannie Mae's enhanced affordable lending product.

Overview

Designed for creditworthy, low- to moderate-income borrowers, with expanded eligibility for financing homes in designated low-income, minority, and disaster-impacted communities.

HomeReady lets you lend with confidence while expanding access to credit and supporting sustainable homeownership.

- Simplicity and certainty for lenders
- Improved pricing and execution
- Product features designed to align with today's buyer demographics and support sustainable homeownership

Lender Benefits

Enhanced Simplicity and Certainty

- **Underwrite with confidence.** Desktop Underwriter[®] (DU[®]) offers a comprehensive credit risk assessment and eligibility determination, and automated identification of potentially HomeReady-eligible loans.
- **Improved and simplified pricing** is better than or equal to Fannie Mae standard loan pricing and supports a competitive borrower payment.
- **Standard risk-based pricing waived** for LTVs >80% with a credit score ≥ 680 (risk-based loan-level price adjustment cap of 150 bps applies for loans outside of these parameters).
- **Simplified execution.** Ability to commingle standard and HomeReady loans into MBS pools and whole loan commitments.

Borrower Benefits

Accessible and Sustainable Financing

- **Low down payment.** Up to 97% financing for home purchase with many borrower flexibilities.
- **Flexible sources of funds** can be used for the down payment and closing costs with no minimum contribution required from the borrower's own funds (1-unit properties).
- **Conventional home financing with cancellable monthly MI** (per *Servicing Guide* policy); reduced MI coverage requirement above 90% LTV supports competitive borrower payment.
- **Homeownership education** helps buyers get ready to buy a home and be prepared for the responsibilities of homeownership. The required training offers an easy-to-use, online course provided by Framework.

Fannie Mae's Economic and Strategic Research group reports a "demographic sea change" in the housing market, characterized by the rise of the Millennials, increased diversity, and a growing elderly population; and new household growth is being driven by traditionally underserved segments.

See next page for more about product features ...

Income Eligibility

(Aligned with Fannie Mae's regulatory housing goals and may help lenders meet applicable Community Reinvestment Act goals)

Borrower Income Eligibility	2015 Eligibility (Fannie Mae analysis using 2015 data)
No income limit: Properties in low-income census tracts	31% of census tracts
100% of AMI: Properties in high-minority census tracts and designated disaster areas	20% of census tracts
80% of AMI: All other properties	49% of all U.S. census tracts

AMI = area median income (AMI data source: FHFA)

Product Features

- **DU will automatically identify potentially eligible loans.**
- **Underwriting flexibilities include:**
 - Offers an [innovative new feature that supports extended family households](#): will consider income from a non-borrower household member as a compensating factor in DU to allow for a debt-to-income (DTI) ratio >45% to 50%.
 - Allows non-occupant borrowers, such as a parent.
 - Permits rental income from an accessory dwelling unit (such as a basement apartment).
 - Allows boarder income (updated guidelines provide documentation flexibility).
- **Financing up to 97% LTV (DU is required for LTVs >95%).** Borrower is not required to be a first-time buyer; purchase of one-unit principal residence (limited cash-out refi up to 95%).
- **Lower MI coverage requirement** than standard (25% for LTVs >90% to 97%).
- **Allows for nontraditional credit.**
- **Gifts, grants, Community Seconds®, and cash-on-hand** permitted as a source of funds for down payment and closing costs.
- **Supports manufactured housing** up to 95% and **HomeStyle® Renovation** (approved lenders) to 95%.

Homeownership Education and Post-Purchase Support

Comprehensive homeownership education. Requires online course provided by [Framework](#), and offers additional post-purchase support through the life of the loan to help ensure sustainable homeownership.

- Borrowers will invest 4–6 hours (average) of their time and a modest fee of \$75 (paid to Framework) to learn the fundamentals of buying and owning a home, take an online test, and receive a certificate of completion.
- Although one-on-one counseling is optional for HomeReady, Framework will offer borrowers a referral to a HUD-approved counseling agency for additional assistance. Borrowers also have the option to consult a counselor of their choice.
- To further promote sustainability, borrowers will have access to post-purchase homeownership support for the life of the loan through Framework's homeownership advisor service.

***Bookmark the HomeReady page for resources and updates:
www.FannieMae.com/singlefamily/HomeReady***

HomeReady™ Mortgage

Designed for creditworthy, low- to moderate-income borrowers, with expanded eligibility for financing homes in designated low-income, minority, and disaster-impacted communities. HomeReady lets you lend with confidence while expanding access to credit and supporting sustainable homeownership. Key features:

- Simplicity and certainty for lenders
- Streamlined pricing and execution
- Product features designed to align with today's buyer demographics and support sustainable homeownership

		1-Unit	2- to 4-Unit
Eligibility	Loan Purpose	Purchase or Limited Cash-out Refinance (LCOR)	
	Occupancy and Property Type	1-unit principal residence, including eligible condos, co-ops, PUDs, and manufactured housing	2- to 4-unit principal residence (<i>no</i> condos, co-ops, or manufactured housing)
	Manufactured Housing	In accordance with standard MH guidelines (Desktop Underwriter® [DU®] required; max 95% LTV/CLTV; FRMs or 7/1 and 10/1 ARMs only; no buydowns)	Not applicable
	HomeStyle® Renovation	In accordance with standard HomeStyle Renovation guidelines (special lender approval; max LTVs/CLTVs per HomeStyle Renovation guidelines)	
	Borrower Income Limits	<ul style="list-style-type: none"> • No income limits in low-income census tracts • 100% of area median income (AMI) in high-minority census tracts or designated disaster areas • 80% of AMI in all other census tracts 	
	Minimum Borrower Contribution (own funds)	\$0	3%
	Acceptable Sources of Funds for Down Payment and Closing Costs	Gifts, grants, and Community Seconds®. Cash-on-hand for 1-unit properties only. Any eligible loan may have more than one Community Seconds (i.e., third lien) up to the maximum 105% CLTV (see Community Seconds fact sheet).	

		1-Unit	2- to 4-Unit
Eligibility (continued)	Product	10-, 15-, 20-, or 30-year fixed-rate mortgages (FRMs) 5/1 (2/2/5 caps only), 7/1, and 10/1 adjustable-rate mortgages (ARMs)	
	Maximum LTV/CLTV and Subordinate Financing	CLTV up to 105% with eligible Community Seconds (Refer to Eligibility Matrix for details) Other subordinate financing per the <i>Selling Guide</i>	
		Purchase: • DU Only – 97% (FRM) • DU and manual underwriting to 95% (FRM); 90% (ARM) LCOR: DU and manual underwriting: 95% FRM; 90% (ARM)	Purchase or LCOR 2-unit: 85% FRM, 75% ARM 3- to 4-unit: 75% FRM only
	Ownership of Other Property	Occupant borrower(s) may not have an ownership interest in any other residential property at the time of closing.	
	Non-Occupant Borrowers	Non-occupant borrowers permitted to maximum 95% LTV in DU; 90% LTV manual with max 43% DTI for occupying borrower. Income considered as part of qualifying income and subject to income limits. No limitation on ownership of other property for non-occupant borrower.	
	Interest Rate Buydowns	3-2-1 and 2-1 buydown structures permitted	
Mortgage Insurance (MI) Coverage and Financed MI	<ul style="list-style-type: none"> • 25% MI coverage for LTVs 90.01–97% • Standard MI coverage for LTVs of 90% or less MI may be financed up to the maximum LTV for the transaction, including the financed MI (Minimum MI Coverage Option may be used with additional LLPA; the HomeReady LLPA waiver or cap does not apply).		
Underwriting	Desktop Underwriter® (DU) (Available in DU: target Dec 2015)	<ul style="list-style-type: none"> • Based on the census tract and borrower income, DU will notify users when a loan casefile appears to be eligible for HomeReady but the lender has not underwritten the loan casefile as HomeReady. Resubmit the loan casefile as a HomeReady loan to obtain the appropriate HomeReady messaging. New Additional Data screen field will allow entering census tract information if DU is unable to geocode the property address. • DU recommendation of Approve/Eligible required. DU will determine qualifying ratios and reserves. • Eligible in DU if at least one borrower has traditional credit and contributes more than 50% of qualifying income. 	
	Manual Underwriting (Limited waiver of representations and warranties does not apply. LTVs >95% not)	Use manual underwriting if (1) the DU recommendation is other than Approve/Eligible, or (2) there is not at least one borrower with a traditional credit history. Benchmark qualifying ratio follows Fannie Mae standard <i>Selling Guide</i> (Section B3-6-02) for manual underwriting. Representative minimum credit scores for manual underwriting <i>(Minimum could be higher for certain reserves and debt-to-income ratios; see the Eligibility Matrix)</i>	
		620 or higher, per the Eligibility Matrix	640 or higher, per the Eligibility Matrix

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		1-Unit	2- to 4-Unit	
Underwriting (continued)	eligible for manual underwriting.)	Reserves for manual underwriting		
		Minimum none or up to 6 months, per the Eligibility Matrix (based on credit score, DTI ratio, and FRM or ARM)	Minimum none or up to 12 months, per the Eligibility Matrix (based on credit score, DTI ratio, and FRM or ARM)	
	Manual Underwriting, Exceptions to Minimum Credit Score Requirements	<ul style="list-style-type: none"> Borrowers with nontraditional credit are eligible. In addition, up to 30% of qualifying income may come from a borrower for which no traditional or nontraditional credit profile can be established. If the borrower has a credit score below the minimum required as a result of an insufficient traditional credit history (“thin files”) as documented by reason codes on the credit report, the lender may supplement the thin file with an acceptable nontraditional credit profile. SFC 818 must be used to identify loans with supplemented thin files (for manually underwritten loans only). If a borrower has a credit score below the minimum required, but has sufficient traditional credit sources listed on the credit report, the lender may not establish a nontraditional credit profile to supplement the borrower’s traditional credit history. If the borrower’s credit history was heavily influenced by credit deficiencies that were the result of documented extenuating circumstances, the minimum credit score requirement must be met (per the Eligibility Matrix), or the credit score must be no less than 620. 	Not eligible	
	Other Income	Boarder income (relatives or non-relatives): Up to 30% of qualifying income; documentation for at least 9 of the most recent 12 months (averaged over 12 months) and documentation of shared residency for the past 12 months.	Not eligible	
		Accessory dwelling units: Rental income may be considered in qualifying the borrower per rental income guidelines.	Rental income may be used as qualifying income per rental income guidelines.	
Non-Borrower Household Income	<p>Permitted as a compensating factor in DU only to allow a debt-to-income (DTI) ratio >45% up to 50% (non-borrower income is not considered qualifying income and is not applied to income limits). The following additional requirements apply:</p> <ul style="list-style-type: none"> The income must be reflected in DU as an Other Income type of “Non-Borrower Household Income” (new income type will be added with DU implementation). This income will not be included as qualifying income, and would not impact the DTI ratio used in the risk assessment or displayed on the DU Underwriting Findings report. 			

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		1-Unit	2- to 4-Unit
Homeownership Education		<ul style="list-style-type: none"> The non-borrower household member must be a family member, i.e., a spouse, child, dependent, domestic partner, fiancé, fiancée, or any other individual related to the borrower by blood, marriage, adoption, or legal guardianship. The non-borrower's household income must be documented in accordance with standard <i>Selling Guide</i> policy based on the income type. There must be a signed statement of the intent for the non-borrower to reside with the borrower (or continue to reside with the borrower for LCOR transactions). (Fannie Mae will provide an optional form for this purpose.) The non-borrower's income must be at least 30% of the total monthly qualifying income being used by the borrower. 	
	Prepurchase Homeownership Education	<ul style="list-style-type: none"> Homeownership education required prior to note date for at least one borrower on all transactions (purchase and LCOR). Must be provided through Framework, an online program approved by Fannie Mae. \$75 fee paid by the borrower to Framework for a simple, accessible online program with email support 7 days a week. Lenders may choose to provide a credit against closing costs in accordance with <i>Selling Guide</i> section B3-4.1-02. Homeownership education certificate must be retained in the mortgage file. Although one-on-one counseling is optional for HomeReady, Framework will offer borrowers a referral to a HUD-approved counseling agency for additional assistance. Borrowers also have the option to consult a counselor of their choice. 	
	Post-Purchase Support	To support sustainability, borrowers will have access to post-purchase homeownership support for the life of the loan through Framework's homeownership advisor service.	
	Special Borrower Considerations	Online education may not be appropriate for all potential home buyers. The presence of a disability, lack of Internet access, and other issues may indicate that a consumer is better served through other education modes (e.g., in-person classroom education, telephone conference call, etc.). In these situations, consumers should be directed to Framework's toll-free customer service line, from which they can be directed to a HUD-approved counseling agency that can meet their needs. Framework will register the consumer for potential post-purchase support. The counseling agency that handles the referral must provide a certificate of completion, and the lender must retain a copy of the certificate in the loan file.	
	Previous Home-Buyer Education	In lieu of the Framework course, Fannie Mae will allow lenders to accept a certificate of pre-purchase education/counseling from a HUD-approved counseling agency dated within the previous six months before the loan application date and before April 1, 2016.	
	Landlord Education	Not Applicable	Landlord education required in accordance with <i>Selling Guide</i> requirements (not available through Framework)

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		1-Unit	2- to 4-Unit
Pricing, Committing, Execution, Delivery, and Servicing	Loan-Level Price Adjustments (LLPAs)	Standard risk-based LLPAs waived with an LTV above 80% <i>and</i> a representative credit score equal to or greater than 680; for loans outside of these parameters, standard LLPAs apply (per the LLPA matrix) with a cap of 1.50%. (The Minimum MI Coverage Option LLPA is not waived or considered toward the cap if that option is used.)	
	Whole Loan Pricing/Committing	View live whole loan pricing and make commitments in Fannie Mae's whole loan committing application	
	MBS Pricing and Committing	Lender base guaranty fee per MBS contract	
	Execution	Commingle with non-HomeReady loans in whole loan commitments and MBS pools	
	Delivery Data	Special Feature Code 900 required	
	Servicing	HomeReady loans will be serviced under the requirements for Fannie Mae's community lending products. These <i>Servicing Guide</i> requirements are currently under review by Fannie Mae, and we expect to simplify and clarify this policy for our servicing partners.	

Committing and delivery available starting December 21, 2015

HomeReady™ Mortgage Comparison with Fannie Mae Standard and MyCommunityMortgage® (MCM®)

September 29, 2015

This table compares HomeReady mortgage features with Fannie Mae standard mortgage loans and MyCommunityMortgage (MCM), which is being retired. For details, refer to *Selling Guide Announcement SEL-2015-10* and the Desktop Underwriter® (DU)® [Version 9.3 Release Notes](#). Sample borrower payment scenarios for HomeReady and standard mortgages are shown on page 4.

Category	HomeReady	Fannie Mae Standard	MCM (available until Dec. 2015)
Loan Purpose	<ul style="list-style-type: none"> Purchase Limited cash-out refinance (LCOR) 	Purchase, LCOR, and cash-out refi	<ul style="list-style-type: none"> Purchase LCOR
Occupancy	1-4-unit Principal Residence	Principal Residence, Second Homes, Investment Properties	1-4-unit Principal Residence
LTV Limits	<p>Purchase – LTV >95–97% for 1-unit; DU Only; No first-time home-buyer (FTHB) requirement</p> <p>1-unit purchase and LCOR (principal residence): 95% FRM; 90% ARM</p> <p>Purchase and LCOR:</p> <p>2-unit – 85% FRM; 75% ARM</p> <p>3-4-unit – 75% FRM only</p>	<p>1-unit purchase and LCOR (principal residence): 95% FRM; 90% ARM</p> <p>Purchase: LTV>95%-97%; DU only. At least one borrower must be a FTHB.</p> <p>LCOR: LTV>95% to 97%. DU only. Existing Fannie Mae loans only.</p> <p>2-4-unit purchase and LCOR (principal residence):</p> <p>2-unit – 85% FRM; 75% ARM</p> <p>3-4-unit – 75% FRM; 65% ARM</p>	<p>Purchase – DU Only:</p> <p>1-unit – 97% FRM – One borrower must be a FTHB</p> <p>Purchase and LCOR:</p> <p>1-unit – 95% FRM; 90% ARM</p> <p>2-unit – 95% FRM; 90% ARM</p> <p>3-4-unit – 95% FRM only</p>
Product	<p>30-year FRM</p> <p>5/1 (2/2/5 caps only), 7/1 and 10/1 ARMs</p> <p>Retirement of Community Solutions™ and Community HomeChoice™ options</p>	<p>Fixed-rate</p> <p>3/1, 5/1 (2/2/5 and 5/2/5 caps), 7/1, and 10/1 ARMs</p>	<p>30-year FRM</p> <p>5/1 (2/2/5 caps only), 7/1, and 10/1 ARMs</p> <p>Community Solutions for certain employment (teachers, police, etc.)</p> <p>Community HomeChoice for disabled borrowers</p>

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Category	HomeReady	Fannie Mae Standard	MCM (available until Dec. 2015)
Borrower Income Limits	Income eligibility aligned with housing goals requirements: <ul style="list-style-type: none"> No income limits in low-income census tracts (median tract income <=80% of area median income [AMI]) 100% of AMI in high-minority census tracts or designated disaster areas 80% of AMI in other tracts 	No income limits	<=100% AMI with higher income limits to 115% for non-metro areas and HomeChoice, higher limits as imposed by other organizations (Community Seconds®), and higher limits in identified high-cost areas
Ownership of Other Property and Non-Occupant Borrowers	Occupant borrower may not have an ownership interest in any other residential property at time of closing Non-occupant borrowers are permitted (to max 95% LTV in DU; 90% LTV in manual); income considered as part of qualifying income. No limitation on ownership of other property for non-occupant borrower	No restriction on borrower's ownership in other residential property at time of closing Non-occupant borrowers will be permitted for all loans to max 95% LTV in DU; 90% LTV in manual	Borrower may not have an ownership in any other residential property at time of closing Non-occupant co-borrowers are not permitted (except for Community HomeChoice if manually underwritten)
Manufactured Housing (MH)	In accordance with standard MH guidelines (DU only, max 95% LTV/CLTV, 7/1 and 10/1 ARMs only, no temporary buydowns), except limited to 1-unit principal residence transactions	DU-only , max LTV/CLTV of 95%, 7/1 and 10/1 ARMs only, no temporary buydowns, 1-unit principal residence and second home transactions	Not eligible
Renovation	HomeStyle® Renovation in accordance with standard HomeStyle Renovation guidelines (special lender approval, max 95% LTV/CLTV), except limited to principal residence transactions		Not permitted
Buydowns	3-2-1 and 2-1 buydown structures permitted		2-1 buydown structures only
Non-Borrower Household Income	Permitted as a compensating factor in DU to allow a debt-to-income ratio greater than 45% up to 50% (non-borrower income is not considered qualifying income)	Not permitted	Not permitted
Boarder Income	Permitted with documentation of at least 9 of the most recent 12 months (averaged over 12 months) up to 30% of qualifying income	Not permitted	Permitted with 12 months' worth of receipts up to 30% of qualifying income

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Category	HomeReady	Fannie Mae Standard	MCM (available until Dec. 2015)
Accessory Dwelling Units	Rental income from a 1-unit property with an accessory unit can be considered in qualifying the borrower; documentation and calculation in accordance with existing rental income guidelines	No rental income from an accessory unit can be considered for qualifying	
Homeownership Education and Housing Counseling	Homeownership education required prior to note date for at least one borrower on all transactions (purchase and LCOR) Must be provided through Framework Homeownership education certificate must be retained in mortgage file Landlord counseling is required for all 2- to 4-unit transactions in accordance with <i>Selling Guide</i> requirements (not available through Framework)	Homeownership education and counseling required for at least one borrower when all borrowers are relying solely on nontraditional credit to qualify	Homeownership education and counseling required for at least one borrower on MCM transactions when: <ul style="list-style-type: none"> • LTV >95–97% (purchase) • All borrowers are first-time home buyers • All borrowers are relying solely on nontraditional credit to qualify • Cannot be provided by a party to the transaction • Must meet the National Industry Standards for Homeownership Education and Counseling • Landlord counseling is required for all 2- to 4-unit transactions
Pricing (see next page for sample borrower payment scenarios – HomeReady and standard)	Lender base guaranty fee. Standard risk-based loan-level price adjustments (LLPAs) : <ul style="list-style-type: none"> • <i>waived</i> with an LTV above 80% and a representative credit score equal to or greater than 680; • for loans outside of these parameters, standard LLPAs apply (per the LLPA matrix) with a cap of 1.50%. (The Minimum MI Coverage Option LLPA is not waived or considered toward the cap if that option is used.)	Lender base guaranty fee. Standard risk-based LLPAs.	MCM-specific lender guaranty fee. MCM-specific LLPAs.

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Sample Borrower Payment Scenarios (HomeReady and Standard)

	HomeReady with Borrower-Paid Monthly MI (25%)		HomeReady, with ⁴ Single-Premium Lender-Paid MI		Standard, with Borrower-Paid Monthly MI		Standard, with ⁴ Single-Premium Lender-Paid MI		Standard, ³ Minimum MI Coverage, with Borrower-Paid Monthly MI	
97% LTV Comparison										
Credit Score:	740	680	740	680	740	700	740	700	740	700
LTV	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%
Loan Balance	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
¹ Monthly MI Rate	0.77%	0.96%			1.10%	1.31%			0.60%	0.80%
Monthly MI Cost (\$)	\$ 128	\$ 160			\$ 183	\$ 218			\$ 100	\$ 133
² Base Note Rate	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%
LLPAs										
Standard	N/A	N/A	N/A	N/A	1.000%	1.750%	1.000%	1.750%	1.000%	1.750%
³Minimum MI									1.000%	1.250%
Total					1.000%	1.750%	1.000%	1.750%	2.000%	3.000%
⁴Single Premium MI Rate			2.49%	3.05%			3.08%	3.85%		
Note Rate with LLPAs or Single Premium	4.00%	4.00%	4.50%	4.61%	4.20%	4.35%	4.82%	5.12%	4.40%	4.60%
Principal & Interest	\$ 955	\$ 955	\$ 1,013	\$ 1,026	\$ 978	\$ 996	\$ 1,051	\$ 1,088	\$ 1,002	\$ 1,025
Total Monthly Payment	\$ 1,083	\$ 1,115	\$ 1,013	\$ 1,026	\$ 1,161	\$ 1,214	\$ 1,051	\$ 1,088	\$ 1,102	\$ 1,159
⁵ Multiple						5		5		5

Notes

¹ Based on typical MI industry rate as of September 2015

² Note rates based on observed market rates as of August 2015

³ Minimum MI coverage = 18% for 95.01–97.00% LTV (If used with HomeReady, the HomeReady LLPA waiver or cap DOES NOT APPLY)

⁴ Single-premium lender-paid MI: Lender increases note rate to generate a premium coupon, using proceeds to buy the MI policy; these scenarios based on typical MI industry rate as of September 2015

⁵ Multiple: Factor by which applicable loan-level price adjustments and single-premium MI cost are converted into all-in note rate

In Case You Missed It Summary of *Selling Guide*/Policy Communications in 2015

September 11, 2015

This job aid summarizes recent [Selling Guide](#) and related policy update, clarification, or other supporting communications, and 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 2014](#) for more summaries.

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
1	SEL-2015-01 (01/27/15)	Incorporation of Updated Ratios for Purchase and Limited Cash-out Refinances	Updated the <i>Selling Guide</i> to incorporate SEL-2014-15 , which allows LTV ratios greater than 95% up to a maximum of 97% for the following transactions: <ul style="list-style-type: none"> ▪ MyCommunityMortgage® (MCM®) purchase transactions if at least one borrower is a first-time home buyer and pre-purchase home-buyer education and counseling is completed, ▪ standard purchase transactions (non-MCM) if at least one borrower is a first-time home buyer, or ▪ standard limited cash-out refinances (non-MCM) of existing Fannie Mae loans. Also updated policy for MCM to allow reserves to come from gifts. 97% LTV Options web page
2	SEL-2015-01 (01/27/15)	Clarification of Home-buyer Education and Counseling Requirements	Clarified that online education and counseling programs may be delivered by any eligible provider. Also added video-conferencing to the list of acceptable formats. Home-Buyer Education and Counseling FAQs

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3	SEL-2015-01 (01/27/15)	Sublease of a Leasehold Estate	Clarified that if a mortgage sold to Fannie Mae is secured by a sublease of a leasehold estate, documentation must confirm that a default under the leasehold estate will not result in the termination of the sublease. Lease must also provide that the borrower is obliged to pay lease rents (as well as taxes, insurance, and homeowners' association dues, as appropriate).
4	SEL-2015-01 (01/27/15)	Miscellaneous <i>Selling Guide</i> Updates	<ul style="list-style-type: none"> ▪ Requirements and Uses of IRS Form 4506-T. Removed a note on the execution of IRS Form 4506-T prior to closing for multiple financed properties because this policy requirement was eliminated in November 2014. IRS Form 4506-Tips for Underwriting and Quality Control ▪ Updates Related to Desktop Underwriter® (DU®) Version 9.2 Release. <ul style="list-style-type: none"> • Updated <i>Selling Guide</i> references [in applicable DU topics] to match the DU Version 9.2 adoption of “debt-to-income ratio” to replace “total expense ratio” in the DU Underwriting Findings report. • Updated <i>Selling Guide</i> to match the new multiple financed properties message added in DU Version 9.2. DU Version 9.2 Release Notes DU web page ▪ For additional minor updates, refer to the Announcement.
5	LL-2015-02 (02/04/15)	Appraisal Tools, Processes, and Policies; Collateral Underwriter	<ul style="list-style-type: none"> ▪ Provided clarifications and additional information regarding Fannie Mae’s valuation-related tools and policy updates announced within the past 12 to 18 months, including Collateral Underwriter™ (CU™), Appraiser Quality Monitoring (AQM), and updates to the <i>Selling Guide</i>. ▪ Collateral Underwriter. Provided facts related to CU to clarify certain misstatements and misconceptions. These include the facts that use of CU is voluntary and free to lenders, does not make a credit decision, and does not provide an estimate of value but does provide a numerical risk score and risk flags plus messages on aspects of the appraisal that may require further attention. The CU risk analysis is for exclusive use by the lender and is to be used in constructive dialogues with the appraiser. CU is available only to approved Fannie Mae lenders because Fannie Mae’s contractual

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			relationship is with approved lenders and requires an appraisal submission by the lender to the Uniform Collateral Data Portal® (UCDP®). CU web page
6	LL-2015-02 (02/04/15)	<i>Selling Guide</i> Appraisal Policy Clarifications and Additional Information	<ul style="list-style-type: none"> ▪ Adjustments to Comparable Sales. Data provided to underscore rationale for removal of 15% net and 25% gross guidelines for adjustments to comparable sales. ▪ Photographs. Clarified that lender must ensure that all photographs in the appraisal report are clear and descriptive. ▪ Condition Ratings. Fannie Mae accepts loans secured by properties with any condition rating provided all other requirements are met, except that: <ul style="list-style-type: none"> • Properties with C5 condition ratings delivered with “as-is” reports must meet the C5 Uniform Appraisal Dataset definition. • Properties with C6 ratings must be “subject to” and subsequently reflect condition rating of the repaired property. ▪ Selection of Comparable Sales. Comment from the appraiser not required if a comparable sale is older than 6 months but IS still required when a comparable sale is older than 12 months. ▪ UCDP Appraisal Submissions. Reminded that the appraisal used to underwrite the loan must be delivered to UCDP prior to the delivery of the loan to Fannie Mae.
7	LL-2015-02 (02/04/15)	Appraiser Quality Monitoring (AQM)	<ul style="list-style-type: none"> ▪ Corrected misconception that the AQM process is fully automated with no human intervention. Before issuing any communication to an appraiser, Fannie Mae conducts a significant level of human due diligence. ▪ Clarified that there is no direct connection between the CU risk score and AQM. AQM web page
8	DU Version 9.2 April Update Release Notes (02/17/2015)	Message Updates (changes effective during the weekend of April 18, 2015)	The changes in this release include: <ul style="list-style-type: none"> ▪ Collateral Underwriter and UCDP Messages ▪ Disputed Tradeline Message Enhancement – the message will be issued less often, and when it does, it will provide clearer guidance on what lenders need to confirm;

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			<p>the message will only require lenders to address non-medical tradelines with a delinquency reported in the past two years.</p> <ul style="list-style-type: none"> ▪ Miscellaneous Message Text Updates to Align with the <i>Selling Guide</i>
9	Collateral Underwriter Version 2.1 Release Notes (02/17/2015)	Miscellaneous Updates (changes effective during the weekend of April 18, 2015)	<p>The changes in this release include:</p> <ul style="list-style-type: none"> ▪ Availability of the CU risk score, flags, and messages for display in DU and EarlyCheck™ ▪ CU user interface enhancements ▪ Retirement of messages 438 and 439
10	EarlyCheck Version 3.0 Release Notes (02/17/2015)	Enhancements (changes effective during the weekend of April 18, 2015)	<p>The changes in this release include:</p> <ul style="list-style-type: none"> ▪ EarlyCheck access to appraisal information from UCDP and Collateral Underwriter, including the CU risk score, flags, and messages and other UCDP messages, which will provide lenders with a more holistic view of risk on the loan. ▪ Enhanced EarlyCheck appraisal data comparison feature to compare appraisal data submitted to EarlyCheck against UCDP appraisal data to identify discrepancies.
11	SEL-2015-02 (02/24/2015)	Clarifications of Project Standards Policies	<p>Clarified policies previously announced:</p> <ul style="list-style-type: none"> ▪ Confirmed that there are no LTV ratio or occupancy restrictions for the Limited Review eligibility of detached condo units. ▪ Expanded definition of “substantially complete” to clarify that all units and buildings in the legal phase (as opposed to the construction phase) must be complete, except for installation of buyer selection items such as appliances. ▪ Emphasized that two- to four-unit condo projects are excluded from the condo project legal document review requirements for attached units in new or newly converted projects. <p>Moved three topics on environmental hazard assessment requirements to Section B4-2.1, General Project Standards, to reinforce that these requirements pertain to all types of projects—condo, co-op, and PUD.</p> <p>Condo, Co-op, and PUD Project Eligibility web page</p>

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12	SEL-2015-02 (02/24/2015)	Reorganization of Co-op Topics	Restructured topics on co-op project requirements and co-op share loan eligibility to enhance clarity. No policy changes were made.
13	SEL-2015-02 (02/24/2015)	Updated Effective Dates for Pricing and Credit Score Delivery in Announcement SEL-2014-13	<ul style="list-style-type: none"> ▪ Pricing Loans for Borrowers without Credit Scores. Updated <i>Selling Guide</i> and clarified that the May 1, 2015, effective date applies to whole loans purchased and mortgage loans delivered into MBS with pool issue dates on or after May 1, 2015. ▪ Postponement of Policy Pertaining to Delivery of Loans with More than Two Borrowers. Delaying mandatory implementation of this change announced in SEL-2014-13.
14	SEL-2015-02 (02/24/2015)	Lender Breach of Contract	Updated <i>Selling Guide</i> to state that it is within Fannie Mae's discretion to determine whether a change in the lender's financial or business condition or in its operations constitutes a material and adverse change that results in a breach of contract. Change made to align with the 2014 version of the <i>Servicing Guide</i> .
15	SEL-2015-02 (02/24/2015)	Miscellaneous <i>Selling Guide</i> Updates	<ul style="list-style-type: none"> ▪ Minimum Reserve Requirements. Updated to more clearly describe the minimum reserve requirements for mortgage loans secured by a second home or an investment property. ▪ Multiple Financed Properties for the Same Borrower. Clarified the exception to the multiple financed properties policy that applies to HomeStyle® Renovation loans. <p>Lender Job Aid for Borrowers with Multiple Financed Properties Multiple Financed Properties Checklist</p>
16	New Uniform Closing Dataset (UCD) Delivery Specification (02/24/2015)	New Fannie Mae and Freddie Mac UCD Delivery Specification	Fannie Mae and Freddie Mac (the GSEs) published <i>Appendix I: UCD Delivery Specification</i> to further support UCD implementation. UCD web page
17	Appraisal Findings Report Update (03/10/2015)	Updated Appraisal Findings Report (available starting April 7, 2015)	Updated Appraisal Findings Report to include appraisal risk score, risk flags, and new messages from Collateral Underwriter in the monthly reports available via Message Manager to Fannie Mae sellers.

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18	Condo Project Manager™ (CPM™) Version 5.0 Release Notes (3/17/2015)	Updates and Enhancements (effective during the weekend of April 18, 2015)	Updates to align with the Fannie Mae <i>Selling Guide</i> Project Standards Policy requirements announced in November 2014 (Announcement SEL-2014-13). This release also includes enhancements to help provide clarity and consistency related to project standards, and to help streamline the project review process to make it easier to do business with Fannie Mae. Condo Project Manager (CPM) web page
19	Selling Notice (03/24/2015)	Self-employed Income Policy	In SEL-2014-16 , <i>Selling Guide Updates</i> , Fannie Mae updated the policy on underwriting self-employed borrowers. The Notice provides two updates: <ul style="list-style-type: none"> ▪ Lenders not required to consider business losses in evaluating income for a borrower with business income reported on IRS Schedule K-1 who owns less than 25% of the business. ▪ Delaying mandatory implementation of policies announced in SEL-2014-16, though lenders may choose to implement some or all of them. Two versions of the <i>Cash Flow Analysis</i> (Form 184) – one dated 10/01 and one dated 12/14 – are posted to Fannie Mae’s website; lenders may use either one at their option.
20	SEL-2015-03 (03/31/2015)	Co-op ARM Margin	No longer requiring that an additional 25 basis points be added to the margin of a co-op share ARM loan. DU messaging to be updated; until then, DU messages referencing the 25 basis points may be ignored.
21	SEL-2015-03 (03/31/2015)	Notification to Fannie Mae of Changes in the Lender’s Organization	Clarified circumstances that require advance written notice to Fannie Mae of a change in a lender’s organization and those that also specifically require Fannie Mae’s prior written approval of or notice of non-objection to a change before it is made. Added mailbox (organization_change@fanniemae.com) in E-1-03, List of Contacts, to which notices may be submitted.
22	SEL-2015-03 (03/31/2015)	Principal Residence Occupancy Exception	Parents who provide housing for a physically handicapped or developmentally disabled adult child need not occupy the property as their principal residence. This category of “parents” updated to include legal guardians.
23	SEL-2015-03 (03/31/2015)	Desktop Underwriter (DU) Identification of Derogatory Credit	Align with DU in defining the date on which to measure the applicable waiting period after a significant derogatory credit event. Derogatory Credit Event Borrower Eligibility Fact Sheet

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24	SEL-2015-03 (03/31/2015)	Disputed Tradelines	Align with DU update regarding disputed tradelines and what information the lender needs to confirm.
25	SEL-2015-03 (03/31/2015)	ALTA Short Forms	ALTA short form must provide coverage equivalent to the 2006 ALTA standard form.
26	SEL-2015-03 (03/31/2015)	Servicing Execution Tool (SET) Bifurcation Transactions	Introduced option within SET for concurrent servicing transfers under which the selling representations and warranties for the delivered loans will be bifurcated from the servicing duties, obligations, and responsibilities.
27	SEL-2015-03 (03/31/2015)	Miscellaneous <i>Selling Guide</i> Updates	<ul style="list-style-type: none"> ▪ Limited cash-out refinance transactions may include the pay-off of an existing first mortgage loan – including a home equity line of credit (HELOC). ▪ Cash proceeds from a cash-out refinance are an unacceptable source of reserves when they are from a cash-out refinance of the subject property. ▪ Bank of New York Mellon has relocated its document custodial offices. Addresses updated in E-1-0-3, List of Contacts.
28	LL-2015-03 (03/31/2015)	Tools and Processes to Increase Certainty and Reduce Repurchase Risk for Lenders; and Introducing the Loan Quality Center	<p>Tools and activities to help lender identify and correct potential issues before delivery include Desktop Underwriter, EarlyCheck, Uniform Collateral Data Portal, Collateral Underwriter, and Loan Delivery.</p> <ul style="list-style-type: none"> ▪ In post-purchase quality control (QC) loan file reviews, Fannie Mae is shifting focus to defect prevention, remedies, and repurchase alternative. Also engaging lenders in frequent exchanges on trends and significant underwriting deficiencies. ▪ Fannie Mae's National Underwriting Center (NUC) has been renamed the Loan Quality Center (LQC) to better reflect Fannie Mae's objective to partner with its lenders to achieve greater certainty for them as sellers and for Fannie Mae as the investor. Over the next few months, references to the NUC in Fannie Mae systems, Web content, and documents will be replaced by LQC. ▪ Table describes possible outcomes of a QC review and actions required of or available to the lender. Goal is to be more transparent and provide greater certainty about when loans are subject to repurchase. <p>Loan Quality web page</p>

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29	ULDD Phase 2 Mandate Announcement (03/31/2015)	ULDD Phase 2 Data Requirements and New Loan Delivery System	<ul style="list-style-type: none"> ▪ Effective June 27, 2016, lenders must deliver the ULDD Phase 2 data requirements, for all loans with an application date on or after March 1, 2014. ▪ A new Loan Delivery system will be released via a phased lender rollout starting in late 2015 (there are minimum Web browser requirements for using the new system).
30	ULDD Data Point Revisions (03/31/2015)	ULDD Appendix D Updates	Revisions to 16 data points (includes changes to conditionality and implementation notes); these revisions are in addition to the ULDD Phase 2 Data Requirements.
31	SEL-2015-04 (04/17/2015)	Changes in Loan-Level Price Adjustments	At the direction of the Federal Housing Finance Agency, the Adverse Market Delivery Charge is being discontinued and certain loan-level price adjustments are being changed, effective with whole loans purchased on or after September 1, 2015, or loans delivered into MBS pools with issue dates on or after September 1, 2015 (including DU Refi Plus™ and Refi Plus™ loans). Details of the pricing adjustments are available in the Loan-Level Price Adjustment (LLPA) Matrix and the Refi Plus™ Loan-Level Price Adjustment (LLPA) Matrix .
32	Lender Notification (04/21/2015)	Pricing & Execution – Whole Loan to Replace eCommitting and eCommitONE in 2015	Pricing & Execution – Whole Loan (PE – Whole Loan) will replace and combine Fannie Mae’s current mandatory and best efforts committing applications, eCommitting™ (eC) and eCommitONE® (eC1). Users of eC and eC1 will receive additional details regarding the phased rollout timeframe of PE – Whole Loan, which takes place throughout 2015. PE – Whole Loan web page
33	SEL-2015-05 (05/05/15)	Revised New Mexico Security Instrument	The New Mexico security instrument – Form 3032 – has been revised to convert it from a deed of trust form to a mortgage form, which now provides for judicial foreclosures. Security Instruments and Instructions
34	Selling Notice (05/12/2015)	Extension of DU Refi Plus™ and Refi Plus™	The Home Affordable Refinance Program (HARP) has been extended to December 31, 2016. The Program was set to expire December 31, 2015. As a result, Fannie Mae is extending DU Refi Plus and Refi Plus accordingly: <ul style="list-style-type: none"> ▪ mortgage loans must now have application dates on or before December 31, 2016; and ▪ whole loans must be purchased by Fannie Mae on or before September 30, 2017, or in MBS pools with issue dates on or before September 1, 2017. HARP/DU Refi Plus and Refi Plus FAQs

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35	SEL-2015-06 (05/26/2015)	Revolving Accounts and DTI Calculation	<ul style="list-style-type: none"> Revolving accounts that are paid off at or prior to closing may remain open and no monthly payment need be included in the debt-to-income (DTI) ratio calculation. Also, if a lender wishes to use a more conservative approach in calculating DTI ratios, that approach is acceptable as long as Fannie Mae's minimum requirements are met and the more conservative approach is applied consistently.
36	SEL-2015-06 (05/26/2015)	Manufactured Housing Loans – Affidavit of Affixture	The <i>Guide</i> has been updated to clarify who must sign an Affidavit of Affixture for manufactured housing loans and notes that lenders should consult an appropriate state or local agency or legal counsel for assistance in completing this form, rather than contacting a Fannie Mae regional office.
37	SEL-2015-06 (05/26/2015)	Clarification Related to Project Review Requirements for Condo Projects in Florida	In response to lender questions, the <i>Guide</i> has been updated to clarify the CLTV and HCLTV ratios that currently apply to Limited Reviews of condo projects in Florida. Additionally, the <i>Guide</i> clarifies that the standard CLTV and HCLTV ratios in the <i>Eligibility Matrix</i> apply to Project Eligibility Review Service (PERS) and Full Reviews for condo projects in Florida.
38	SEL-2015-06 (05/26/2015)	Borrower Asset Verification	In response to lender misinterpretation, the <i>Guide</i> was updated to more clearly state that bank statements used to verify assets must cover account activity for the most recent full two-month period.
39	SEL-2015-06 (05/26/2015)	Kentucky Security Instrument Update	The Kentucky security instrument (Form 3018) has been updated to comply with a recent state law change. Security Instruments and Instructions
40	SEL-2015-06 (05/26/2015)	Miscellaneous <i>Selling Guide</i> Updates	<ul style="list-style-type: none"> References in the Guide to “eCommitting,” “eCommitONE,” and the “National Underwriting Center” have been updated. The list of Approved Mortgage Insurance Forms has been updated. The Special Feature Codes list was updated to incorporate the current flood insurance definitions.
41	DU Version 9.2 August Update Release Notes (6/19/2015)	Enhancements and message updates (changes effective during the weekend of August 15, 2015)	<ul style="list-style-type: none"> Implement Affordable LTV Ratio Determination Housing Finance Agency Message Updates 2015 Area Median Incomes Data Entry Validation Update Other Updates to Align with the <i>Selling Guide</i>

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42	Selling Notice (06/23/2015)	Area Median Incomes 2015	Area Median Incomes (AMIs) that are used to determine Fannie Mae's performance on its regulatory housing goals and by lenders to determine borrower eligibility for MyCommunityMortgage® (MCM®) loans were published on Fannie Mae's website .
43	SEL-2015-07 (06/30/2015)	Conversion of Principal Residence Requirements	<ul style="list-style-type: none"> ▪ Eliminating the requirements associated with the conversion of a principal residence to a second home or investment property. Lenders should instead follow standard rental income and financial reserve requirements.
44	SEL-2015-07 (06/30/2015)	Stocks, Bonds, and Mutual Funds	<ul style="list-style-type: none"> ▪ When vested stocks, bonds, and mutual funds (including retirement accounts) are used for down payment, closing costs, and reserves: <ul style="list-style-type: none"> • 100% of the value is allowed in determining the available reserves. • No documentation of liquidation is required, if the value of the asset is at least 20% more than the funds needed for the down payment and closing costs.
45	SEL-2015-07 (06/30/2015)	Unreimbursed Employee Business Expenses	<ul style="list-style-type: none"> ▪ For the borrower qualified using base pay, bonus, overtime, or commission income less than 25% of the annual employment income: <ul style="list-style-type: none"> • Unreimbursed employee business expenses are not required to be analyzed or deducted from the borrower's qualifying income, or added to monthly liabilities. This applies regardless of whether unreimbursed employee business expenses are identified on tax returns (IRS Form 2106) or tax transcripts received from the IRS. • Union dues and other voluntary deductions identified on the borrower's paystub do not need to be deducted from the borrower's income or treated as a liability. • Tax returns are not required to document these sources of income. ▪ For borrowers earning commission income that is 25% or more of annual employment income, unreimbursed employee business expenses must be deducted from gross commission income regardless of the length of time that the borrower has filed that expense with the IRS. <ul style="list-style-type: none"> • The exception to this is if the expense is an actual automobile lease or loan payment. If borrowers report an automobile allowance as part of their monthly qualifying income, the lender must determine if the automobile expenses reported on IRS Form 2106 should be deducted from income or treated as a liability. The <i>Selling Guide</i> describes how the lender is to make this determination.

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46	SEL-2015-07 (06/30/2015)	Tip Income	<ul style="list-style-type: none"> ▪ Tip income may be included in qualifying income if the lender can verify that the borrower has received the income for the last two years. In some cases, the full amount of the tip income earned by the borrower may not be reported by the employer on the Form 1005, the paystub, and the W-2 form. However, the borrower may report additional tip income to the IRS using Form 4137, Social Security and Medicare Tax on Unreported Tip Income, when filing his or her tax returns. Fannie Mae will allow this tip income to be used in qualifying if the lender obtains the most recent two years of federal income tax returns with Form 4137.
47	SEL-2015-07 (06/30/2015)	Use of IRS W-2 Transcripts in Lieu of W-2s	<ul style="list-style-type: none"> ▪ Among the options for documenting employment income, Fannie Mae now permits an IRS Wage and Income Transcript (W-2 transcript) in lieu of the actual W-2 forms.
48	SEL-2015-07 (06/30/2015)	New Closing Disclosure and Loan Estimate Forms	<ul style="list-style-type: none"> ▪ To acknowledge the transition to the disclosure forms developed by the Consumer Financial Protection Bureau (CFPB), the following updates were made: <ul style="list-style-type: none"> • New glossary terms were added for “settlement statement” and “loan estimate.” • All references to “HUD-1 Settlement Statement” have been replaced with “settlement statement” and all references to “Good Faith Estimate” have been replaced with “loan estimate.” • Lenders must maintain copies of the loan estimate and final settlement statement in the mortgage loan file. • In keeping with the CFPB form requirements, Fannie Mae will not require that the borrower and seller (if applicable) sign the Closing Disclosure or Loan Estimate but encourage lenders to obtain signatures as a best practice, especially on the Closing Disclosure. • If there are separate Closing Disclosures for the borrower and seller, the lender must retain copies of each in the mortgage loan file. • The requirement for a separate escrow waiver disclosure has been removed from the <i>Guide</i> because a similar disclosure is now part of the Closing Disclosure. ▪ Lenders must use the new forms when required by CFPB’s Regulation.

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49	SEL-2015-07 (06/30/2015)	Permit Prepayment Penalties on Subordinate Liens	<ul style="list-style-type: none"> When Fannie Mae purchases or securitizes a first-lien mortgage that is subject to subordinate financing, the subordinate financing must meet certain requirements. The restriction against prepayment penalties on subordinate liens has been removed.
50	SEL-2015-07 (06/30/2015)	RD Section 502 Leveraged (Blended) Programs Allowed as Community Seconds	<ul style="list-style-type: none"> Fannie Mae now accepts delivery of conventional first mortgage loans under the Rural Development (RD) 502 Leveraged (Blended) Loan Program that are combined with a direct, low interest rate subordinate Section 502 lien from RD. The subordinate lien will be considered eligible under the Community Seconds® program, but a standard review of the Community Seconds program (as described in B5-5.1-01: Community Seconds Mortgages) is not required. However, the subordinate lien must meet all RD guidelines. Special Feature Codes 118 and 220 must be reported when the first mortgage is delivered to Fannie Mae in connection with a Section 502 Leveraged (Blended) subordinate lien as a Community Seconds.
51	SEL-2015-07 (06/30/2015)	Seller/Servicer Net Worth and Liquidity Requirements	<p>Sellers/servicers must be in compliance with the following requirements by December 31, 2015:</p> <ul style="list-style-type: none"> All approved sellers/servicers must have and maintain a Lender Adjusted Net Worth of at least \$2.5 million, plus a dollar amount that represents 0.25% of the unpaid principal balance of the seller/servicer's total portfolio of mortgage loans serviced. (The Lender Adjusted Net Worth for subservicers does not include mortgage loans serviced under a subservicing arrangement.) Sellers/servicers that are depository institutions are required to meet the minimum regulatory capital requirements to be classified as "well capitalized" by their primary regulator. All other entities must have a minimum Lender Adjusted Net Worth/Total Assets ratio of 6%, or equivalent, as determined by Fannie Mae. Approved non-depository sellers/servicers must have and maintain a minimum liquidity requirement based on the Agency Serious Delinquency Rate, which is defined in the <i>Guides</i>.

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52	SEL-2015-07 (06/30/2015)	Optional Data Fields on Verification of Employment (VOE)	Certain data fields on the VOE do not need to be completed.
53	SEL-2015-07 (06/30/2015)	Loan-level Defect Reporting of Nonpublic Personal Information to Lenders	<ul style="list-style-type: none"> ▪ To make its loan review findings more useful to lenders, Fannie Mae intends to expand some of the reporting detail made available on specific loans. As this data may include limited borrower nonpublic personal information (NPI), Fannie Mae is updating the <i>Selling Guide</i> to address potential compliance obligations that might arise under the Gramm-Leach-Bliley Act. ▪ The updated <i>Guide</i> specifies that the release of this data is in compliance with permitted purposes outlined in the Gramm-Leach-Bliley Act and other applicable privacy laws. Lenders must use that data only for those limited permitted purposes.
54	SEL-2015-07 (06/30/2015)	Custodian Tracking of Fannie Mae Loan Numbers	<ul style="list-style-type: none"> ▪ Lenders are required to ensure that the document custodian receives, within 30 days of loan certification, the Fannie Mae loan number for every mortgage loan for which the document custodian provides custodial services and respond, within three business days, to any request from the document custodian for the Fannie Mae loan number. ▪ Document custodians are required to have a process in place to obtain and retain the Fannie Mae loan number from lenders for every loan for which they provide custodial services, and be able to perform reconciliations using the Fannie Mae loan number. ▪ The Requirements for Document Custodians guide was updated to reflect these and other changes. Refer to Section 1, Document Revision History, for a list and description of the updates.
55	SEL-2015-07 (06/30/2015)	Miscellaneous <i>Selling Guide</i> Update	<ul style="list-style-type: none"> ▪ References to <i>inter vivos</i> trusts in the ability to repay loan eligibility requirements have been modified to align with pending changes in the Official Commentary to the Truth in Lending Act.
56	SEL-2015-07 (06/30/2015)	Revisions to Uniform Instruments	<ul style="list-style-type: none"> ▪ The following uniform instruments have been updated and are available on Fannie Mae's website: <ul style="list-style-type: none"> • Texas Home Equity Affidavit and Agreement (Form 3185) • Instructions for the Arizona Deed of Trust (Form 3003)

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57	EarlyCheck Version 4.0 Release Notes (07/7/2015)	Enhancements (changes effective during the weekend of September 12, 2015)	<p>Updates include:</p> <ul style="list-style-type: none"> ▪ New edits and edit modifications to align all the rules in EarlyCheck™ with the rules in the upcoming new Loan Delivery application. ▪ Support for Uniform Loan Delivery Dataset (ULDD) Phase 2 loan delivery XML file changes, as well as several revisions to Phase 1 data points. ▪ Updates to the EarlyCheck Loan-Level Results, including the display of up to four borrowers and the display of up to ten provided and derived Special Feature Codes (SFCs).
58	IRS Transcripts Policy Information (07/28/2015)	Obtaining IRS Transcripts	Fannie Mae has received a number of questions from lenders regarding recent difficulties in obtaining IRS tax transcripts. View Obtaining IRS Transcripts – Fannie Mae Policy for information about tax transcript requirements.
59	SEL-2015-08 (07/28/2015)	Affordable Loan-to-Value Ratio Calculations Added to Desktop Underwriter	<ul style="list-style-type: none"> ▪ The DU Version 9.2 August Update allows loan transactions involving community land trusts, properties with resale restrictions, and Community Seconds® with a subsidized sales price to be underwritten. ▪ The 9.2 August Update adds an affordable LTV ratio calculation. Lenders can now indicate in DU that the loan casefile will be underwritten using one of the affordable lending product options. DU will then determine the LTV, CLTV, and HCLTV ratios based solely on the appraised value for purchase transactions, and not the lesser of the sales price or the appraised value. <p>Refer to the DU Version 9.2 August Update Release Notes for additional information.</p>
60	SEL-2015-08 (07/28/2015)	Increased LTV, CLTV, and HCLTV Ratios for Limited Project Reviews	<p>The LTV, CLTV, and HCLTV ratio requirements for attached condo units in established projects under the Limited Review process were increased. Specifically, for a principal residence in such a project, the maximum ratios were increased from 80% to 90%. This increase is also applicable to the CLTV and HCLTV ratios for Limited Reviews of principal residence attached units in established projects in Florida (the LTV ratio did not change). The ratio requirements for second home and investment property condo units remain unchanged.</p> <p>See At A Glance: Condo Project Review and Insurance Requirements for more information.</p>

	Publication (Date)	Topic	Description / Resources
61	SEL-2015-08 (07/28/2015)	Policy for Leased Solar Panels	<p>Updates include:</p> <ul style="list-style-type: none"> ▪ Lease payments may be excluded from the DTI ratio calculation if certain lease provisions are met. ▪ Property casualty and title insurance requirements were streamlined to reduce complexity. ▪ Overall, the leased solar panel policies were clarified.
62	SEL-2015-08 (07/28/2015)	“Value” Used to Determine MI Coverage for New York Properties, including Co-ops	<p>For properties in New York, the “value” that is used to calculate the LTV ratio varies depending on the policy that uses the LTV ratio. The <i>Selling Guide</i> was updated to more clearly describe how the LTV ratio is calculated with regard to policies that apply to mortgage insurance for loans secured by properties in New York. In addition, an LTV ratio calculation for co-op properties has been added.</p> <p>Updates to policies include:</p> <ul style="list-style-type: none"> ▪ The appraised value is used to calculate the LTV ratio to determine whether mortgage insurance is required for non-co-op properties. ▪ The sales price is used to calculate the LTV ratio to determine whether mortgage insurance is required for purchase transactions for co-op properties. ▪ The appraised value is used to calculate the LTV ratio to determine whether mortgage insurance is required for refinance transactions for co-op share loans. ▪ The lesser of the appraised value or sales price is used to calculate the LTV ratio to determine the level of mortgage insurance coverage that is required for all New York properties. <p>Additional LTV ratio policies are described in the <i>Guide</i>.</p>
63	SEL-2015-08 (07/28/2015)	Revisions to Uniform Instruments	<p>The West Virginia Deed of Trust (Form 3049) uniform instrument has been updated and is available on Fannie Mae’s website.</p>
64	Collateral Underwriter V 3.0 Release Notes (08/04/2015)	Enhancements (changes effective during the weekend of September 26, 2015)	<p>Collateral Underwriter™ (CU™) Version 3.0 will make the appraisal data and CU findings (CU risk score, flags, and messages) available in the CU web-based application within 10 minutes of the submission of an appraisal to Fannie Mae in the Uniform Collateral Data Portal® (UCDP®). This update, based on lender feedback, enhances lenders' ability to use CU near real-time in their workflows to support appraisal quality control. Other updates include CU model and messaging enhancements.</p>

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65	Notification (08/18/2015)	New Loan Delivery Application Transition	Information provided to help lenders prepare for the release of the new Loan Delivery application on Dec. 1, 2015. Details are provided on the Test Environment, Special Feature Code delivery guidelines, and key components of the new and updated Business Rules. New Loan Delivery Application web page
66	SEL-2015-09 (08/25/2015)	Self-Employed Income	<p>The self-employment income policies regarding how to calculate and document self-employment income, including the parameters under which business income without a history of distribution may be included to qualify self-employed borrowers, have been updated. Updates include:</p> <ul style="list-style-type: none"> ▪ The lender must confirm that a self-employed borrower who does not have a history of receiving business income has access to the business income and the business must have adequate liquidity to support the withdrawal of earnings. ▪ The approach and instructions published in December 2014 for self-employed borrowers who can provide a documented history of receiving distributions of business income remain in effect. ▪ A minor clarification was made to broaden a reference to “salaried income” to include borrowers who are qualified using only “income that is not derived from self-employment.” ▪ Only the most recent year of individual and business federal income tax returns will be required for certain DU loan casefiles, provided the tax returns show at least 12 months of self-employment income and the lender completes the Fannie Mae <i>Cash Flow Analysis</i> (Form 1084) or any other type of cash flow analysis form that applies the same principles. This flexibility will become available in DU in a future release, and will be communicated to lenders in the associated release notes. <p>The December 2014 version of the <i>Cash Flow Analysis</i> (Form 1084) has been revised to incorporate these policy updates and improve ease of use.</p>
67	SEL-2015-09 (08/25/2015)	Project Eligibility Review for Attached Planned Unit Developments (PUDs)	The requirement that attached PUDs be reviewed against the list of ineligible project characteristics was removed.

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68	SEL-2015-09 (08/25/2015)	HomeStyle® Renovation	<p>Updates include:</p> <ul style="list-style-type: none"> ▪ Going forward, lender approval to deliver HomeStyle Renovation mortgages will be documented in the addendum to the Master Selling and Servicing Contract (MSSC). Therefore, a master contract and credit variance will no longer be required to deliver HomeStyle Renovation loans. For lenders who are already approved to deliver HomeStyle Renovation mortgages, the Fannie Mae account team will update the Master Agreement before or at the time of contract renewal. There will be no impact to a lender's ability to deliver these loans. ▪ The documentation requirements for removing recourse were added to the <i>Selling Guide</i>. ▪ Lenders were previously required to obtain a certification of completion from the appraiser documented on Fannie Mae's <i>HomeStyle Completion Certificate</i> (Form 1036). To provide additional flexibility, lenders are permitted to use either the <i>Appraisal Update and/or Completion Report</i> (Form 1004D) or the <i>HomeStyle Completion Certificate</i> (Form 1036) as evidence of completion.
69	SEL-2015-09 (08/25/2015)	Cash Back Pair-offs on Mandatory Whole Loan Commitments	<p>The option of providing lenders cash back on a pair-off of a mandatory whole loan commitment if the market has moved in the lender's favor will be a standardized process instead of only available to certain lenders on a negotiated, contractual basis. Therefore, under the cash back pair-off process, if the lender is unable to meet the terms of a mandatory whole loan commitment and, because of market fluctuations, the applicable whole loan price at commitment is greater than the price at the time of pair-off, Fannie Mae will provide the lender with cash back.</p>
70	SEL-2015-09 (08/25/2015)	Miscellaneous <i>Selling Guide</i> Updates	<ul style="list-style-type: none"> ▪ A previous update was made requiring lenders to use the applicable version of the new Closing Disclosure form (the standard version or the alternate version for refinances) for mortgage loan applications dated on or after October 3, 2015. The <i>Selling Guide</i> was updated to remove the requirement for the alternate form at this time. Fannie Mae encourages the use of the alternate form for refinances now, and will communicate its mandatory usage and delivery in the Uniform Closing Dataset at some point next year. ▪ Income earned by a homeowners' association that is the result of lease agreements with telephone, cable, and Internet companies has been removed as an example of non-incident income, as this income does not meet the definition of active ownership or operation of amenities or services available to unit owners and the general public.

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			Therefore, the 15% cap (relative to the project's operating budget) does not apply to this type of project income.
71	Preview (08/25/2015)	HomeReady Mortgage	HomeReady, Fannie Mae's enhanced affordable lending product, will be available later this year. HomeReady™ is designed for creditworthy, low- to moderate-income borrowers, with expanded eligibility for financing homes in designated low-income, minority, and disaster-impacted communities. View the HomeReady web page for information