



Selling Guide Announcement SEL-2018-08

October 2, 2018

Selling Guide Updates

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

- Union Members
- Employment-Related Assets as Qualifying Income
- Outsourcing of Mortgage Processing and Third-Party Originations
- Selection of Comparable Sales for MH Advantage™ Appraisals
- Miscellaneous *Selling Guide* Update

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 October 2, 2018.

Union Members

We are clarifying the policies related to employment verification to address borrowers who work in occupations that result in a series of short-term job assignments (such as a skilled construction worker, longshoreman, or stagehand), where a union facilitates the borrower's placement in each assignment.

In these cases, the *Selling Guide* now permits this type of union to provide:

- the verbal verification of employment for a union member who is currently employed, and
- an executed employment offer or contract for future employment for a union member who is not scheduled to begin employment until after the loan closes. All other existing requirements for employment offers or contracts described in B3-3.1-09, Other Sources of Income, apply.

Effective Date

Lenders can take advantage of this change immediately.

Employment-Related Assets as Qualifying Income

In response to lender feedback and to better align with industry practices, we have expanded our policy regarding employment-related assets used as qualifying income. We increased the maximum LTV, CLTV, and HCLTV ratio from 70% to 80% for loans where the asset owner is at least 62 years old at the time of the loan closing. If the asset(s) is jointly owned, all owners must be borrowers on the loan and the borrower whose employment-related asset is being used as income must be at least 62 years old at the time of closing.

Effective Date

Desktop Underwriter® (DU®) will be updated in a future release to reflect this change. Until that time, loans that receive an Approve/Ineligible recommendation due to a LTV, CLTV, or HCLTV ratio over 70% may be delivered to Fannie Mae when the lender ensures the loan complies with the updated policy.



Outsourcing of Mortgage Processing and Third-Party Originations

This month we simplified the selling policy regarding the outsourcing of mortgage processing and third-party originations. These changes provide additional clarity with regard to our expectations for lenders in their management of third-party originators. As part of this simplification effort we have:

- eliminated unnecessary examples,
- removed recommendations and best practices, leaving only the requirements necessary for compliance with the *Selling Guide*, and
- consolidated existing content into an easy to read table.

Selection of Comparable Sales for MH Advantage Appraisals

We are clarifying the comparable sales requirement for appraisals of MH Advantage homes. Appraisers must use sales of other MH Advantage homes when available. If fewer than three MH Advantage sales are available, then the appraiser must supplement with the best and most appropriate sales available, which may include site-built homes.

Effective Date

Lenders can take advantage of this change immediately.

Miscellaneous *Selling Guide* Update

B4-2.1-01, General Information on Project Standards has been revised to include high LTV refinance loans in the list of projects or loan transactions eligible for a project review waiver. This change was made to align with a recent update to B4-2.1-02, Waiver of Project Review.

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

Carlos T. Perez
Senior Vice President and
Chief Credit Officer for Single-Family



Attachment

Section of the Announcement	Updated <i>Selling Guide</i> Topics
Union Members	<ul style="list-style-type: none">▪ B3-3.1-07, Verbal Verification of Employment▪ B3-3.1-09, Other Sources of Income
Employment-Related Assets as Qualifying Income	<ul style="list-style-type: none">▪ B3-3.1-09, Other Sources of Income
Outsourcing of Mortgage Processing and Third-Party Origination	<ul style="list-style-type: none">▪ A3-3-01, Outsourcing of Mortgage Processing and Third-Party Originations
Selection of Comparable Sales for MH Advantage Appraisals	<ul style="list-style-type: none">▪ B2-3-02, Special Property Eligibility and Underwriting Considerations: Factory-Built Housing▪ B4-1.3-08, Comparable Sales▪ B4-1.4-01, Factory-Built Housing: Manufactured Housing