



CLIENT ALERT

Fannie Mae Selling Guide Update March 2015

Date: April 16, 2015

Impacted Channels: Wholesale

Fannie Mae updated its *Selling Guide* March 30, 2015.

Topic	Old Guidance	Updated Guidance	Effective Date	Selling Guide Section
Occupancy Types exception	An allowance is made for parents that are providing housing for their physically handicapped or developmentally disabled adult child when the parents, as borrowers, do not intend to occupy the property as their principal residence.	This policy now also applies to legal guardians	Effective immediately	B2-1-01: Occupancy Types
Desktop Underwriter (DU) waiting periods for derogatory credit	DU messages instruct the Underwriter to use the credit report date to measure the waiting period.	DU messages instruct the Underwriter to use the disbursement date of the new loan to measure the waiting period.	Effective immediately	B3-5.3-09: DU Credit Report Analysis
Disputed tradelines	DU does not take the information on a disputed tradeline into account as part of its overall credit risk assessment and the information does not impact the DU underwriting recommendation. The DU message requires the lender to validate whether the information on the disputed tradeline is accurate or inaccurate (since it was not considered in the DU risk assessment).	With the DU Version 9.2 April update, the disputed tradeline message will be issued less often, and will clarify the information the Underwriter needs to confirm on the tradeline. The message will only be issued when the non-medical disputed account has a delinquency reported within the last 2 years from the credit report date.	The updated message will appear on DU Version 9.2 loan casefiles submitted or resubmitted to DU on and after the weekend of April 18, 2015. Underwriters may immediately disregard the requirement from DU to verify the accuracy of the information on any disputed tradelines where the most recent late payment occurred greater than 2 years prior to the credit report date.	B3-5.2-03: Accuracy of Credit Information in a Credit Report B3-5.3-09: DU Credit Report Analysis
ALTA short forms	Fannie Mae accepts title policies that are written on the American Land Title Association (ALTA) short form.	ALTA short form must provide coverage equivalent to the 2006 ALTA standard form.	Kinecta can implement this change immediately, but must implement for applications on or after June 1, 2015.	B7-2-03: General Title Insurance Coverage
Rate/term refinance	A rate/term refinance includes the payoff of an existing first mortgage loan (and may include the payoff of certain subordinate liens).	The existing first mortgage loan being paid off can be a Home Equity Line Of Credit (HELOC).	Effective immediately	B2-1.2-02: Limited Cash-Out Refinance Transactions

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Minimum reserve requirements	N/A	Clarified that cash proceeds from a cash-out refinance are an unacceptable source of reserves when they are from a cash-out refinance <u>of the subject property</u> . (Cash proceeds from a cash-out refinance of another property that is not the subject property are an acceptable source of reserves.)	Effective immediately	B3-4.1-01: Minimum Reserve Requirements

For more information, see Fannie Mae [Selling Guide Announcement SEL-2015-03](#).

Contact your Account Executive if you have any questions.