

In Case You Missed It 2023

A summary of *Selling Guide*, *Servicing Guide*, and other policy communications

What you need to know

This document summarizes recent *Selling Guide*, *Servicing Guide*, and related policy updates, clarifications, or other supporting communications. It provides links to related resources as applicable. **Looking for last year's policy updates? Review the [final 2022 ICYMI](#).**

We made many of these changes and communications in direct response to lender feedback requesting that we simplify or clarify policies or processes.

How to read this document



Most recent up top

The most recent items are listed first in the table below.



Acronyms and abbreviations

CU: Collateral Underwriter® (CU®)

DU/DO: Desktop Underwriter® (DU®) and/or Desktop Originator® (DO®)

LL: Lender Letter (reinforces existing policy or describes temporary policies)

SEL: *Selling Guide* Announcement

SVC: *Servicing Guide* Announcement



Quick reference

These Lender Letters, published before 2023, remain in effect:

- [LL-2022-07](#): Fannie Mae HAMP Modification Termination
- [LL-2021-14](#): Temporary Requirements for Condo and Co-op Projects
- [LL-2021-10](#): Expanding Refinance Eligibility with RefiNow™
- [LL-2021-07](#): COVID-19 Payment Deferral



Look for what's most relevant to you

- Appraisals
- Loan Delivery
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- Servicing Servicing-specific publications are also highlighted with a gray background
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Fannie Mae's *Selling* and *Servicing Guides* and their updates, including *Guide* announcements and release notes, are the official statements of Fannie Mae's policies and procedures and control in the event of discrepancies between the information provided in this summary and the *Guides*.

29	DU/DO Release Notes <i>(06/07/2023)</i>	<ul style="list-style-type: none"> ■ DU version 11.1 	<p>Effective the weekend of Aug. 19, 2023, Fannie Mae updated Desktop Underwriter® (DU®) Version 11.1, which includes the changes described below. The changes in this release applied to DU Version 11.1 loan casefiles submitted or resubmitted on or after the weekend of Aug. 19, 2023.</p> <p>The changes in this release included the following:</p> <ul style="list-style-type: none"> ▪ Technical Updates ▪ DU Validation Service Update ▪ Updates to Align with the Selling Guide
28	SEL-2023-05 <i>(06/07/2023)</i>	<ul style="list-style-type: none"> ■ Manufactured homes – temporary interest rate buydown 	<p>Allowed temporary interest rate buydowns for mortgages secured by manufactured homes.</p>
		<ul style="list-style-type: none"> ■ Qualifying rate for 7- and 10-year ARMs 	<p>Allowed 7- and 10-year ARM borrowers to be qualified using only the note rate.</p>
		<ul style="list-style-type: none"> ■ Acceptable uses for limited cash-out refinance transactions 	<p>Added clarifying details for amounts that may be included with the payoff of existing loans.</p>
		<ul style="list-style-type: none"> ■ Miscellaneous updates 	<ul style="list-style-type: none"> ▪ Updated requirements for credit reports ▪ Updated Cash Remittance System forms

27	Selling Notice (05/31/2023)	<ul style="list-style-type: none"> ■ Area Median Incomes 2023 	Effective June 12, 2023, the 2023 area median income estimates (AMIs) will be implemented in Desktop Underwriter® (DU®), HomeReady® Application Programming Interfaces (API), Loan Delivery, the Area Median Income Lookup Tool , and published on the HomeReady®, RefiNow®, and Duty to Serve pages.
26	Selling Notice (05/24/2023)	<ul style="list-style-type: none"> ■ Effective Date for Main Living Area Photographs in Appraisals 	Required the full complement of main living area and basement photographs for appraisals in loan applications dated on or after Sept. 1, 2023.
25	LL-2023-06 (05/17/2023)	<ul style="list-style-type: none"> ■ Recission of Loan-level Price Adjustments Based on DTI Ratio 	Rescinded the debt-to-income (DTI) ratio loan-level price adjustment (LLPA) attribute that was scheduled to apply to loans purchased on and after Aug. 1, 2023.
24	SVC-2023-03 (05/10/2023)	<ul style="list-style-type: none"> ■ Servicing responsibilities for mortgage loans with resale restrictions or shared equity provisions 	Introduced and clarified requirements for servicing mortgage loans subject to resale restrictions or shared equity provisions.
		<ul style="list-style-type: none"> ■ Automation of the Non-Routine Litigation Form 	Updated the link to require electronic submission.
		<ul style="list-style-type: none"> ■ New York Consolidation, Extension, and Modification Agreement 	Provided updated requirements for refinancing an eNote.
		<ul style="list-style-type: none"> ■ Elimination of the MERS® system requirement for eMortgages 	Removed the requirement that sellers/servicers must register the lien on MERS.

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23	SEL-2023-04 (05/03/2023)	<ul style="list-style-type: none"> Shared equity and shared appreciation 	Revised the requirements for loans with shared equity or shared appreciation provisions.
		<ul style="list-style-type: none"> Subordinate financing 	Clarified eligibility requirements for subordinate liens.
		<ul style="list-style-type: none"> Alternatives for tax filing documentation 	Allowed alternative documentation for IRS Form 4868 as evidence the borrower has filed an extension for the prior year's tax returns.
22	LL-2023-05 (04/19/2023)	<ul style="list-style-type: none"> Master Servicing processes and systems 	<p>Contains policies previously published in LL-2021-12 on Dec. 14, 2022, with the changes noted within.</p> <p>Provided advance notice of upcoming changes to our Master Servicing processes and systems. These changes include the retirement of the Servicer's Reconciliation Facility™ (SURF™) application in 4Q 2023.</p>
21	SVC-2023-02 (04/12/2023)	<ul style="list-style-type: none"> Miscellaneous updates 	<p>The <i>Servicing Guide</i> was updated to include changes related to the following miscellaneous updates:</p> <ul style="list-style-type: none"> Loan property address changes* Compliance with requirements and laws Disaster Response Network™ and Know Your Options™ references <p>Additionally, we published certain borrower-facing documents in relation to LL-2023-04.*</p> <p>*Policy change not applicable to reverse mortgage loans</p>
20	SEL-2023-03 (04/05/2023)	<ul style="list-style-type: none"> Medical collections 	Aligned <i>Guide</i> policy for the treatment of medical collections with the risk assessment performed by Desktop Underwriter®.
		<ul style="list-style-type: none"> Compliance with Office of Foreign Assets Control regulations 	Added reporting requirements for penalties and enforcement actions.
		<ul style="list-style-type: none"> Use of earned real estate commission 	Allowed the use of a borrower's earned real estate commission for down payment and closing costs.
		<ul style="list-style-type: none"> Miscellaneous updates 	HERA and the Minority and Women Inclusion Rule; DU® minimum reserve requirements.

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19	LL-2023-04 (03/29/2023)	<ul style="list-style-type: none"> ■ Payment Deferral, Disaster Payments Deferral, and Other Updates 	<p>Provided an update to the standard payment deferral workout option. Key changes include allowing the deferral of at least two and up to six months of past due principal and interest (P&I) payments, including escrow and servicing advances paid to third parties. The borrower may not defer more than 12 months of cumulative past-due P&I payments over the life of the loan. Servicers may implement these changes starting July 1 but must implement by Oct. 1.</p>
18	DU/DO Release Notes (03/24/2023)	<ul style="list-style-type: none"> ■ DU version 11.1 	<p>Updated the date in the “Note” to reflect that DU messages regarding the value acceptance + property data option will only be issued on new loan casefiles created on or after April 16, 2023.</p>
17	LL-2023-01 (03/22/2023)	<ul style="list-style-type: none"> ■ New Loan Level Price Adjustment Framework 	<p>This updated Lender Letter provides information about future changes to loan-level price adjustments (LLPAs) and an overall redesign of the LLPA matrix. It will be effective for all whole loans purchased on or after May 1, 2023, and for loans delivered into MBS with issue dates on or after May 1, 2023, with the exception of the DTI ratio LLPA, which will be effective Aug. 1, 2023.</p>
16	DU for Government Loans Release Notes (03/09/2023)	<ul style="list-style-type: none"> ■ DU for government loans 	<p>Updated to include a new release date. The release will no longer take place the weekend of March 18, but will be implemented the weekend of April 15.</p>
15	LL-2023-03 (03/08/2023)	<ul style="list-style-type: none"> ■ Impact of COVID-19 on Servicing 	<p>Removed property inspections and preservation as these policies have been superseded by recent updates in the <i>Servicing Guide</i> and Property Preservation Matrix and Reference Guide.</p>
14	LL-2023-02 (03/08/2023)	<ul style="list-style-type: none"> ■ Private Transfer Fee Covenants: Exception for Certain Shared Equity Transactions 	<p>Revised our requirements for the purchase of shared equity loans in relation to the Private Transfer Fee Covenant Regulation (12 CFR Part 1228).</p> <p>With FHFA’s concurrence, we updated our policy to permit the acquisition of shared equity loans satisfying the conditions set out below secured by properties that are subject to private transfer fee covenants. The new policy for shared equity loans subject to private transfer fee covenants is effective for all such loans with note dates on or after July 1, 2023.</p>

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13	SVC-2023-01 (03/08/2023)	■ Pre-foreclosure property preservation	Updated property inspections and preservation expense reimbursement limits and guidance.
		■ Miscellaneous updates	<ul style="list-style-type: none"> Clarified reimbursement of costs paid to a third-party vendor for electronic filing and recording Incorporated the requirements introduced in Lender Letter LL-2022-04 into the <i>Selling Guide</i> Corrected the Louisiana allowable foreclosure attorney fee
12	Servicing Notice (03/08/2023)	■ Legacy LIBOR Replacement Index	Updated the naming convention for the Replacement Index Name and Refinitiv Instrument Code (RIC) to align them with updated information provided by Refinitiv Limited.
11	SEL-2023-02 (03/01/2023)	■ Valuation modernization	Transitioned to a range of options to establish a property's market value, with the option matching the risk of the collateral and loan transaction.
		■ Sweat equity	Provided additional guidance on the use of sweat equity and nonprofit program providers.
		■ Lender quality control updates	Revised timelines and expectations for both prefunding and post-closing quality control reviews.
		■ Required use of Condo Project Manager™	Required the use of CPM™ for projects where a Lender Full Review is required.
		■ Miscellaneous updates	<ul style="list-style-type: none"> Maintaining seller/servicer eligibility HomeStyle® Renovation indicator Government loan guaranty or insurance
10	DU/DO Release Notes (03/01/2023)	■ DU version 11.1	<p>During the weekend of April 15, 2023, Fannie Mae will update Desktop Underwriter® (DU®) Version 11.1, which will include the changes described below. The changes in this release will apply to DU Version 11.1 loan casefiles submitted or resubmitted on or after the weekend of April 15, 2023.</p> <p>The changes in this release include the following:</p>

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			<ul style="list-style-type: none"> Valuation Modernization DU Validation Service Updates Updates to Align with the Selling Guide
9	LL-2021-03 (02/15/2023)	<ul style="list-style-type: none"> Impact of COVID-19 on Originations 	<p>Updated Lender Letter LL-2021-03, Impact of COVID-19 on Originations:</p> <ul style="list-style-type: none"> Retired the verification of employment temporary policy and temporary eligibility requirements for purchase and refinance transactions. All standard Selling Guide policies now apply. The policy for sale of loans aged six months or less is now permanent policy and will be incorporated into the Selling Guide in a future update.
8	DU for Government Loans Release Notes (02/15/2023)	<ul style="list-style-type: none"> DU for government loans 	<p>During the weekend of Mar. 18, 2023, Desktop Underwriter® (DU®) for government loans will be updated to support FHA and VA changes including:</p> <ul style="list-style-type: none"> VA Message Updates New FHA Version 4.1 FHA Required Investment Calculation Change and Other FHFA Updates FHA Positive Rental History
7	SCIF (02/07/2023)	<ul style="list-style-type: none"> Supplemental Consumer Information Form Requirement Reminder 	<p>Reminded that at the direction of the Federal Housing Finance Agency (FHFA), Fannie Mae and Freddie Mac (the GSEs) announced on May 3, 2022 that the Supplemental Consumer Information Form (SCIF Fannie Mae/Freddie Mac Form 1103) will be a required document in the loan file for new conventional loans sold to the GSEs with application dates on or after March 1, 2023.</p>
6	SEL-2023-01 (02/01/2023)	<ul style="list-style-type: none"> Cash-out refinance eligibility 	Implemented new eligibility requirements for cash-out refinance transactions.
		<ul style="list-style-type: none"> Enhancements to support borrowers with nontraditional credit 	Aligned policy with eligibility expansions to the cash flow assessment and other risk factors evaluated by DU.
		<ul style="list-style-type: none"> MH Advantage® comparables 	Expanded policy to include use of site-built comparables.

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		<ul style="list-style-type: none"> ■ Miscellaneous updates 	<ul style="list-style-type: none"> ▪ Loan-level price adjustment updates ▪ DU recommendations
		<ul style="list-style-type: none"> ■ Updated list of Approved Mortgage Insurance Forms 	Incorporated changes to approved mortgage insurance forms.
5	Servicing Notice (01/25/2023)	<ul style="list-style-type: none"> ■ Legacy LIBOR Replacement Index 	Announced that the replacement index that will be used for servicing our legacy single-family LIBOR mortgage loans is the spread-adjusted term SOFR administered by the CME Group Benchmark Administration, LTD. and published by Refinitiv Limited. The Federal Reserve Board selected the replacement rates as required by the Adjustable Interest Rate (LIBOR) Act and in anticipation of LIBOR's cessation on the day after June 30, 2023.
4	DU/DO Release Notes (01/25/2023)	<ul style="list-style-type: none"> ■ DU version 11.1 	<p>During the weekend of Feb. 25, 2023, Fannie Mae will implement Desktop Underwriter® (DU®) Version 11.1, which will include changes to:</p> <ul style="list-style-type: none"> ▪ DU Risk and Eligibility Assessment Update ▪ HomeStyle® Renovation Update ▪ Rent Payment Identification on Third-Party Asset Verification Reports ▪ Cash Flow Assessment ▪ Updates to Align with the <i>Selling Guide</i> ▪ Retirement of DU Version 10.3 <p>The changes in this release will apply to new loan casefiles submitted to DU on or after the weekend of Feb. 25, 2023. Loan casefiles created in DU Version 11.0 and resubmitted after the weekend of Feb. 25 will continue to be underwritten through DU Version 11.0.</p>
3	LL-2023-01 (01/19/2023)	<ul style="list-style-type: none"> ■ New Loan Level Price Adjustment Framework 	Information about future changes to loan-level price adjustments (LLPAs) and an overall redesign of the LLPA matrix. The updated LLPAs will be effective for all whole loans purchased on or after May 1, and for loans delivered into MBS with issue dates on or after May 1.
2	RDC-2023-01 (01/09/2023)	<ul style="list-style-type: none"> ■ Document Custodian Notice 	<ul style="list-style-type: none"> ▪ Independent Audit Requirements for Document Custodians ▪ Update to Requirements for Document Custodian (RDC) Section 9.2.2 - eNotes Delivered Subject to A Security Interest

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1	<p><u>DU for Government Loans Release Notes</u> <i>(01/04/2023)</i></p>	<ul style="list-style-type: none"> ■ DU for government loans 	<p>During the weekend of Jan. 21, 2023, Desktop Underwriter® (DU®) for government loans will be updated to support FHA and VA changes including:</p> <ul style="list-style-type: none"> ▪ DU Address standardization on VA loans ▪ FHA Loan Limits ▪ VA 2023 County Loan Limit Changes
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