



WHOLESALE BULLETIN

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21W-099

Attention: Valued Broker Partners

December 27, 2021

Please take a moment to read the important information contained in this bulletin.

Included in this Bulletin: Changes to the Fannie Mae Selling Guide 12-2021

Fannie Mae has made the following changes to its Selling Guide.

Military Owner Occupancy

The definition of principal residence has been updated to include a loan for a borrower who is a military service member currently on active duty and temporarily unable to occupy the home due to military service. Lenders must verify this absence by obtaining a copy of the borrower's military orders. The orders must evidence the borrower will be absent from the subject property as of the date the owner occupancy must be established as required by the security instrument. Loans must be delivered with Special Feature Code 754.

Effective: This policy change may be taken advantage of immediately.

Tax Return Extensions

Clarifies the requirements for documenting the most recent year's tax return based on the application date and disbursement date of the mortgage loan. The loan file must always include the last tax return filed by the borrower and the minimum number of years of tax returns required based on the underwriting method (Desktop Underwriter® (DU®) or manual).

Comparable Sales for New (or Recently Converted) Projects

Revised requirements for comparable sales when the subject property is one of the first sales in a new or recently converted condo project, subdivision, or PUD containing 2 to 20 properties. The appraiser is now allowed to use comparable sales from outside the project that meet the following:

- The comparable sales must be from a similar type of project, subdivision, or PUD; and
- The comparable project, subdivision, or PUD must be another development that has similar units, amenities, and is a similar size to the subject.

If the subject is not the first unit under contract in the project, the appraiser must also include one “under contract” sale from the subject’s project for comparison. This change will provide additional flexibility to lenders and appraisers in demonstrating market value and enable more appraisals to be eligible.

Effective: This policy change may be taken advantage of immediately.

Measuring Gross Living Area

Revised policy for measuring, calculating, and reporting gross living areas and non-gross living areas (basement, additional structures, etc.) by adopting a standard established by the American National Standards Institute® (ANSI® Z765-2021). This change will drive adoption of the standard across the valuation industry and establish a consistent, repeatable process. Appraisals requiring interior and exterior inspections must follow this standard; appraisals of this type performed without using this standard will not be acceptable.

Effective: This policy change may be taken advantage of immediately, but compliance is required for all applicable appraisals with an effective date on or after April 1, 2022.

Miscellaneous Updates

Income from Unemployment Benefits: Unemployment benefits have been moved to be part of the public assistance income policy. Additional ways to consider unemployment income have been clarified.

If you have any questions, contact your local Account Executive, Production Coordinator, Regional Vice President, or Brian Daily, SVP Wholesale: Brian.Daily@mwfinc.com, 909-255-8332.

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