

## **Selling Guide Announcement SEL-2013-08**

October 22, 2013

### ***Selling Guide Updates***

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

- Requirements on the Use of a Power of Attorney
- DU Refi Plus™ and Refi Plus™ Eligibility
- Master or Blanket Insurance for Unaffiliated Projects
- Miscellaneous *Selling Guide* Updates

Each of the updates is described below. The affected topics (and specific paragraphs) are noted for each policy change. Lenders should review each topic to gain a full understanding of the policy changes. The updated topics are dated October 22, 2013.

### **Requirements on the Use of a Power of Attorney**

Fannie Mae allows for an attorney-in-fact to sign the security instrument and/or note on the borrower's behalf when certain conditions are met. The *Selling Guide* has been updated to reflect the following additional requirements pertaining to the use of a power of attorney:

- provisions for use of a power of attorney in connection with the final loan application (Form 1003 or Form 1003(S)), including specific circumstances under which it may be acceptable for a power of attorney to be used to execute both the original and the final applications.
- restrictions on certain transaction types for which a power of attorney may be used, including not permitting powers of attorney on cash-out refinance transactions and transactions in connection with Texas Section 50(a)(6) mortgage loans.
- requirements specifying certain individuals who, because of a potential financial connection to the transaction, may not act as the attorney-in-fact or agent under a power of attorney, except under limited circumstances.

New requirements are also provided to address a growing practice of lenders using powers of attorney as a matter of convenience or cost savings through a closing transaction facilitated by an online, interactive session between the borrower and a lender-chosen attorney-in-fact. While the risk of conflicts of interest is present in these circumstances, Fannie Mae will permit such practices to continue for certain refinance transactions, provided additional conditions are met to address those risks. These include having specific language in the power of attorney detailing the borrower's intent and authorizing the specific transaction (including the online, interactive session) and requirements for documenting, and providing upon request, a recording of the online interactive session capturing the borrower's agreement to the transaction

### ***Updated Selling Guide Topics***

- [B1-1-01](#), Contents of the Application Package (Documenting the Loan Application)

- [B8-2-03](#), Signature Requirements for Security Instruments (Signature Requirements: Powers of Attorney and Guardianship)
- [B8-3-03](#), Signature Requirements for Notes (Signature Requirements: Powers of Attorney and Guardianship)
- [B8-5-06](#), Requirements for Use of a Power of Attorney (New Topic)
- [E-2-02](#), Required Custodial Documents

### ***Effective Date***

Lenders are encouraged to implement these changes immediately; however these changes are mandatory for all whole loans purchased on or after February 1, 2014, and for all loans in MBS with issue dates on or after February 1, 2014.

## **DU Refi Plus and Refi Plus Eligibility**

Fannie Mae is revising the requirement related to the mortgage eligibility date of the existing mortgage loan. Currently, to be eligible for DU Refi Plus or Refi Plus, the original loan had to have been acquired by Fannie Mae on or before May 31, 2009. The May 31, 2009 eligibility date will now be based on the note date of the original loan. Using the note date is more transparent to borrowers because borrowers know when they closed on their prior mortgage loan. (Borrowers typically do not know when their loan was sold to Fannie Mae.)

### ***Updated Selling Guide Topics***

- [B5-5.2-01](#), DU Refi Plus and Refi Plus Eligibility (Eligible Existing Mortgage Loan Types)

### ***Effective Date***

This change is effective immediately for new or existing Refi Plus applications. The DU Refi Plus database will be updated the weekend of November 16, 2013 to include the additional mortgage loans that are now eligible for DU Refi Plus. New or existing loan casefiles underwritten through DU after the weekend of November 16 and that meet the revised eligibility criteria will be underwritten as a DU Refi Plus loan. If lenders believe borrowers may benefit from this change, they are encouraged to resubmit existing loan casefiles that were underwritten through DU Version 9.0.

## **Master or Blanket Insurance for Unaffiliated Projects**

In order to standardize requirements and align with industry practices for single-family master hazard insurance policies for condo, co-op, and PUD projects, Fannie Mae will no longer permit master hazard insurance policies that provide coverage for multiple unaffiliated projects in a single insurance policy.

### ***Updated Selling Guide Topics***

- [B7-3-01](#), Hazard Insurance Policy Requirements
- [B7-3-04](#), Hazard Coverage for Units in Project Developments
- [B7-3-06](#), Evidence of Hazard Insurance (Master or Blanket Policies)

### ***Effective Date***

This policy change is effective for mortgage loans with application dates on or after February 1, 2014.

## Miscellaneous *Selling Guide* Update

The following miscellaneous changes have been made to the *Selling Guide*:

- [C2-1.2-03](#), Best Efforts Commitment Terms, Amounts, and Other Requirements was updated to reflect the most current version of DU.

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

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