



WHOLESALE PRODUCT & PRICING BULLETIN 2017-05 GUIDELINE UPDATE

Below is a summary of changes effective July 17, 2017. Please see the full guidelines for specific details regarding these changes.

Conventional

DU Version 10.1 Release 7/29/2017

- Several updates are rolling out with DU version 10.1. FCM will be adopting these changes with the AUS upgrade. For details regarding these updates, please see [Fannie Mae DU Release Notes Version 10.1](#).

1.03.12 Sales Contract Review

- A Sales Contract Review section has been added to the guide to clarify what is required to complete a review and consider contract validity.

1.03.14 General Letters of Explanation

- In an effort to be consistent in underwriting practice, the guide has been updated with general guidance regarding the request for Letter of Explanation.

1.05.25 Significant Derogatory Events

- Removed ineligibility for non-reaffirmed mortgages. Refinances of the subject property included in bankruptcy are eligible if they were not reaffirmed in bankruptcy if proof of payment history and payoff can be obtained.

1.06.16 Amended Tax Returns

- For Borrowers who have recently amended their tax returns, the following will apply:
 - If the borrower qualified based on the original return filed and/or the amendment was clerical in nature the income is acceptable on the amended tax returns.

OR

- If the borrower would not have qualified based on the original return filed and the income increased such that the borrower will qualify based on amendment, the borrower must wait 6 months prior to loan application from the date of the amendment.



1.07.19 Ineligible Funds

- Added the following sources as ineligible funds for Reserves and Cash to Close:
 - Funds held in “Bitcoin” or any other form of electronic currency
 - Any funds derived from an illegal income source

1.07.20 Large Deposits

- Although Bitcoin (and other electronic currencies) are an ineligible source of funds – a deposit from an electronic currency account (liquidation/conversion) into a US currency/bank is acceptable and should follow Large Deposit documentation requirements

1.08.03.05 Condominium and Attached PUD Insurance Requirements

- Policies have been updated to include Master Policy type descriptions and when a borrower is required to have an HO-6 Policy and updated the required coverage amount to “as determined by insurer.”

1.08.06.02 Ineligible Properties

- Properties with Appraisal ratings of: C5, C6 or Q6

1.08.06.03 Appraisal Requirements

- PIWs (DU) and ACE (LP) Valuations are acceptable with eligible AUS collateral feedback messages.

FHA

1.05.15 Amended Tax Returns

- For Borrowers who have recently amended their tax returns, the following will apply:
 - If the borrower qualified based on the original return filed and/or the amendment was clerical in nature the income is acceptable on the amended tax returns.

OR

- If the borrower would not have qualified based on the original return filed and the income increased such that the borrower will qualify based on amendment, the borrower must wait 6 months prior to loan application from the date of the amendment.

VA

1.03.16 VA High Balance Transactions

- Removed several FCM overlays regards VA High Balance Transactions.

1.05.16 Amended Tax Returns

- For Borrowers who have recently amended their tax returns, the following will apply:
 - If the borrower qualified based on the original return filed and/or the amendment was clerical in nature the income is acceptable on the amended tax returns.

OR

- If the borrower would not have qualified based on the original return filed and the income increased such that the borrower will qualify based on amendment, the borrower must wait 6 months prior to loan application from the date of the amendment.

RD

1.04.04 Power of Attorney

- Clarification was received from USDA that Powers of Attorney are acceptable and that restrictions apply to Military Personnel and incapacitated borrowers specifically.

1.10.07.03 Appraisal Requirements

- Appraisals are good for 150 days.
- An REO appraisal may not be used, a new appraisal must be obtained.

1.10.07.06 Wells and Septic Systems

- Cisterns are eligible.
- Water quality tests are good for 150 days.

All of these changes are reflected in the full guidelines - Version 07.14.17