



## ***Selling Guide Announcement SEL-2017-02***

**February 28, 2017**

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

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

- IRS Form 4506-T for Loans with Validated Income
- Homebuyer Education and Counseling
- Calculation of Rental Income When Using Market Rent

The updates described below simplify and clarify several policies. The affected topics for each policy change are listed on the Attachment. Lenders should review each topic to gain a full understanding of the policy changes. The updated topics are dated February 28, 2017.

#### **IRS Form 4506-T for Loans with Validated Income**

The *IRS Request for Transcript of Tax Return* (IRS Form 4506-T) gives the lender permission from the borrower to obtain tax transcripts from the IRS. Currently, we require each borrower to complete and sign an IRS Form 4506-T at or before closing. We have updated the Guide to clarify that this requirement does not apply if all of the borrower's income has been validated by the DU validation service. This aligns with the existing *Selling Guide* policy that does not require lenders to obtain tax transcripts as part of the quality control process in these cases. This update further enhances Day 1 Certainty™ on validated loan components.

Until Desktop Underwriter® (DU®) is updated on March 25, 2017, lenders may disregard the DU message requiring a signed IRS Form 4506-T for each borrower when all of a borrower's income is validated by the DU validation service.

#### **Effective Date**

This clarification is effective immediately.

#### **Homebuyer Education and Counseling**

In response to lender feedback, we have updated the *Selling Guide* to clarify our requirements pertaining to homeownership education and housing counseling. Clarifications include updated definitions that more clearly distinguish homeownership education from housing counseling, and more specific information about when education or counseling must be completed. We have also updated and renamed the *Certificate of Completion of Housing Counseling* ([Form 1017](#)) to align with the changes in the Guide.

#### **Effective Date**

This clarification is effective immediately.

#### **Calculation of Rental Income When Using Market Rent**

We have clarified how to calculate monthly qualifying rental income (or loss) when using market rents reported on Form 1007 or Form 1025. There is now consistency in the calculation, whether using lease agreements or market rents, by using 75% of the monthly lease or market rent amount.



**Effective Date**

This clarification is effective immediately.

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

Carlos T. Perez  
Senior Vice President and  
Chief Credit Officer for Single-Family



## Attachment

Section of the Announcement	Updated <i>Selling Guide</i> Topics
IRS Form 4506-T for Loans with Validated Income	<ul style="list-style-type: none"><li>▪ <a href="#">B3-3.1-06</a>, Requirements and Uses of <i>IRS Request for Transcript of Tax Return</i> Form 4506-T</li><li>▪ <a href="#">D1-3-02</a>, Lender Post-Closing Quality Control Review of Approval Conditions, Underwriting Decisions, and Documentation</li></ul>
Homebuyer Education and Counseling	<ul style="list-style-type: none"><li>▪ <a href="#">B2-2-06</a>, Homeownership Education and Housing Counseling</li><li>▪ <a href="#">B3-5.4-01</a>, Eligibility Requirements for Loans with Nontraditional Credit</li><li>▪ <a href="#">B5-6-02</a>, HomeReady Mortgage Loan and Borrower Eligibility</li><li>▪ <a href="#">B5-6-03</a>, HomeReady Mortgage Underwriting Methods and Requirements</li><li>▪ <a href="#">B5-6-04</a>, HomeReady Mortgage Loan Pricing, Mortgage Insurance, and Special Feature Codes</li></ul>
Calculation of Rental Income When Using Market Rent	<ul style="list-style-type: none"><li>▪ <a href="#">B3-3.1-08</a>, Rental Income</li></ul>