



# Selling Guide Announcement (SEL-2022-02)

March 2, 2022

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

- [Single-close construction-to-permanent transactions](#): requirements to address the credit and valuation risks
- [Condo Project Manager™](#): added CPM™ status designations to align with the enhancements that will be in the CPM release on March 4, 2022
- [Community Seconds® interest rate](#): simplifies policy for the allowable interest rate permitted on a Community Seconds transaction
- [Miscellaneous updates](#):
  - [Comparable sales](#)

View the list of [impacted topics](#).

## Single-close construction-to-permanent transactions

The *Selling Guide* currently supports construction-to-permanent financing through a two-closing transaction or a single-closing transaction. With this update, we are changing our requirements to address the credit and valuation risks associated with single-close construction-to-permanent transactions.

These updates cover the following topics:

- Age of credit documentation
  - clarifying the requirement for the credit documents to be no more than four months old as of the note date and at the time of conversion to permanent financing;
  - allowing income, employment, and credit documentation to be more than four months but not exceeding 12 months old at the time of conversion if certain eligibility parameters are met; and
  - requiring updated asset documentation only in certain circumstances.
- Appraisal documentation
  - the effective date of the appraisal must be no more than four months prior to the note date of the construction loan;
  - a full *Appraisal Update and/or Completion Report* ([Form 1004D](#)) is required at the time of completion of construction; and
  - a new appraisal must be obtained if the value of the property has declined at the time of construction completion.
- Requalification of the borrower
  - requalification continues to be required if updated credit documents must be obtained or the LTV ratio increases due to a decline in property value.
- DU validation service
  - clarifying the age of documentation requirements on loans with income, employment, or assets validated through the DU validation service.

**Effective:** These changes apply to single-close transactions where the note date of the construction loan is on or after June 1, 2022.



## Condo Project Manager

Condo Project Manager (CPM) is a free, web-based tool that enables lenders to quickly and easily certify a condo project (or a legal phase of a project). We are releasing enhancements to CPM on March 4, 2022, that will improve user experience and address new data elements to support policy items such as deferred maintenance. Lenders will find project eligibility decisions in CPM, including thousands of condo and co-op projects that meet our eligibility requirements and projects made “unavailable” because they do not meet our requirements. We will discontinue publishing the list of approved projects on our website.

The *Selling Guide* was updated to reflect the status designations that will be available in CPM after the release. We also updated the description for Project Type Codes T and 2 to reflect their usage for all Fannie Mae-approved projects (these codes are no longer limited to PERS approvals). As a reminder, the CPM ID Number is also required at delivery (ULDD SORT ID 39).

Beginning in September 2022, we will require lenders to use CPM to determine condo project eligibility for certain projects. Additional information and details on the required use of CPM will be announced during the second half of 2022. See our [website](#) for more details about the CPM enhancements, including the [release notes](#), FAQs, and training materials.

**Effective:** The updated CPM status designations will appear in CPM beginning March 4, 2022. The description of Project Type Codes T and 2 will be updated in the Loan Delivery user interface in a future release.

## Community Seconds interest rate

To simplify eligibility requirements for Community Seconds transactions, we eliminated the more restrictive interest rate requirement that applied to a Community Seconds loan with negative amortization. Instead, the standard restriction that the interest rate for the Community Seconds loan is limited to no more than 2% (or 200 basis points) more than the initial note rate of the first mortgage applies. In addition, we added a requirement that the amount of scheduled monthly interest deferred on the Community Seconds transaction for any full calendar month may never exceed the scheduled monthly principal payment of the first mortgage for that month (within the initial five years of the loan).

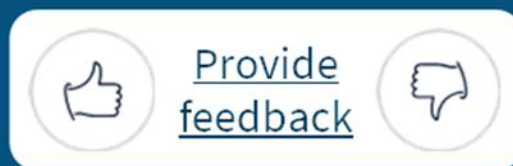
**Effective:** Lenders may take advantage of these policy changes immediately; but must comply with these changes for applications dated on and after June 1, 2022.

## Miscellaneous updates

**B4-1.3-08, Comparable Sales:** A policy related to comparable sales in new projects has been added back to the *Selling Guide*. It was inadvertently removed when the Dec. 15, 2021, Guide was published. (See [SEL-2022-01](#)).

Lenders may contact their Fannie Mae Account Team if they have questions about this Announcement.  
Have guide questions? Get answers to all your policy questions, straight from the source. [Ask Poli](#).

**Let your voice be heard!** We want your feedback on our policy communications to help us improve the clarity of new and updated policy and understand any implications to borrowers. Click below to take a short survey regarding this Announcement.





## Impacted Topics

Section of the Announcement	Updated <i>Selling Guide</i> Topics (Dated March 02, 2022)
<b>Single-close construction-to-permanent</b>	<ul style="list-style-type: none"><li>▪ <a href="#">B4-1.2-03, Appraisal Age and Use Requirements</a></li><li>▪ <a href="#">B5-3.1-02, Conversion of Construction-to-Permanent Financing: Single-Closing Transactions</a></li></ul>
<b>Condo Project Manager</b>	<ul style="list-style-type: none"><li>▪ <a href="#">B4-2.1-01, General Information on Project Standards</a></li><li>▪ <a href="#">B4-2.2-02, Full Review Process</a></li><li>▪ <a href="#">B4-2.2-04, Geographic-Specific Condo Project Considerations</a></li><li>▪ <a href="#">E-1-02, List of Contacts</a></li><li>▪ <a href="#">E-3-03, Acronyms and Glossary of Defined Terms: C</a></li></ul>
<b>Community Seconds interest rate</b>	<ul style="list-style-type: none"><li>▪ <a href="#">B5-5.1-02, Community Seconds Loan Eligibility</a></li></ul>