



# Selling Guide Announcement (SEL-2022-03)

April 6, 2022

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

- [Attorney title opinion letter](#): allowing for the use of an attorney title opinion letter in lieu of a title insurance policy for certain transactions
- [High-balance LLPA waiver](#): aligning the *Selling Guide* with changes announced in LL-2022-01
- [Desktop appraisal clarifications](#): clarifying when a new desktop appraisal is required based on the age of the appraisal and that ANSI® measurement standards do not apply to desktop appraisals
- [Miscellaneous Updates](#):
  - Removal of ARM plan references
  - Document custody forms
  - Measuring condos

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

## Attorney title opinion letter

We updated the *Selling Guide* to permit lenders to obtain either a lender's title insurance policy or, in limited circumstances, an attorney title opinion letter. By selling a loan to us the lender must ensure the loan is covered by either a title policy issued by an acceptable insurer (including any required endorsements) or a title opinion letter issued by an attorney. Some of the requirements for using an attorney title opinion letter include:

- The attorney issuing the title opinion letter must be licensed to practice law in the jurisdiction where the subject property is located and must be insured against malpractice in rendering opinions of title in an amount commonly prevailing in the jurisdiction.
- The attorney title opinion letter must:
  - be addressed to the lender and all successors in interest of the lender,
  - be commonly accepted in the area where the subject property is located,
  - provide gap coverage for the duration between the loan closing and recordation of the mortgage,
  - list all other liens and state they are subordinate, and
  - state the title condition of the property is acceptable and the mortgage constitutes a lien of the required priority on a fee simple estate in the property.

The lender must report Special Feature Code 155 when delivering a loan that uses an attorney title opinion letter in lieu of a title insurance policy. See the *Selling Guide* for a complete list of requirements and ineligible transactions.

**Effective:** Lenders may begin using attorney title opinion letters immediately.



## High-balance LLPA waiver

We added previously communicated information about the high-balance loan-level price adjustment (LLPA) waiver requirements and the use of SFC 873 into the Guide. See [LL-2022-01](#) for additional information. The [LLPA Matrix](#) has also been updated.

**Effective:** The updated LLPAs became effective for all whole loans purchased on or after April 1, 2022 and for loans delivered into MBS pools with issue dates on or after April 1, 2022.

## Desktop appraisal clarifications

In the February 2022 *Selling Guide* update, we announced allowing the use of desktop appraisals for certain purchase transactions. To further clarify, we added “traditional” to the description of the applicable appraisal report forms to differentiate traditional appraisals from desktop appraisals.

Additionally, we added that when the effective date of the original desktop appraisal report is more than four months from the date of the note and mortgage, a new appraisal is required. We also clarified that the floor plan for a desktop appraisal does not have to meet the Square Footage-Method for Calculating: ANSI® Z765-2021 standards.

**Effective:** Lenders may take advantage of these policy clarifications immediately.

## Miscellaneous updates

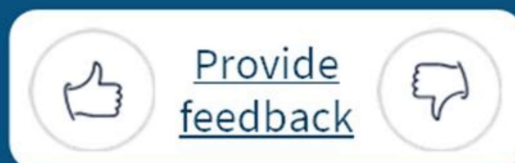
**B3-6-04, Qualifying Payment Requirements and B5-6-01, HomeReady Mortgage Loan and Borrower Eligibility:** We removed reference to retired constant maturity treasury (CMT) indexed ARM plans.

**C1-2-03, Ownership of Mortgage Loans Prior to Purchase or Securitization and Third-Party Security Interests and C1-2-04, Bailee Letters:** We removed reference to retired document custody forms.

**B4-1.2-01, Appraisal Report Forms and Exhibits and B4-1.3-05, Improvements Section of the Appraisal Report:** We clarified the Square Footage-Method for Calculating ANSI® Z765-2021 standard cannot be used to measure attached (apartment-style) units in PUD, condo, or co-op projects as stated in the ANSI standard.

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 April 06, 2022)
<b>Attorney title opinion letter</b>	<ul style="list-style-type: none"><li>▪ <a href="#">A2-4.1-01, Establishing Loan Files</a></li><li>▪ <a href="#">B7-2-01, Provision of Title Insurance</a></li><li>▪ <a href="#">B7-2-06, Attorney Title Opinion Letter Requirements</a> (NEW topic)</li></ul>
<b>High-balance LLPA waiver</b>	<ul style="list-style-type: none"><li>▪ <a href="#">B5-1-02, High-Balance Pricing, Mortgage Insurance, Special Feature Codes, and Delivery Limitations</a></li></ul>
<b>Desktop appraisal clarifications</b>	<ul style="list-style-type: none"><li>▪ <a href="#">B4-1.2-01, Appraisal Report Forms and Exhibits</a></li><li>▪ <a href="#">B4-1.2-02, Desktop Appraisals</a></li><li>▪ <a href="#">B4-1.2-03, Appraisal Age and Use Requirements</a></li></ul>