

Correspondent Lending Announcement

Attention All Correspondent Lending Sellers:
CA 18-042 Fannie Mae SEL-2018-03

May 7, 2018

Subject Summary	Freedom Mortgage Corporation Correspondent Lending and Renovation Lending are issuing this announcement to provide Sellers with information provided by Fannie Mae in SEL-2018-03 .
Effective Date	Effective immediately.
Lender Contributions	<p>Fannie Mae clarified that lender-sourced contributions to fund closing costs and prepaid fees that are normally the responsibility of the Borrower are permitted provided the requirements below are met.</p> <ul style="list-style-type: none"> • A lender-sourced contribution may not be <ul style="list-style-type: none"> ○ used to fund any portion of the down payment; ○ subject to repayment requirements, or require financial obligation apart from the subject mortgage; or ○ passed to the lender from a third party. • The amount of the lender contribution should not exceed the amount of Borrower-paid closing costs and prepaid fees. Otherwise, the amount of the contribution is not limited except when <ul style="list-style-type: none"> ○ The Seller is an interested party to a purchase transaction, as defined in B3-4.1-02 Interested Party Contributions. In that case, the interested party contribution (IPC) policy applies, and ○ Any excess lender credit required to be returned to the Borrower in accordance with applicable regulatory requirements is considered an overpayment of fees and charges. The overpayment may be applied as a principal curtailment or returned in cash to the Borrower.
Miscellaneous Selling Guide Update	Fannie Mae updated Section B3-4.4-01 Asset Verification by removing a reference to principal residence conversions as a transaction that will require verification of additional assets above and beyond the amount required by Desktop Underwriter. This policy was previously retired.
Online Guide Updates	None
Questions	If you have questions, please contact your Freedom Mortgage Corporation Correspondent Lending or Renovation Lending Regional Manager.

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