To:	All Customers	**From:**	Underwriting
Date:	08/26/20	**Memo #:**	20082
Subject:	**Conventional Guide Updates**		

The *Conventional Underwriting Guidelines* will be updated with the following clarifications and are effective immediately unless otherwise noted.

SOLAR PANELS

Guidelines have been updated to correspond with agency requirements based on Fannie Mae's recent announcement clarifying underwriting requirements when reviewing properties with solar panels. The updates include:

- UCC filing classifications of a fixture filing and a precautionary filing to identify when a recorded UCC filing indicates the solar panels are affixed to the subject as real property versus a lessor identifying claim of personal property.
- For Fannie Mae, when financed to own solar panels are recorded as a UCC fixture filing in the land records the debt must be included in the CLTV and must be subordinated when recorded as a priority senior to the mortgage.
- The value of the solar panels may only be considered in the appraised value of the property when the solar panels are owned and considered a fixture of real estate and cannot be repossessed for default of financing terms.

BORROWED FUNDS SECURED BY AN ASSET

Freddie Mac has removed the requirement to document the terms of the loan when a borrower receives proceeds from a loan secured by an asset other than real estate property. The value and ownership of the asset must be documented to support that the loan is secured by the asset and the monthly payment must be included in the liabilities, when applicable.

MORTGAGE AND NON-MORTGAGE DEBT PAID BY OTHERS

Clarification has been added to indicate that when documenting a debt is paid by another party to exclude a contingent liability, the payment history provided must be dated within 120 days of the Note date.

See the *Conventional Underwriting Guidelines* for complete details.