MPF® Announcement

MPF Announcement:
2026- 61

Date:
September 23, 2026

Alert:
Clarification
New Policy
Policy Update
Reminder
Training Information

Audience:
Compliance/Legal
Program Management
Origination
Quality Control
Servicing
Underwriting

Product:
MPF Government MBS
MPF Traditional
MPF Xtra®

Effective Date:

Immediately *(unless otherwise noted)*

Reference

[Fannie Mae Selling Guide SEL-2026-08]

Please note you can access the MPF Guides and MPF Announcements on our MPF Website.

Visit the MPF Website to review and register for upcoming complimentary MPF Webinars.

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MPF Xtra Selling Updates – FNMA SEL-2026-08

Fannie Mae published SEL-2026-08 which covers the below referenced topics that are applicable to mortgage loans sold under the MPF Xtra product:

- **Rental Income:**
  The rental income policy has been updated to improve clarity, address policy gaps, and better align requirements with current industry practices.

  Effective Date: *PFIs are encouraged to implement these changes immediately but must do so for all loans with application dates on and after November 1, 2026. PFIs using UAD 3.6 must follow the requirements in the UAD 3.6 Policy Supplement.*

- **Highest and best use requirements for Uniform Appraisal Dataset (UAD) 3.6**
  This policy updates the highest and best use requirements for appraisal reports completed using Uniform Appraisal Dataset (UAD) 3.6. These changes **apply only to UAD 3.6** appraisal assignments to support the new Uniform Residential Appraisal Report (URAR) reporting requirements and do not apply to appraisal reports completed using legacy appraisal report forms.

  Effective: *This policy change is effective immediately for appraisal reports completed using UAD 3.6.*

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- **Expansion of Native American Conventional Lending Initiative (NACLI)**
  Updates clarify eligible transactions and leverage the use of Fannie Mae's NACLI documents. PFIs may continue to obtain an appraisal based solely on the cost approach when sufficient market data is not available to develop a reliable opinion of value using the sales comparison approach.

  Borrower eligibility requires at least one Borrower to be an enrolled member of an eligible Tribe. The Borrower does not need to be a member of the Tribe exercising jurisdiction over the property. Exhibit HH-X will be updated shortly to reflect these changes.

  As a reminder, PFIs must be approved by their MPF Bank to deliver NACLI loans and must follow the additional guidelines and operational details provided in Exhibit HH-X, including the requirement that Tribes be listed as approved Tribes on Fannie Mae's website.

For questions or assistance, please contact the MPF Service Center by using one of the following options:

- MPF Customer Service Portal
- Email: MPF-Help@fhlbc.com
- Phone: (877) 345-2673

Fannie Mae

Selling Guide Announcement (SEL-2026-08)

Sept. 02, 2026

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

- Rental income: restructuring rental income requirements to improve navigation and application of policy
- Highest and best use requirements for Uniform Appraisal Dataset (UAD) 3.6: clarifying highest and best use requirements for UAD 3.6 appraisal assignments to support the new URAR reporting requirements
- Expansion of Native American Conventional Lending Initiative (NACLI): expanding lender eligibility and clarifying eligible transactions to result in more contributions to Duty to Serve goals

View the list of impacted topics.

Rental income

Rental income policy has become increasingly complex. Previous policy provided comprehensive guidance on using rental income for qualifying purposes, but lenders reported it was difficult to navigate and apply consistently to more specific rental income scenarios. We have revised our rental income policy to simplify its overall structure, improve clarity, address policy gaps, and better align policy with real-world execution. Key policy updates include:

- new requirements for the use of short-term rental income, including alternative documentation options and conservative qualifying income treatment;
- standardized requirements for investment properties purchased within 45 days of the subject property to improve consistency in rental income determination;
- a new framework for departing residences that relies on market-supported rents, reserve requirements, and PITIA offset limitations rather than lease agreements; and
- strengthened lease agreement standards through minimum lease term requirements, enhanced validation requirements, and restrictions on non-arm's-length lease arrangements.

For a more detailed explanation of policy changes and clarifications included with this update, see the Attachment to this announcement.

Effective: Lenders are encouraged to implement these changes immediately but must do so for all loans with application dates on and after Nov. 1, 2026. Lenders using UAD 3.6 must follow the requirements in the UAD 3.6 Policy Supplement.

Highest and best use requirements for Uniform Appraisal Dataset (UAD) 3.6

This policy updates the highest and best use requirements for appraisal reports completed using Uniform Appraisal Dataset (UAD) 3.6. These changes apply only to UAD 3.6 appraisal assignments to support the new Uniform Residential Appraisal Report (URAR) reporting requirements and do not apply to appraisal reports completed using legacy appraisal report forms.

We updated our policy to:

- require the property's highest and best use, as improved or as proposed, to be a residential use, rather than requiring it to be the property's present use;
- define present use, residential use, and subordinate use in the context of highest and best use;
- require the property to be a primarily residential one- to four-unit property, with any non-residential use subordinate to the residential use, replacing the previous "residential in nature" guidance; and
- establish the eligibility criteria and reporting requirements for one- to four-unit residential properties when the present use does not satisfy one or more of the highest and best use tests.

The UAD 3.6 Policy Supplement has been updated to reflect these changes.

Effective: This policy change is effective immediately for appraisal reports completed using UAD 3.6.

Expansion of Native American Conventional Lending Initiative (NACLI)

This policy update expands NACLI eligibility by allowing lenders to sell NACLI loans to Fannie Mae without obtaining special approval. The program extends eligibility to federally recognized tribes that are either approved to participate in HUD's Section 184 program or have entered into a Memorandum of Understanding with Fannie Mae. Additional updates clarify eligible transactions and leverage the use of Fannie Mae's NACLI documents. Lenders may obtain appraisals based solely on the cost approach when insufficient market data exists to develop a reliable opinion of value using the sales comparison approach.

The UAD 3.6 Policy Supplement and Special Feature Codes List have been updated to reflect these changes.

Effective: Lenders may take advantage of this policy change immediately.

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.

Attachment

The following tables provide additional details regarding the reorganization and updates made to Chapter B3-3.8, Rental Income.

B3-3.8-01, General Rental Income Information

Headers	Summary
New Policy	
Lease Agreements	New policy introducing new lease agreement standards: defining minimum lease terms, new leases must have first lease payment on or before first payment of subject transaction, family member and interested party guidance, documentation requirements to support lease amounts, and expanded guidance for evidence that a lease has gone into effect.
Policy Clarification	
Associated Policies	Relocated guidance previously included in *B3-3.8-01, Rental Income*
Eligible Properties	Relocated guidance to *B3-3.8-02, Rental Income from the Subject Property*, and *B3-3.8-04, Rental Income from Non-Subject Property;* header removed
Ineligible Properties	Relocated guidance previously included in *B3-3.8-01, Rental Income*
Eligibility Standards for Qualifying Rental Income	Relocated guidance previously included in *Calculating Monthly Qualifying Rental Income (or Loss)* in *B3-3.8-01, Rental Income* regarding rental income that may be restricted depending on whether the borrower has current housing payment and history of receiving rental income.
	Relocated guidance previously included in *Calculating Monthly Qualifying Rental Income (or Loss)* in *B3-3.8-01, Rental Income* regarding property management experience requirements and updated information to include additional examples.
Lease Agreements	Relocated guidance previously included in *General Requirements for Documenting Rental Income (Subject and Non-Subject Property)* in *B3-3.8-01, Rental Income* regarding situations and examples where a lender may need to use a lease agreement to establish qualifying rental income.
	Relocated guidance previously included in *General Requirements for Documenting Rental Income (Subject and Non-Subject Property)* in *B3-3.8-01, Rental Income* regarding rental payments must be reflected in U.S. Dollars.
	Relocated guidance previously included in *Lease Agreements, Form 1007, or Form 1025 in B3-3.8-01, Rental Income* regarding evidence lease terms have gone into effect
Method for Calculating the Income	Relocated guidance to *B3-3.8-02, Rental Income from the Subject Property, B3-3.8-03 Rental Income from the Subject Property: Short-Term Rental, B3-3.8-04, Rental Income from Non-Subject Property, and B3-3.8-05, Rental Income from Non-Subject Property: Departing Residence*; header removed
Offsetting Monthly Obligations for Rental Property Reported Through a Partnership or an S Corporation	Relocated guidance to *B3-3.8-04, Rental Income from Non-Subject Property;* header removed

Rental Income from an ADU on the Subject Property	Relocated guidance to *B3-3.8-02, Rental Income from the Subject Property;* header removed
General Requirements for Documenting Rental Income (Subject and Non-Subject Property)	Relocated guidance to either *Lease Agreements* in *B3-3.8-01, General Rental Income Information, B3-3.8-02, Rental Income from the Subject Property, or B3-3.8-04 Rental Income from Non-Subject Property;* header removed
Documenting Rental Income from Subject Property	Relocated guidance to *B3-3.8-02, Rental Income from the Subject Property;* header removed
Documenting Rental Income from Property Other Than the Subject Property	Relocated guidance to *B3-3.8-04, Rental Income from Non-Subject Property;* header removed
Reconciling Partial or No Rental History on Tax Returns (or Loss)	Relocated guidance to *B3-3.8-02, Rental Income from the Subject Property, B3-3.8-03 Rental Income from the Subject Property: Short-Term Rental, B3-3.8-04, Rental Income from Non-Subject Property, and B3-3.8-05, Rental Income from Non-Subject Property: Departing Residence*; header removed
Calculating Monthly Qualifying Rental Income (or Loss)	Relocated guidance to *Eligibility Standards for Qualifying Rental Income* in *B3-3.8-01, General Rental Income, B3-3.8-02, Rental Income from the Subject Property* and *B3-3.8-04, Rental Income from a Non-Subject Property;* header removed
Lease Agreements, Form 1007, or Form 1025	Relocated guidance to *Lease Agreements* in *B3-3.8-01, General Rental Income Information, B3-3.8-02, Rental Income from the Subject Property, B3-3.8-03 Rental Income from the Subject Property: Short-Term Rental, B3-3.8-04, Rental Income from Non-Subject Property, and B3-3.8-05, Rental Income from Non-Subject Property: Departing Residence*; header removed
Treatment of Income (or Loss)	Relocated guidance previously included in *B3-3.8-01, Rental Income*
Rental Income Calculation Tools	Relocated guidance previously included in *B3-3.8-01, Rental Income*
Reporting of Gross Monthly Rent	Relocated guidance previously included in *B3-3.8-01, Rental Income* and block renamed to *Reporting of Monthly Gross Rental Income*

B3-3.8-02, Rental Income from the Subject Property (New Topic)

Headers	Summary
New Policy	
Documentation to Determine Monthly Gross Rental Income	New policy requirements when lease agreements are not supported by market rents
Determination of Qualifying Rental Income	Included partial guidance from new policy in *Lease Agreements* in *B3-3.8-01, General Rental Income Information* confirming lease validation requirements
Policy Clarification	
Eligibility	New policy regarding the eligibility requirements to use short-term rental income based on property type and property management experience

Documentation to Determine Monthly Gross Rental Income	Relocated partial guidance previously included in *General Requirements for Documenting Rental Income (Subject and Non-Subject Property)* in *B3-3.8-01, Rental Income* for tax return requirements and the use of Single-Family Comparable Rent Schedule (Form 1007), Small Residential Income Property Appraisal Report (Form 1025), or the "Rent Information" section of the URAR
	Relocated guidance previously included in *Documenting Rental Income from Subject Property* in *B3-3.8-01, Rental income*
	Relocated partial guidance previously included in *Reconciling Partial or No Rental History on Tax Returns (Schedule E Only)* in *B3-3.8-01, Rental Income* regarding additional documentation requirements that may be required with the use of lease agreements
	Relocated partial guidance previously included in *Reconciling Partial or No Rental History on Tax Returns (Schedule E Only)* in *B3-3.8-01, Rental Income for* current housing payment requirements
	Relocated partial guidance previously included in *Lease Agreements, Form 1007, or Form 1025* in *B3-3.8-01, Rental Income* for validating the terms of the lease are in effect
	Documentation guidance is broken down by purchase and refinance transactions
Determination of Qualifying Rental Income	Relocated partial guidance previously included in *Calculating Monthly Qualifying Rental Income (or Loss)* in *B3-3.8-01 Rental income* for property management experience
	Relocated partial guidance previously included in *Lease Agreements, Form 1007, or Form 1025 in B3-3.8-01, Rental Income* for vacancy factors
	Calculations are broken down by purchase and refinance transactions, property management experience, and what documentation is being used to determine rental income
ADU Limitations	Relocated guidance previously included in *Rental Income from an ADU on the Subject Property* in *B3-3.8-01, Rental income*

B3-3.8-03, Rental Income from the Subject Property: Short-Term Rental (New Topic)

Headers	Summary
New Policy	
Eligibility	New policy regarding the eligibility requirements to use short-term rental income based on property type and property management experience
Documentation to Determine Monthly Gross Rental Income	New Policy for the documentation requirements for the use of short-term rental income in purchase and refinance transactions dependent upon transaction type or how long the property has been placed in service
Determination of Qualifying Rental Income	New policy for calculating the amount of short-term rental income that can be used in qualifying based on purchase and refinance transactions.

B3-3.8-04, Rental Income from Non-Subject Property (New Topic)

Headers	Summary
Policy Clarification	
Eligibility	Relocated partial guidance previously included in *Eligible Properties* in *B3-3.8-01, Rental Income* specific to non-subject properties
Documentation to Determine Monthly Gross Rental Income	Relocated partial guidance previously included in *General Requirements for Documenting Rental Income (Subject and Non-Subject Property)* in *B3-3.8-01, Rental income* for tax return requirements and the use of Single-Family Comparable Rent Schedule (Form 1007), Small Residential Income Property Appraisal Report (Form 1025), or the “Rent Information” section of the URAR
	Relocated guidance previously included in *Documenting Rental Income from Property Other Than the Subject Property in B3-3.8-01, Rental income*
	Relocated partial guidance previously included in *Calculating Monthly Qualifying Rental Income (or Loss)* in *B3-3.8-01, Rental* Income for current housing payment requirements
	Relocated guidance previously included in *Reconciling Partial or No Rental History on Tax Returns (Schedule E Only)* in *B3-3.8-01, Rental Income* regarding additional documentation requirements that may be required with the use of lease agreements.
	Relocated guidance previously included in *Lease Agreements, Form 1007, or Form 1025* in *B3-3.8-01, Rental Income* for validating the terms of the lease are in effect
Determination of Qualifying Rental Income	Relocated partial guidance previously included in *Calculating Monthly Qualifying Rental Income (or Loss)* in *B3-3.8-01, Rental* Income for property management experience
	Relocated partial guidance previously included in *Lease Agreements, Form 1007, or Form 1025 in B3-3.8-01, Rental Income* for vacancy factors
	Calculations are broken down by what documentation is being used to determine rental income
	Relocated guidance previously included in *Offsetting Monthly obligation for Rental Property Reported through a Partnership or an S Corporation* in *B3-3.8-01, Rental Income*

B3-3.8-05, Rental Income from Non-Subject Property: Departing Residence (New Topic)

Headers	Summary
New Policy	
Eligibility	New policy regarding the eligibility requirements to use departing residence rental income based on property type and property management experience
Documentation to Determine Monthly Gross Rental Income	New Policy for the documentation requirements for the use of departing residence rental income
Determination of Qualifying Rental Income	New policy for calculating the amount of departing residence rental income that can be used in qualifying based on purchase and refinance transactions.

B3-3.8-06, Rental Income from Non-Subject Property: Investment Properties Purchased within 45 Days of the Subject Property (New Topic)

Headers	Summary
New Policy	
Eligibility	New policy regarding the eligibility requirements to use rental income from investment properties purchased with 45 days of the subject property
Documentation to Determine Monthly Gross Rental Income	New Policy for the documentation requirements for the use of rental income from investment properties purchased with 45 days of the subject property
Determination of Qualifying Rental Income	New policy for calculating the amount of rental income that can be used in qualifying from investment properties purchased with 45 days of the subject property

Impacted Topics

Section of the Announcement	Updated *Selling Guide* Topics (Dated Sept. 02, 2026)
Rental income	▪ B3-3.8-01, General Rental Income Information ▪ B3-3.8-02, Rental Income from the Subject Property (New Topic) ▪ B3-3.8-03, Rental Income from the Subject Property: Short-Term Rental (New Topic) ▪ B3-3.8-04, Rental Income from Non-Subject Property (New Topic) ▪ B3-3.8-05, Rental Income from Non-Subject Property: Departing Residence (New Topic) ▪ B3-3.8-06, Rental Income from Non-Subject Property: Investment Properties Purchased within 45 Days of the Subject Property (New Topic)
Expansion of Native American Conventional Lending Initiative (NACLI)	▪ B5-4.2-01, Native American Conventional Lending Initiative (NACLI)