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Guide Update 23-02: Zoning, Legally Non-Conforming Status, and ALTA

Effective: 03/20/23
Retired: 09/18/23

Summary of Changes

HIGHLIGHTS
Effective for Mortgage Loans Committed as of March 20, 2023, clarifying updates were made regarding: • zoning and legal non-conforming status; and • acceptable title policy forms.

Primary Change

- Updated Part II, Chapter 3: Legal Compliance to clarify underwriting requirements when affected Improvements cannot, in the case of full or partial casualty or condemnation, be rebuilt to its pre-casualty condition per current zoning requirements and building codes.
- Removed streamlined underwriting for zoning in
  - Part III, Chapter 14: Supplemental Mortgage Loans, and
  - Part III, Chapter 18: Choice Refinance Loans.
- For all Properties, updated guidance stating the:
  - standard 2021 or 2006 ALTA forms are acceptable for Delivery; and
  - title policy's effective date should be the date you fund the Mortgage Loan.
- Revised the Loan Documentation Requirements (Form 6000) clarifying the Modifications to Multifamily Loan and Security Agreement (Legal Non-Conforming Status) (Form 6275) is required for any Property with a legal non-conforming use or characteristic.

Questions

Please contact Zachary Gordon at (202) 752-1498, or zachary_s_gordon@fanniemae.com, with

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any questions.

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