Fannie Mae®

Guide Update 23-19: Zoning

Effective: 09/18/23
Retired: 01/21/25

Summary of Changes

HIGHLIGHTS
Effective for Mortgage Loans Committed as of September 18, 2023, clarifying updates were made regarding: • zoning and legal non-conforming status; and • title policy effective and issuance dates.

Primary Changes

- Updated Part II, Chapter 3: Legal Compliance to increase delegation and clarify underwriting requirements when affected Improvements cannot, in the case of full or partial casualty or condemnation, be rebuilt to their pre-casualty condition per current zoning requirements and building codes.
- Added a new Loan Document, Limited Payment Guaranty (Form 6020.LPG), that you may consider requiring the Borrower to execute for a Tier 3 or Tier 4 Mortgage Loan at origination, to mitigate the risk of the as-rebuilt Property not supporting a Tier 2 Mortgage Loan.
- For all Properties, updated the Title Insurance guidance to clarify:
  - title coverage must be in effect the date you fund the Mortgage Loan; and
  - the issued title insurance policy should be later-dated to cover the Assignment of Security Interest's recording date.

Questions

Please contact the Fannie Mae Deal Team with any questions.

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