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To: Clients and Friends

From: Daniel S. Engle

Subject: Fannie Mae and Freddie Mac Update Selling Guides to Permit Hybrid Appraisals on Texas Home Equity Loans

On February 5, 2024, per Fannie Mae Selling Guide Announcement SEL-2025-01 ([click here](#)) and see also updated Part B4-1.2-03 ([click here](#)) and Freddie Mac Bulletin 2025-1 ([click here](#)), both Fannie Mae and Freddie Mac updated their selling guides to permit hybrid appraisals on loans made under the authority of Article XVI, Section 50(a)(6) of the Texas Constitution (Texas Home Equity Loans).

Per Freddie Mac's announcement, this change will be effective for Loan Product Advisor submissions and resubmissions on or after April 7, 2025. Fannie Mae's announcement notes that a DU update for the weekend of March 22, 2025 will add the hybrid appraisal expansion.

Lenders are reminded of a few concerns:

1) Lenders selling to other investors (e.g., jumbo investors) should check investor guidelines as other investors may still require full appraisals.

2) Lenders should confirm that the collateral is not ineligible for a hybrid appraisal for a different reason. For example, Fannie Mae and Freddie Mac do not permit hybrid appraisals on loans secured by manufactured homes.

3) Per the Texas Administrative Code (see 7 TAC Section 153.5 (13)) only the fee paid directly to the Texas appraiser may be excluded from the 2% fee analysis. Any appraisal management fee involved in obtaining the appraisal would factor into the 2% fee cap. Texas Occupations Code Section 1104.158 requires the appraisal management company to separately state the fees paid to the management company and paid to the appraiser.

4) Neither Fannie Mae nor Freddie Mac permit appraisal waivers on Texas Home Equity loans.

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