



Mortgage Chat Q1 2026





Ask CrossCheck

Welcome to CrossCheck's *Mortgage Chat*, an informational series. CrossCheck addresses topics that arise as lenders originate, underwrite, and fund their residential mortgage products. These insights are intended to help clarify investor requirements regarding underwriting and quality assurance as well as provide best practices.

If you are a lender grappling with a mortgage question, we invite you to send your query to [Ask CrossCheck](#). Our team of mortgage experts are ready to provide the guidance and support you need.



What's New: Collateral Defects

Key Updates and Guidance from Fannie Mae

Fannie Mae Reinforces Appraisal Review Expectations

Fannie Mae recently provided further guidance to lenders on strengthening their appraisal review processes to avoid common collateral defects that can affect loan quality and lead to repurchase risk.

The recent Quality Insider article focused on two frequent collateral issues: properties that are ineligible due to safety or structural integrity and appraisal reports with inaccurate physical characteristics or condition ratings.

The article emphasizes that lenders remain responsible for ensuring property descriptions and condition data are accurate, and that careful evaluation of appraisal content helps protect loan eligibility, maintain loan quality, and reduce downstream risk.

A few of the risk-mitigation tips identified by Fannie Mae included:

- Thoroughly reviewing all appraisals, even those with favorable Collateral Underwriter® (CU®) scores.
- Closely inspecting photos, especially exterior and basement images, for signs of structural issues.
- Verifying information in appraisal notes for potential problems and obtaining detailed professional reports when needed.



FHA Loan Limits

FHA Announces 2026 Mortgage Loan Limits

FHA issued Mortgagee Letter (ML) 2025-23 on December 11, 2025, establishing the FHA mortgage loan limits for calendar year 2026 for FHA-insured Title II forward mortgages. These limits set the maximum principal amounts eligible for FHA insurance and vary by property unit type and geographic area, including low-cost and high-cost markets, as required by the National Housing Act.

The updated loan limits apply to FHA case numbers assigned on or after January 1, 2026.

The full Mortgagee Letter is available at:
<https://www.hud.gov/hudclips/letters/mortgagee>

Accessory Dwelling Units (ADU) and Manufactured Homes

Expanding Property Eligibility

On December 10, 2025, Fannie Mae released Selling Guide Announcement 2025-10. Fannie Mae's updated policy expands the eligibility for ADUs and manufactured homes to support increased housing flexibility and affordability.

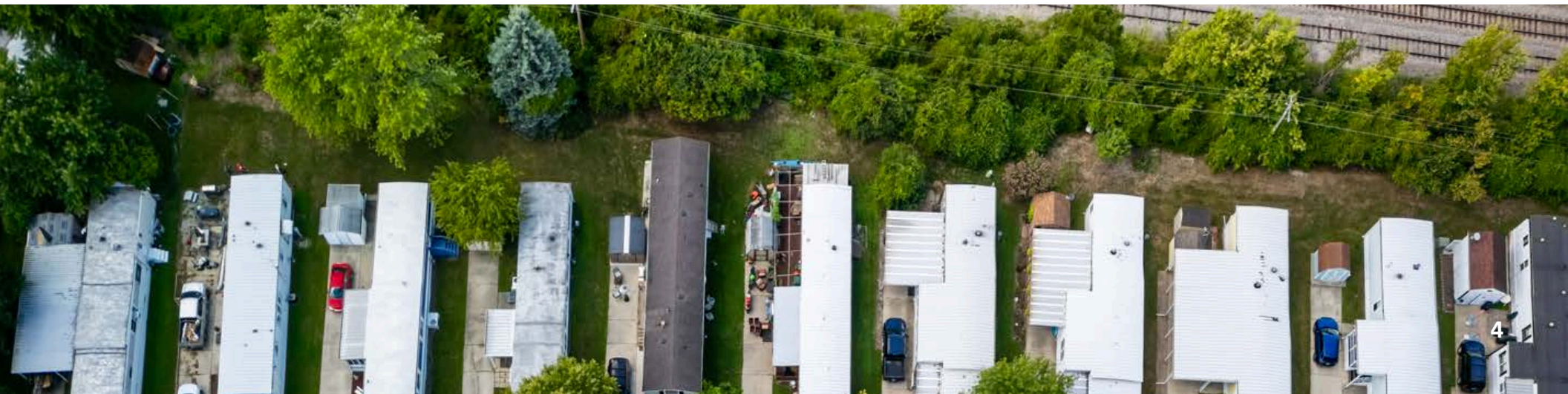
Fannie Mae now allows 2-unit and 3-unit properties to include ADUs as long as the total number of dwelling units, including ADUs, does not exceed four. Single-unit properties may now have up to three ADUs.

Eligibility is also extended to standard manufactured homes with one ADU and to MH Advantage® homes with multiple ADUs, provided all units are classified as real property and the total unit count does not exceed four. Properties with multiple ADUs must still be classified as single-unit or two- to three-unit principal residences.

Fannie Mae also expanded manufactured home eligibility, including eligibility for 2-4 unit properties and acceptance of multi-story manufactured homes. These changes modernize appraisal standards and broaden financing access for manufactured housing.

All of these updates are effective March 31, 2026, and apply only to lenders using UAD 3.6 policy.

Source: <https://singlefamily.fanniemae.com/media/44506/display>



FHA Appraiser Roster Management

Appraiser Oversight and Qualification Standards

FHA issued ML 2025-24 on December 23, which updates policies and procedures for appraiser roster management. The letter clarifies how appraisers qualify for and remain on the roster used for FHA-insured single-family mortgages and Home Equity Conversion Mortgage (HECM) appraisals.

A few of the key points include:

- Strengthens roster management requirements so that only appraisers meeting FHA's minimum eligibility standards are included and maintained on the roster.
- Applies to FHA-approved appraisers and other stakeholders involved in FHA appraisal assignment and oversight.
- Aims to improve appraisal quality and consistency for FHA-insured loans by ensuring appraiser qualifications are up to date.

ML 2025-24 reinforces FHA's focus on appraisal integrity and risk management. By tightening roster management, FHA aims to enhance appraisal quality, protect borrowers and lenders, and ensure consistent valuation standards across FHA-insured forward mortgages and HECMs.

Source: <https://www.hud.gov/sites/dfiles/hudclips/documents/2025-24hsgml.pdf>



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Todd is a senior mortgage executive with over 25 years of mortgage lending experience. He has operational experience as both a portfolio investor and mortgage banker. The Loan Review practice led by Todd performs pre-funding quality assurance and post-closing quality control, as well as operational audits of origination and quality control departments, and repurchase, fraud, and servicing reviews. Due diligence services include rated securitizations, portfolio purchases/reviews, and mergers and acquisitions. The Litigation Support practice provides expert services including file review, reports, and testimony in relation to mortgage-backed securities, servicing, and repurchase matters.

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Tim is a mortgage executive with more than 20 years of mortgage lending experience. He has had operational experience with several mortgage bankers. As a compliance manager, he has been effective in minimizing regulatory liabilities through guideline development and risk management, in adherence to industry standards. Tim has worked closely with federal and state auditors to manage and improve the loan process through employee training and work flow changes.

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