



Bulletin 14-61

Fannie Mae Release of DU Version 9.2

Fannie Mae will be releasing DU Version 9.2 the weekend of December 13, 2014. New loans submitted to DU on or after December 13, 2014 will be subject to the new guidance. Loans submitted to DU Version 9.1 and resubmitted after the weekend of December 13th will continue to be underwritten through DU Version 9.1.

Highlights of the DU 9.2 release are detailed below.

One Unit Primary Residence Cash-Out Transaction

- The new maximum LTV for a 1-unit primary residence fixed rate cash-out transactions will be 80% (currently 85%). The maximum 75% LTV for an ARM transaction remains the same.

Multiple Financed Properties

Fannie Mae has updated the guidelines for transactions involving a second home or investment property and the borrower has 5-10 financed properties. Fannie Mae **removed the additional overlays required on the following topics** and now standard Fannie Mae guidance will now apply:

- Waiting periods for derogatory credit (previously no BK or foreclosure in 7 years; now Chapter 7/11 BK 4 years from discharge, Chapter 13 BK 2 years discharge/4 years dismissal, foreclosure 7 years unless extenuating circumstances then 3 years).
- Mortgage payment history (previously 0x30 in past 12 months on any mortgage; now mortgage history must be reviewed for 12 months, mortgages must be current and there can be no ≥ 60 day lates within the previous 12 months).

LTV limitations, credit score and reserve requirements remain unchanged.

Multiple Financed Properties Message Update

The following message will be issued by DU on second home and investment when it appears the borrower has four or more financed properties.

Based on information in the loan application and/or on the credit report, it appears that the borrower may own more than four properties, including the borrower's primary residence. If the borrower will own more than four financed properties, the loan casefile does not appear to meet the minimum credit score requirement, maximum LTV/CLTV/HCLTV guidelines, or allowable refinance purpose requirement. In order for this loan to be eligible for delivery to Fannie Mae, the lender must confirm the number of financed properties the borrower will own, and manually apply all of the eligibility and underwriting requirements specified in the Selling Guide, including the minimum reserve requirements. Additionally, Special Feature Code 150 must be provided when the loan is delivered to Fannie Mae. Cash-out refinance transactions are only permitted if the loan meets the cash-out exception for delayed financing. If the borrower will own more than ten financed properties, the loan is ineligible for delivery to Fannie Mae.

Life Insurance Assets Message

When life insurance payout is used for the down payment or closing costs the borrower's receipt of funds from the insurance company is required however if the funds are being used for reserves, the cash value must be verified and documented but the funds do **not** require liquidation and receipt by the borrower.

A new verification message will be issued by DU:

- If the cash value entered is the cash value that will be liquidated to be used for down payment or closing costs, the cash value of the policy and receipt of the funds must be verified; and
- if the cash value entered is the cash value to be used only for reserves, only the cash value must be verified.

Pending Sale Property Message

DU will issue a new message on primary residence transactions when a pending sale property is indicated on the 1003 as a reminder that if the property is not sold prior closing, the borrower must meet reserve requirements for pending sale properties.

Excessive Value Messages Modification

The excessive value messages will be updated with a reminder that when an appraisal is submitted to the Uniform Collateral Data Portal (UCDP), the messages from the UCDP and DU may vary since the messages issued by UCDP are based on an analysis of the data provided in the actual appraisal submitted.

No Payment Included Message Update

The message issued by DU when no payment is indicated on the online loan application for a mortgage, HELOC, installment loan, or an unknown liability type is being updated.

The message will be included in the first section of the DU Findings Report and will be updated to indicate the following:

The risk assessment of the loan casefile may not be accurate because the accounts did not have a minimum monthly payment and DU was unable to calculate the DTI. The lender must ensure the DTI used in the risk assessment is accurate, and if a payment must be included in the DTI, the payment amount must be entered on the online loan application and the loan casefile resubmitted to DU.

Updated DU Findings Report

The Summary Section of the DU Findings Report will be updated as follows:

- Borrower generation will be indicated, if applicable
- "Total Expense Ratio" will change to "Debt-to-Income Ratio"
- "Appraised Value" will be changed to "Actual/Estimated Appraised Value" to be clear that the value displayed is the value entered from the online loan application.

Changes highlighted in red below

SUMMARY			
Recommendation	Approve/Eligible		
Primary Borrower	John Homeowner Sr	Co-Borrower	Mary Homeowner
Lender Loan Number	My Loan Number	Casefile ID	1234567890
Submission Date	12/16/2014 08:50AM	Submitted By	User ID
First Submission Date	12/15/2014 04:07PM	DU Version	9.2
Submission Number	2		
Mortgage Information			
LTV/CLTV/HCLTV	90.00% / 90.00% / 90.00%	Note Rate	3.875%
Housing Expense Ratio	7.42%	Loan Type	Conventional
Debt-to-Income Ratio	14.69%	Loan Term	360
Total Loan Amount	\$90000.00	Amortization Type	Adjustable Rate
Sales Price	\$100000.00	Loan Purpose	Purchase
Actual/Estimated Appraised Value	\$100000.00	Refi Purpose	

Mortgage Information and Qualifying Ratios Sections

These sections were also updated to indicate "Debt-to-Income Ratio" and "Actual/Estimated Appraised Value"

MORTGAGE INFORMATION			
Loan Type	Conventional	LTV/CLTV/HCLTV	90.00% / 90.00% / 90.00%
Amortization Type	Adjustable Rate	Loan Amount	\$90000.00
Balloon	No	Financed MI Amount	\$0.00
Community Lending	Yes	Total Loan Amount	\$90000.00
Payment Frequency	Monthly	Sales Price	\$100000.00
Lien Type	First Mortgage	Actual/Estimated Appraised Value	\$100000.00
Amt. Subordinate Fin.	\$0.00	P&I	\$476.29
Loan Purpose	Construction	Note Rate	4.875%
Refi Purpose		Qualifying Rate	4.875%
Owner Existing Mtg.		Bought Down Rate	6.000%
Buydown	Yes	Term (Months)	360
INCOME		QUALIFYING RATIOS	
Base	\$10300.00	Housing Expense	7.42%
Commission	\$0.00	Debt-to-Income	14.69%
Bonus	\$0.00		

With the release of DU 9.2 Fannie Mae is retiring DU Version 9.0 so casefiles will no longer be able to be resubmitted to DU Version 9.0.

Primary residence cash-out transactions with the higher 85% LTV must fund no later than March 31, 2015.

The HomeBridge Fannie Mae Agency Conforming and High Balance matrices will be updated with the applicable updates and posted on the HomeBridge website at www.homebridgewholesale.com.

Read the DU Version 9.2 Release Notes in their entirety at [Fannie Mae DU Version 9.2 Release Notes](#)

If you have any questions, please contact your Account Executive.