



## Bulletin 15-44

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### Fannie Mae Release of DU Version 9.3

Fannie Mae will be releasing DU Version 9.3 the weekend of December 12, 2015. New loans submitted to DU on or after December 12, 2015 will be subject to the new guidance.

Loans submitted to DU Version 9.2 and resubmitted after the weekend of December 12<sup>th</sup> will continue to be underwritten through DU Version 9.2.

Highlights of the DU 9.3 release are detailed below.

#### High Balance Transactions

Fannie Mae has removed most of the overlays that applied specifically to high balance transactions.

- The lower LTV/CLTV limits that applied to high balance transactions have been removed. High balance and conforming loan amounts are now subject to the same LTV/CLTV limits with the exception of 97% LTV. High balance transactions are limited to a maximum 95% LTV/CLTV.
- The 5% borrower own funds contribution has been removed for a 1-unit primary residence transactions > 80% LTV. Gift funds are now eligible for down payment and closing costs.
- A field review is no longer required for loan amounts > \$625,500 with an LTV > 80%.

NOTE: High balance transactions will continue to require a field review when the LTV is > 75% LTV and the property is valued at ≥ \$1,000,000.

- The appraisal no longer requires two comparable sales from outside the subject project when the loan is secured by a condominium.
- The LTV/CLTV requirements for borrowers with 5-10 financed properties now align with conforming loan amount LTV/CLTV requirements.

#### Non-Occupant Co-Borrower

The income and liabilities of all borrowers, including non-occupant co-borrowers, will now be considered by DU on 1-4 unit primary residence transactions when calculating the DTI. HomeBridge will follow DU Findings.

NOTE: Fannie Mae limits the LTV/CLTV to a maximum of 95% on transactions with a non-occupant co-borrower.

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## Self-Employed Income Documentation Requirements

- Self-employed borrowers may be eligible for reduced income documentation (one year personal tax returns and business tax returns as applicable ) subject to the following:
  - DU Findings must permit the reduced documentation, **and**
  - Signed individual and business federal tax returns for the most recent year that reflect a minimum of 12 months self-employment must be obtained.

## Updated Messaging

### *Significant Derogatory Credit Messages*

- The message that references the waiting period requirements when the borrower has had significant derogatory credit will now clearly state that shorter waiting periods may be eligible if documented extenuating circumstances can be confirmed. A LOE from the borrower and documentation confirming or illustrating the factors that led to the event are required.

### *Mortgage Accounts not reported on the Credit Report*

- The following message will be issued for mortgages on the loan application but not on the credit report **and** for mortgages on the loan application and credit report but payment history has not reported for previous 6 months:
  - Lender to confirm the mortgage is not currently 60 days or more past due and has not been 60 days or more past due in the previous 12 months.

With the release of DU 9.3 Fannie Mae is retiring DU Version 9.1 therefore casefiles will no longer be able to be resubmitted to DU Version 9.1

HomeBridge has combined the Fannie Mae Conforming matrix and the Fannie Mae High Balance matrix into one document which has been updated with the applicable information. The new Fannie Mae Conforming and High Balance matrix has been posted on the HomeBridge website at [www.homebridgewholesale.com](http://www.homebridgewholesale.com)

To read the Fannie Mae information in its entirety, refer to the following documents:

[Fannie Mae DU Version 9.3 Release Notes](#)

[Fannie Mae Announcement 2015-10](#) (High balance eligibility and non-occupant co-borrower enhancement)

[Fannie Mae Announcement 2015-09](#) (Self-employment income)

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