

Bulletin 21-11

Fannie Mae DU Version 11.0 Release

Fannie Mae will release DU Version 11.0 the weekend of March 13, 2021. New loan casefiles submitted to DU on or after the weekend of March 13th will be subject to the changes included in DU 11.0. Loan casefiles created in DU Version 10.3 and resubmitted after the weekend of March 13th will continue to be underwritten through DU Version 10.3

Highlights of DU version 11.0 include:

DU Risk Assessment Update

The release will update the DU risk assessment based on the latest market and loan performance data. Fannie Mae indicated the following two risk factors will be updated; there are no changes to risk factors not listed below:

- **Debt-to-Income/Debt Composition**
 - DU will continue to view casefiles with a low DTI as having lower associated risk
 - DU will also evaluate the composition of the borrower's debt, specifically looking at how revolving debt and student loan debt contribute to the borrower's total monthly expenses
 - Borrowers with revolving debt that is a smaller percentage of their monthly expense will represent less risk
 - Borrowers with student loan debt will represent less risk than those with only revolving debt
- **Self-Employment/Variable Income**
 - DU will **no longer** view self-employment as an increased risk; DU will now evaluate the composition of the borrower's income
 - Borrowers whose total annual income is made up of a higher percentage of variable income (i.e. bonus, OT, commission, and miscellaneous) will be viewed by DU as representing increased risk

Appraisal Waiver Update

Fannie Mae currently does not allow an appraisal waiver offer to be accepted if rental income from the subject property is used to qualify the borrower, including income from an accessory unit.

DU 11.0 will no longer evaluate the casefile for appraisal waiver eligibility when accessory unit income is provided on the loan application for use in qualifying.

DU Retirement Income Messaging

DU messaging will be updated to align with the recent updates made by Fannie Mae to retirement, government annuity and pension income.

Source of Gift of Equity

When a loan casefile is submitted to DU Version 11.0 using the redesigned Form 1003 and a gift of equity is being used, DU will check the source of the gift of equity.

- When the source of the gift of equity is not a relative or unmarried partner, as required by Fannie Mae, DU will issue an “Ineligible” finding

With the release of DU Version 11.0, Fannie Mae will retire DU Version 10.2. Homebridge has removed the DU 10.2 guidelines from our website.

Fannie Mae’s DU Version 11.0 Release Notes are available here: [DU Version 11.0 Release Notes](#)

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