



CLIENT ALERT DU Version 9.2 August Update

Date: July 29, 2015
Impacted Channels: Wholesale, Correspondent

During the weekend of August 15, 2015, Fannie Mae will update Desktop Underwriter (DU) Version 9.2 August to include the following changes:

Item	Description	Change
Data entry validation	A DU loan casefile receives an Error recommendation when the loan application includes a proposed payment in the Other Financing (P&I) field in the Combined Monthly Housing Expense section, but there is no corresponding subordinate financing identified as either new subordinate financing from the Details of Transaction , or existing subordinate financing from the Liabilities section.	This data entry validation will also check for an Undrawn HELOC Amount on the loan application. If the loan application includes a proposed payment in the Other Financing (P&I) field and an Undrawn HELOC Amount is included on the loan application, an Error recommendation will not be received.
ARM margin rules	Selling Guide Announcement SEL-2015-03 removed the 25 basis points that were previously added to the margin of a cooperative share ARM loan.	DU messages that reminded lenders of this guideline will be updated to remove references to that requirement.
Adverse Market Delivery Charge	Selling Guide Announcement SEL-2015-04 announced removal of the Adverse Market Delivery Charge (AMDC).	The DU message reminding lenders of the AMDC and loan-level price adjustments will be updated to remove the AMDC reference.
Payoff of revolving debt	Selling Guide Announcement SEL-2015-06 removed the requirement that the revolving account be closed to exclude the payment from the Debt-To-Income (DTI) ratio when the borrower pays off a revolving account at or prior to closing.	The DU message that states the revolving debt must be included in the total expense payment if the account is not being closed will be removed.
Stocks, bonds, mutual funds, and retirement assets	Selling Guide Announcement SEL-2015-07 allows lenders to use 100% of the estimated liquidation (or redemption) value of stocks, bonds, mutual funds, and retirement assets for reserves, and will not require receipt of the funds realized from the sale or liquidation of the assets if the estimated liquidation value is at least 20% more than the amount of funds needed for the down payment and closing costs.	The DU message will be updated to reflect his policy change.
Principal residence pending sale or converting to different occupancy type	Selling Guide Announcement SEL-2015-07 removed reserve and minimum equity requirements for transactions where the borrower's existing home is either on the market but has not sold as of the date of loan closing, or is being converted from the borrower's principal residence into an investment property or second home.	The DU messages that reference these requirements will be updated to reflect these changes.
Minimum amortization rule	DU currently applies a minimum amortization term of 10 years (120 months) for Adjustable-Rate Mortgage (ARM) loan casefiles.	DU will apply this guideline to fixed-rate mortgage loan casefiles.
Verbal VOE message update		The verbal Verification of Employment (VOE) DU message will be updated to remind lenders that direct verification by a third-party employment verification vendor is acceptable if completed within the same timeframes, though the information may not be more than 35 days old as of the Note date.
Closing Disclosure references	Effective with applications dated August 1, 2015, the new Closing Disclosure form will replace the HUD-1 Settlement Statement.	DU messages that reference the HUD-1 Settlement Statement will be updated to reflect this change.

Item	Description	Change
No minimum payment message update		The DU message issued when a monthly payment is not included on an installment account will be updated to remind lenders what payment should be used if the account is a student loan.

Contact your Account Executive if you have any questions.