

# WHOLESALE BULLETIN

IMPORTANT INFORMATION: PLEASE READ IMMEDIATELY

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## 18W-066

**Attention: Business Development Managers & Mortgage Brokers      September 21, 2018**

**Please take a moment to read the important information contained in this bulletin.**

**Included in this Bulletin: Desktop Underwriter/Desktop Originator Release Notes  
September, 2018**

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Effective the weekend of September 22, 2018, Fannie Mae will implement a new version of the Desktop Underwriter Underwriting Findings report. The new report will be an option available for DU Version 10.1 and DU Version 10.2 loan casefiles after the weekend of September 22, 2018.

### **DU Underwriting Findings Report**

The following updates to the look, feel and functionality of the DU Underwriting Findings report will be made to improve clarity and usability:

- Emphasis, bolding and coloring will be added to certain information in the summary sections.
- Track changes functionality will be added to enable users to identify what messages have been changed, added, or deleted from the existing submission as compared to the previous version.
- Basic navigation functionality will be added that will enable users to quickly move from one section of the report to another.
- Easier identification of Day 1 Certainty messages with an option for users to filter on Day 1 Certainty messages. Persistent Day 1 flags will display next to Day 1 Certainty messages.
- Bolding, bulleting and hard returns will be added in the body of approximately 117 messages to add emphasis and improve readability. The text of certain messages will also be updated to improve clarity.
- Dollar amount formatting will be changed to include applicable commas (i.e. \$100000.00 will be seen as \$100,000.00).
- Messages will be easier to identify with the inclusion of the unique message ID numbers at the end of messages.
- A new Day 1 Certainty section will be added which displays eligibility status for DU validation service, Appraiser Waiver (formerly referred to as Property Inspection Waiver

(PIW)) and Collateral Rep & Warrant relief

- Two file types will be added: a PDF and an enhanced HTML. As the PDF is a static format, the new navigation, track changes and filtering features are not available in this format.

While the new summary sections will be shown on both DU Version 10.1 and DU Version 10.2 loan casefiles, the changes to the formatting of the message text will only be shown on DU Version 10.2 casefiles.

The new DU Underwriting Findings report, available as an enhanced HTML, or PDF, will be optional. There will be no impact to the existing HTML, TXT, or XML (codified findings) versions at this time, **nor to the DU Underwriting Findings report for FHA or VA loan casefiles underwritten through DU.**

*Note: The Desktop Originator DO/DU User Interface will be updated the weekend of September 22, 2018 to include the new versions of the DU Underwriting Findings report. Customers who receive the DU Underwriting Findings report directly into their loan origination system (LOS) would need to contact their LOS vendor to determine when the new version of the report will be available.*

## Example of the Updated Summary Information Section

Show Changes ☐ off

### Summary of Findings

Casefile ID

1397492846

Recommendation

Approve/Ineligible

Borrower 1

John Homeowner

Submission Number

2

Borrower 2

Mary Homeowner

Submission Date

07/26/2018 11:49AM

Lender Loan Number

RtPla2MI\_11

First Submission Date

07/26/2018 01:45PM

DU Version

10.2

Submitted By

w8436ynh

### Mortgage Information

LTV/CLTV/HCLTV

75.00% / 75.00% / 78.00%

Note Rate

4.250%

Housing Expense Ratio

2.73%

Loan Type

Conventional

Debt-to-Income Ratio

3.76%

Loan Term

360

Total Loan Amount

\$78,000.00

Amortization Type

Fixed Rate

Sales Price

\$0.00

Loan Purpose

Refinance

Actual/Estimated  
Appraised Value

\$100,000.00

Rafi Purpose

Limited Cash-Out

Months Reserves

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### Property Information

Property Address

175 13th Street,  
Washington, DC, 20013

Number of Units

1

Property Type

Detached

Occupancy Status

Primary Residence


### Day 1 Certainty

#### Property Information

Appraisal Waiver

 Not Eligible

Collateral Rep &  
Warrant

 Eligible

## Examples of the Show Changes (Track Changes) Function

Show Changes ☒

### 24 ADDED

According to the Social Security Administration (SSA), the Social Security number (SSN) for John Homeowner either has not been issued, or was recently issued. The SSN accuracy must be confirmed, and if incorrect, the SSN must be updated and the loan casefile resubmitted to DU. If the SSN is determined to be correct, it must be validated directly with the SSA (direct validation by a third party is acceptable), and the loan must be delivered with SFC 162. If the SSN cannot be validated with the SSA, the loan is not eligible for delivery to Fannie Mae. (MSG ID 2807)

### 25 CHANGED

DU returned the following **standardized address and census tract** for the subject property: 10.2, DO/DU Development Lender 1, 1397492846 2, %a.

- This is the address that DU used in its property valuation and fieldwork recommendation.
  - Regardless of the property fieldwork required by DU, **if this address is not valid** for the subject property, an appraisal based on an interior and exterior property inspection reported on Form 1004 is required for this transaction.
  - If the subject property is located in a condominium project, the appraisal must be reported on Form 1073.
- (MSG ID 1873)

### 32 REMOVED

~~Verify that this second home property is suitable for year-round occupancy.~~

~~The borrower must:~~

- ~~• Occupy the property for some portion of the year,~~
- ~~• Have exclusive control over the property, and~~
- ~~• Not enter into any agreements that require the property to be rented or give a management firm control over the property.~~

~~Rental income from a second home may not be used as qualifying income. (MSG ID 1870)~~

## Examples of the Day 1 Certainty Flag and Table Formatting

### DAY 1

13 DU **accepts the value submitted** as the market value for this subject property. This loan is eligible for delivery to Fannie Mae without an appraisal and is eligible for representation and warranty relief on the value, condition, and marketability of the subject property if the **Appraisal Waiver** is exercised by the lender at the time of loan delivery by including Special Feature Code 801 and the Casefile ID in the loan delivery file.

If the waiver is not exercised, an appraisal based on an interior and exterior property inspection is required for this transaction.

If an appraisal is obtained for this transaction, or the Selling Guide states that the transaction is not eligible for an Appraisal Waiver, the Appraisal Waiver may not be exercised and the loan cannot be delivered with Special Feature Code 801. Note that DU is not able to identify all transactions that are ineligible for an Appraisal Waiver, including community land trusts or properties with resale restrictions, and Texas Section 50(a)(6) mortgages. (MSG ID 2167)

## Examples of the Filtering Function

### Without Filtering

Show Changes ☐

View 

All Messages

## Verification Messages / Approval Conditions

16 Mortgage insurance is required.

- The lender may either obtain mortgage insurance coverage of at least 8% with an MI loan-level price adjustment or obtain mortgage insurance coverage of 12%. Refer to the Loan-level Price Adjustment Matrix on [fanniemae.com](#).
- Verify the mortgage insurance premium is accurately reflected in the loan application. (MSG ID 2477)

DAY 1

17 This loan casefile may have gone through the DU validation service. Any vendor reports need to be retained in the loan file. The lender remains responsible for investigating any contradictory information in the loan file. (MSG ID 3003)

18 The number of financed properties used in determining the loan's eligibility and minimum reserve requirements was 1.

This information was derived based on the properties listed in the **Real Estate Owned** section of the loan application.

If this information is incorrect:

- The correct number must be provided in the Number of Financed Properties field, or
- The Real Estate Owned section must be updated and the loan casefile resubmitted to DU. (MSG ID 3011)

### Credit and Liabilities

19 Include evidence of payoff of the following debts (other than 30 day accounts) in the loan file: (MSG ID 0225)

BORROWER	CREDITOR	ACCOUNT NUMBER	BALANCE
Horne Loansseeker	WESTAR LOAN SERV	970058	\$92,000.00

Summary of Findings

Day 1 Certainty

Risk / Eligibility

Findings

Verification Messages / Approval Conditions

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Credit and Liabilities

Employment and Income

Assets

Property and Appraisal Information

Ratio Information

Observations

Underwriting Analysis Report

### With Filtering

Show Changes ☐

View 

Day 1 Certainty

## Verification Messages / Approval Conditions

DAY 1

17 This loan casefile may have gone through the DU validation service. Any vendor reports need to be retained in the loan file. The lender remains responsible for investigating any contradictory information in the loan file. (MSG ID 3003)

### Employment and Income

DAY 1

23 Verification of Employment and/or Income (VOE/VOI) information on Alice Firstimer was not received from The Work Number. Either information was not ordered from The Work Number by the lender, The Work Number did not have information on the borrower when the lender placed the order, or the Lender Loan Number and borrower Social Security Number entered on the online loan application do not match those provided to The Work Number. (MSG ID 2798)

DAY 1

24 Tax return information on Penny Publie's income was not received from Equifax. Either information was not ordered from Equifax by the lender, Equifax did not have information on the borrower when the lender placed the order, or the Lender Loan Number and borrower Social Security Number entered on the online loan application do not match those provided to Equifax. (MSG ID 2898)

Verification Messages / Approval Conditions

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Employment and Income

## Examples of the New Bolded and Bulleted Messages Format

34 Based on the credit report obtained through DU, this loan casefile **must close on or before** 8/04/2018.

- All credit documents must be no more than four months old on the note date, and
- For guidelines on the age of the appraisal or property inspection report, refer to the Selling Guide.

(MSG ID 0420)

35 DU does not include cash back received from the transaction in the borrower's cash reserves calculation. Therefore, the amount of **cash back**, \$775.00 has not been included in cash reserves. (MSG ID 0119)

**NOTE:** For DU Findings Underwriting Reports viewed in the PDF file format. The bolding may be replaced with a larger font size.

Author: Underwriting