



## FNMA DU Changes

Released: December 18, 2009

**Loans in the pipeline under DU version 7.1 must close AND fund no later than Friday, January 15, 2010. Loans that close after this date must be re-run with the new DU version 8.0 prior to loan approval.**

During the previous weekend, December 12, 2009, Fannie Mae implemented Desktop Underwriter® (DU®) Version 8.0. DU Version 8.0 will evaluate loan casefiles using the same risk factors currently evaluated in DU Version 7.1. **This does not impact FHA loans.**

Highlights of changes in DU Version 8.0 (which do not impact DU Refi Plus™ mortgage loans):

- An update to the DU credit risk assessment
- **An update to the maximum allowable total expense (debt-to-income) ratio to 45 percent, with flexibilities up to 50 percent for certain loan casefiles with strong compensating factors. Additionally, for loans over 45%, One Choice will require that you have Approve/Eligible only findings results.**
- Retirement of Expanded Approval® (EA) EA-II and EA-III recommendations (except for DU Refi Plus loan casefiles)
- Minimum 620 credit score for delivery eligibility (not applicable to DU Refi Plus loan casefiles)
- MI updates:
  - A new minimum MI coverage option; a loan-level price adjustment (LLPA) will apply
  - Streamlining of other MI coverage requirements
  - Retirement of Reduced and Lower-Cost MI options
- Implementation of the high-balance mortgage loan eligibility guidelines specified in Announcement 09-08R
- Implementation of changes described in other Announcements, including 08-16, 09-02, and 09-19

We are implementing these changes to help ensure that our guidelines reflect and appropriately respond to the current market conditions. If you have any questions, please contact your Account Executive.

Thank you for your business.

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