

Issue Date: 6/6/2016

Effective Date: 6/25/2016

No: 2016.6.2

Implementation of Desktop Underwriter® (DU®) Version 10.0

1. Updated DU Risk Assessment

- a. Will continue to measure the likelihood of a loan becoming seriously delinquent; and
- b. Is expected to have minimal to no impact on the percentage of Approve/Eligible recommendations clients receive today.

2. Underwriting Borrowers without Traditional Credit

- a. A three-in-file merged credit report must still be requested for all borrowers on the loan application.
- b. When a DU loan casefile is submitted and the credit report(s) show that no borrowers on the loan casefile have a credit score, DU will underwrite the loan and provide a recommendation.

3. Policy Changes for Borrowers with Multiple Financed Properties - DU is automating the eligibility requirements and required reserves for borrowers with multiple financed properties.

- a. The multiple financed properties policy applies when a borrower is financing a second home or investment property and currently obligated on other financed properties; and
- b. DU will use the number of financed properties amount to apply the following eligibility guidelines:
 - i. A minimum credit score of 720 is required for borrowers with 7 to 10 financed properties.
 - ii. Borrowers are limited to a maximum of 10 financed properties.
- c. Reserve Requirements - DU will also determine the reserves required for the other residential financed properties. The other financed properties reserves amount will be determined by applying a specific percentage to the aggregate of the outstanding unpaid principal balance (UPB) for all mortgages and HELOCs disclosed on the online loan application.
- d. DU will issue a message informing the lender what amount was used as the number of financed properties and where that information was obtained. If DU used the information provided and that information is inaccurate, the lender must update the data and resubmit the loan casefile to DU.

Issue Date: 6/6/2016

Effective Date: 6/25/2016

No: 2016.6.2

Implementation of Desktop Underwriter® (DU®) Version 10.0 (cont.)

4. HomeReady™ Mortgage Message Updates

- a. Borrower Authorization for Counseling Message Removal
- b. HomeReady™ Eligibility Messages
 - i. A new message will be issued when a loan casefile is submitted as HomeReady™ and receives an Approve/Eligible recommendation that will simply state that the loan casefile is eligible as a HomeReady™ mortgage loan.
 - ii. The message issued when a loan casefile is not submitted as HomeReady™ and it appears it may be eligible for HomeReady™ will be modified. The message will now only be issued on Approve/Eligible recommendations, and will be moved to the Rating section of the DU Underwriting Findings report.
- c. Non-borrower Household Income Message Update - The non-borrower household income verification message will be updated to include the amount of non-borrower household income disclosed on the online loan application.

5. **Updates to Align with the Selling Guide** - High-balance Mortgage Loan Field Review Requirement - Selling Guide Announcement [SEL-2015-10](#) specified the requirement for a field review on certain high-balance mortgage loans. DU will remind lenders of this requirement on two- to four-unit high-balance mortgage loan casefiles where the purchase price or appraised value is \$1,000,000 or more and the LTV, CLTV, or HCLTV exceeds 75%.

6. **Retirement of DU Version 9.2** - With the release of DU Version 10.0, DU Version 9.2 will be retired. Therefore, effective the weekend of June 25, 2016, customers will no longer be able to resubmit loan casefiles to DU Version 9.2. Customers will continue to be able to view online loan applications and DU Underwriting Findings reports that were created under DU Version 9.2. To obtain an updated underwriting recommendation after the weekend of June 25, customers must create a new loan casefile and submit it to DU.

The changes included in this release will apply to new loan casefiles submitted to DU on or after the weekend of June 25, 2016. Loan casefiles created in DU Version 9.3 and resubmitted after the weekend of June 25 will continue to be underwritten through DU Version 9.3.

Questions: Please address all questions to: LoanHelpDesk@ResMac.com