

# New enhancements to help you qualify more borrowers with no credit scores



With new enhancements in Desktop Underwriter® (DU®), Fannie Mae is helping lenders increase homeownership opportunities and simplify their underwriting process for loans where no borrower has a credit score. This includes:

## Updating existing eligibility criteria for loans where no borrower has a credit score to align with standard eligibility criteria

- Now permitted: One- to four-unit properties (including manufactured homes) up to standard LTV, CLTV, and HCLTV ratios and up to the standard maximum allowable debt-to-income ratio of 50%.

## Using borrower-permissioned bank statement data to enhance the DU risk assessment

- Through the use of a 12-month third-party asset verification report, DU will assess or consider a borrower's cash flow by reviewing transaction patterns, balance trends, and other observations over time in their checking and savings accounts and investment accounts.

## Simplifying the underwriting process by providing an automated option for lenders to meet *Selling Guide* requirements to document nontraditional credit sources

- When an asset verification report is used by DU in the analysis of loans where no borrower has a credit score, DU will issue a message indicating if the report may be used to satisfy the nontraditional credit reference requirements per the *Selling Guide*.\*

*\*Lenders remain responsible for ensuring compliance with other documentation requirements applicable to them.*

## Get Started

After you have ordered a credit report and verified that the borrower(s) on the loan application does not have a credit score, follow the steps below to enable DU to conduct a cash flow assessment:

1. Educate the borrower(s) about what the asset verification process is and how it works, and obtain the appropriate consent to order an asset verification report.
2. Order an asset verification report with 12 months of asset data from an [authorized verification report supplier](#). Enter the Reference ID in DU.
3. Review the messages on the DU Underwriting Findings report to see if the bank statement data has been considered.

Not yet using asset verification reports? Learn more about asset verification in the [DU validation service](#).

DU will issue a message when a loan casefile does not receive an Approve/Eligible recommendation to remind lenders that a cash flow assessment may improve the underwriting recommendation. So, if you didn't order an asset verification report and your casefile did not receive an Approve/Eligible recommendation, consider ordering a report and resubmit to DU.

Effective Dec. 1, 2022, a new [pricing directive](#) for first-time homebuyers may provide favorable pricing to these casefiles when the income is at or below applicable AMI limits. Casefiles that do not meet the criteria will continue to follow the standard pricing grids based on a credit score of less than 620.