

# DU for Government Loans Release Notes

## February 2019 Release

Jan. 22, 2019

During the weekend of Feb. 16, 2019, Desktop Underwriter® (DU®) for government loans will be updated to support the announced Veterans Administration (VA) updates in [VA Circular 26-18-30](#).

NOTE: For ease of reference, this document generally uses the term “DU” to refer to “DU for government loans.”

### LTV changes on refinanced VA loans

#### VA LTV Guaranty

VA Circular 26-18-30 specified that VA will no longer guaranty TYPE I and TYPE II Cash-Out Refinance loans when the LTV exceeds 100 percent. DU will provide a Refer recommendation on non-IRRL refinanced VA loans that exceed 100% LTV calculation.

NOTE: Please see VA Circular 26-18-30 for the definitions of a TYPE I and TYPE II Cash-Out Refinance.

#### LTV calculation

VA Circular 26-18-30 also specified that the VA funding fee is included in the LTV calculation for TYPE I and TYPE II Cash-Out Refinance applications. All VA refinance casefiles submitted or resubmitted on or after the weekend of Feb. 16, which are not an Interest Rate Reduction Loan (IRRL), will be underwritten using an updated LTV. This updated LTV will include the financed portion of the funding fee.

NOTE: Because the VA Circular 26-18-30 updates are effective for applications taken on or after Feb. 15, non-IRRL VA refinance applications taken on or after Feb. 15 should be resubmitted to DU after the weekend of Feb. 16, to ensure that they receive the correct messaging and calculations. For loan casefiles for applications taken prior to Feb. 15 that are resubmitted after the weekend of Feb. 16 and receive a Refer recommendation due to LTV changes made in this update, lenders should contact their VA regional Loan Center for assistance.

### New VA Messaging

To further accommodate this VA Circular, DU will be adding additional messaging for the LTV updates, and messaging related to seasoning, net tangible benefit and fee recoupment requirements.

### Additional Resources

For additional information, please reference the documents and web sites listed below.

Document Name and Description	URL
VA Lenders Handbook	<a href="https://benefits.va.gov/warms/pam26_7.asp">https://benefits.va.gov/warms/pam26_7.asp</a>
VA Circulars	<a href="https://www.benefits.va.gov/homeloans/">https://www.benefits.va.gov/homeloans/</a>
VA Loan Limits	<a href="https://www.benefits.va.gov/homeloans/purchaseco_loan_limits.asp">https://www.benefits.va.gov/homeloans/purchaseco_loan_limits.asp</a>



Document Name and Description	URL
VA Regional Loan Centers: Contact Information	<a href="https://www.benefits.va.gov/homeloans/contact_rlc_info.asp">https://www.benefits.va.gov/homeloans/contact_rlc_info.asp</a>

## For More Information

More information can be found in the Help Center, which is accessed through the Desktop Originator® (DO®)/DU User Interface. Additionally, lenders may contact their Fannie Mae account team, and mortgage brokers should contact their DO sponsoring wholesale lender. For questions regarding VA policies and guidelines, lenders and mortgage brokers should contact their VA Regional Loan Center.