DU for Government Loans February Release
Integration Impact Memo

Jan. 25, 2019

During the **weekend of Feb. 16, 2019,** as described in the [Release Notes](#), Desktop Underwriter (DU®) for government loans will be updated in our production environment. Changes included in this release will apply to all loan casefiles submitted or resubmitted to DU for government loans on or after the weekend of Feb. 16, 2019. This release will be made available in the integration environment on or around Jan. 30, 2019. If you have any questions about the integration impact, please contact [release support](#).

Please review the integration impact and the Release Notes to ensure that your integrated system(s) will be prepared.

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

New VA Messaging

To further accommodate this [VA Circular 26-18-30](#), DU will be adding additional messaging for the LTV updates, and messaging related to seasoning, net tangible benefit and fee recoupment requirements.

How will this affect my integrated system(s)?

Integrated systems that receive and parse the Underwriting Response Data Format (RES file) may require updates to support modified messages.

DU Underwriting Findings Message Updates		
New	Modified	Retired
4	0	0

LTV changes on refinanced VA loans

VA LTV Guaranty
VA Circular 26-18-30 specified that VA will no longer guarantee 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 calculation. This updated LTV calculation will include the financed portion of the funding fee. The CLTV calculation will also be impacted by this change as the LTV amount is used to calculate CLTV.

> **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.*

How will this affect my integrated system(s)?

If your system(s) currently calculates LTV, then you will need to implement this new formula to correctly calculate LTV.

Additional Resources

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

Document Name and Description	URL
VA Lenders Handbook	https://benefits.va.gov/warms/pam26_7.asp
VA Circulars	http://www.benefits.va.gov/homeloans/new.asp
VA Loan Limits	http://www.benefits.va.gov/homeloans/loan_limits.asp
VA Regional Loan Centers: Contact Information	https://www.benefits.va.gov/homeloans/contact_rlc_info.asp

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.

If you have questions or require support specific to this release, please contact Release Support