

DU for Government Loans Release Notes

Sept. 2021 Release

Aug. 11, 2021

During the weekend of Sept. 18, 2021, Desktop Underwriter® (DU®) for government loans will be updated with the changes specified below. These changes will apply to all loan casefiles submitted or resubmitted on or after the weekend of Sept. 18, 2021.

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

Support of the Updated Uniform Residential Loan Application

The following changes will be made to support the updates made to the loan application data in the DU Specification MISMO V3.4 (DU Spec) version 1.8.2 that was published on June 29, 2021.

New credit types

The following new credit types will be accepted by DU for FHA and VA submissions:

- Builder Developer
- Real Estate Agent
- Employer Affiliate
- Lender Affiliate
- Other Interested Party

These new credit types may impact the following two calculations for FHA submissions.

- **Required investment:** Determined by taking the amount the borrower is bringing to the transaction and subtracting any interested party contributions. This value is sent by DU to the FHA TOTAL Scorecard. Currently only Seller Credits, Lender Credits, and Seller Paid Closing Costs are considered interested parties.
- **Seller concessions:** Used to determine if the 6% seller concession limit has been exceeded.

Based on information provided by FHA, these new credit types will be used as specified below in these two calculations.

| Credit Type | Considered an Interested Party for the Required Investment Amount | Considered a Seller Concession |
|------------------------|---|--------------------------------|
| Builder Developer | Y | Y |
| Employer Affiliate | N | N |
| Lender Affiliate | N | N |
| Other Interested Party | Y | Y |
| Real Estate Agent | Y | Y |

Note: Refer to the DU Specification MISMO V3.4 (DU Spec) version 1.8.2 for additional changes, including additional enumeration updates, announced on June 29, 2021.



New Value being sent to the FHA TOTAL Scorecard

Per FHA's guidance, DU will begin sending the years on the job for the first borrower listed on the application, regardless of whether the borrower is the primary borrower, to the FHA TOTAL Scorecard. The value will be rounded down to the nearest year and is calculated by DU based on the start date provided and the submission date for MISMO V3.4, and the lender provided values for 1003 v3.2 or MISMO v2.3.1. When the borrower only has non-employment income or a valid value is not provided, a value of zero will be sent.

Additional Resources

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

| Document Name and Description | URL |
|---|---|
| Online HUD Handbook 4000.1 | http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/handbook_4000-1 |
| HUD Mortgagee Letters | http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/FHA_info_messages |
| FHA Mortgage Limits | https://entp.hud.gov/idapp/html/hicostlook.cfm |
| CHUMS Data Files | http://www.hud.gov/pub/chums/file_layouts.html |
| FHA Resource Center: Contact Information and FAQs | http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/fharesourcectr |
| 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 Customer Management Solutions 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. For questions regarding HUD policies and guidelines, lenders and mortgage brokers should contact HUD at 1-800-CALL-FHA (1-800-225-5342).