

Desktop Underwriter/Desktop Originator Release Notes

DU Version 11.0 July Update

May 26, 2021

Updated June 24, 2021

During the **weekend of July 17, 2021**, Fannie Mae will implement an update to Desktop Underwriter® (DU®) Version 11.0, which will include updates to support [Lender Letter LL-2021-11](#).

The changes in this release will apply to DU Version 11.0 loan casefiles. Effective dates are specified below.

June 24, 2021: Based on lender feedback since the implementation of RefiNow™, a few updates have been added to the July Update. These release notes have been updated to include the changes being made for RefiNow (see page 2).

High LTV Refinance Transactions

As described in Lender Letter LL-2021-11, loan casefiles created on or after July 1, 2021 will no longer be underwritten as a high LTV refinance. Existing loan casefiles created prior to July 1, 2021 will continue to be underwritten as high LTV refinance transactions.

Qualifying Interest Rate Used by DU

Fannie Mae Generic ARMs and Lender ARMs

Loan casefiles submitted or resubmitted to DU on or after the weekend of July 17, 2021 using a Fannie Mae Generic ARM plan, or a Lender ARM plan will be qualified using the following:

DU ARM Plan	Qualifying Rate
FM GENERIC, 1 YR, 2% Annual Cap	Note rate plus 6%
FM GENERIC, 1 YR, 1% Annual Cap FM GENERIC, 3 YR	Note rate plus 5%
FM GENERIC, 5 YR	Greater of fully indexed rate or note rate plus 2%
FM GENERIC, 7 YR FM GENERIC, 10 YR	Greater of fully indexed rate or note rate
DU Plan	Qualifying Rate
Lender ARM plan* *ARM plan number not recognized by DU as a Fannie Mae ARM plan.	<ul style="list-style-type: none"> ▪ Qualifying rate entered in the ARM Qualifying Rate field in DU ▪ If the ARM Qualifying Rate field is not entered, DU will use the note rate plus 5%

Constant Maturity Treasury-Indexed ARMs

As specified in Lender Letter LL-2021-05, all constant maturity treasury securities (CMT) indexed ARM plans are being retired. All CMT ARM loans must have application dates on or before June 30, 2021.

CMT ARM loan casefile created on or after July 1, 2021

The following ARM plans will no longer be recognized as a Fannie Mae ARM plan on loan casefiles created on or after July 1. If provided, these ARM plans will be considered a “Lender ARM plan” and will be qualified at the rate specified above.

- 57 - 1 YR TREASURY, CONVERTIBLE 2&6 Caps



- 649 - 3/3YR TREASURY 2&6 Caps
- 650 - 3/3YR TREASURY, CONVERTIBLE 2&6 Caps
- 651 - 3/1YR TREASURY 2&6 Caps
- 652 - 3/1 YR TREASURY, CONVERTIBLE 2&6 Caps
- 660 - 5/1 YR TREASURY 2&5 Caps
- 661 - 5/1 YR TREASURY, CONVERTIBLE 2&5 Caps
- 710 - 1 YR TREASURY 1&6 Caps
- 720 - 1 YR TREASURY 2&6 Caps
- 721 - 1 YR TREASURY, CONVERTIBLE 2&6 Caps
- 750 - 7/1YR TREASURY 5/2/5 Caps
- 751- 7/1YR TREASURY, CONVERTIBLE 5/2/5 Caps
- 861 - 1 YR TREASURY, CONVERTIBLE 1&6 Caps
- 1423 - 10/1 YR TREASURY 5/2/5 Caps
- 1437 - 10/1 YR TREASURY, CONVERTIBLE 5/2/5 Caps

These ARM plans will be removed from the Desktop Originator® (DO®)/DU User Interface after Sept. 30, 2021.

Note: The update to the ARM plans recognized as a Fannie Mae ARM plan will not occur until the weekend of July 17. CMT loan casefiles created on or after July 1 that are then resubmitted after July 17 will see a change to the ARM plan messaging and qualifying rate used to underwrite the loan.

CMT ARM loan casefiles created prior to July 1, 2021

Loan casefiles created prior to July 1 that are resubmitted to DU using a CMT ARM plan will continue to be recognized as a Fannie Mae ARM and will be qualified using the following current ARM qualifying rates.

Amortization Type	Qualifying Interest Rate
ARMs with an initial fixed-rate period of five years or less	Greater if the fully indexed rate or the note rate + 2.0%
ARMs with an initial fixed-rate period of greater than five years	Greater of the fully indexed rate or the note rate

RefiNow Updates (added to release notes June 24, 2021)

Existing message updates

The message issued when a loan casefile has been underwritten as RefiNow reminding lenders of the requirement that the borrower is receiving a benefit in the form of a reduction in the interest rate and a reduction in the monthly mortgage payment will now be the first message issued on the DU Underwriting Findings report.

The message issued when the existing loan is not eligible to be refinanced as RefiNow will also be updated to list the specific reason the existing loan is ineligible.

New RefiNow message

In order to assist lenders in confirming borrower benefit, a new message will be added in the Observation section to specify the principal and interest payment and the note rate on the existing Fannie Mae loan.

For More Information

For more information about these Release Notes, lenders may contact their Fannie Mae Customer Management Solutions Team, and mortgage brokers should contact their DO sponsoring wholesale lender. For technology considerations, an Integration Impact Memo will be posted on the [Technology Integration](#) page.