



UHM Production Bulletin

May, 2016

Bulletin U16-0005
Issued 5/19/16

TOPICS IMPACTED IN THIS BULLETIN

FNMA and FHLMC Products	✓	FHA/VA	✓
Mortgage Insurance		USDA	✓
Other	✓	Underwriting Guidelines	✓

FHA:

FHA Revised Student Loan Guidance Reminder

As a reminder, in UHM Production Bulletin U16-0004 and per [FHA Mortgagee Letter 2016-08](#), FHA announced revised guidance to Lenders when calculating student loan in debt-to-income calculations. As a reminder, these changes are active and in effect.

FNMA/FHLMC:

Fannie Mae/Freddie Mac Agency Standard Condominium Questionnaires

Lenders may begin using Fannie Mae form [1076](#) and Freddie Mac form [476](#) (full forms) and Fannie Mae form [1077](#) and Freddie Mac form [477](#) (short forms) when required effective immediately. When a condominium questionnaire is required, the use of the applicable agency standard project questionnaire is recommended or an alternate form that contains all of the same information.

Fannie Mae Release Notes, DU Version 10.0

During the weekend of June 25, 2016, Fannie Mae will implement [Desktop Underwriter \(DU\) Version 10.0](#), which will include the changes described below.

The changes included in this release will apply to new loan casefiles submitted to DU on or after the weekend of June 25, 2016. Loan casefiles created in DU Version 9.3 and resubmitted after the weekend of June 25th will continue to be underwritten through DU Version 9.3.

The changes in this release include:

- Updated DU Risk Assessment
- Underwriting Borrowers without Traditional Credit
- Policy Changes for Borrowers with Multiple Financed Properties
- HomeReady Mortgage Message Updates
- Updates to Align with the Selling Guide
- Retirement of DU Version 9.2

Please review the full release notes utilizing the link above, additional training and guidance will be communicated through UHM Sales and Operations Huddles.



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Fannie Mae Retirement of DU Version 9.2

DU Version 9.2 loan casefiles would have been created prior to December 12, 2015; therefore those loan casefiles would have been underwritten at least six months prior to the retirement of DU Version 9.2.

Freddie Mac [2016-6](#), Insurance Requirements, Limited Project Review/PUDs

In accordance with agency requirements, the following recent updates are in effect:

- Limited Project Review: Liability and Fidelity coverage verification is not required
- PUD's: Liability coverage is only required on DU Type F(new) attached PUDs

USDA:

USDA Guarantee Fee Reduction beginning October 1, 2016

This update provides advance notice of the upfront guarantee fee and annual fee structure that will be effective for Single Family Housing Guaranteed Loan Program (SFHGLP) loans in fiscal year (FY) 2017, which begins October 1, 2016 and ends at the close of business on September 30, 2017.

The upfront guarantee fee will change from 2.75% to 1.0% of the loan amount. The annual fee will change from 0.50% to 0.35% of the average scheduled unpaid principal balance for the life of the loan. The timing of occurrence for both changes will be based on USDA's formal approval.

Please refer to the unnumbered letter (UL), "[Upfront Guarantee Fee and Annual Fee for Fiscal Year 2017](#)," for additional details.

USDA, IRS Form 4506-T for Income Validation

Lenders are reminded that, at the time of application, all adult household members that will reside in the home are required to complete and execute IRS Form 4506-T (or comparable IRS form) to validate income documentation for the previous two years.

Validation from the IRS must be received prior to submitting to USDA RD a conditional commitment request for a loan note guarantee. The information received from the IRS is not intended to document income, but rather to validate the income documentation and disclosures provided by the applicant(s) and adult members of the household.

Other:

UHM Re-Disclosure Packages (Change of Circumstances) Required Documents

The UHM Communications Policy Group has reviewed requirements for documents required with a Change of Circumstances (COC). Effective immediately, only the Loan Estimate (LE) will be required to be re-disclosed for all loan types. All previous additional documents have been removed from the



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COC package.

Assets, Joint Access Letters

The UHM Communications Policy Group has reviewed requirements for each agency to review joint access letter requirements when two individuals appear on asset statements which include a non-borrowing party. It has been concluded that joint access letters are required for all FHA loans and for instances where the individuals listed on the account are listed to include "AND" (ex. John Smith and Mary Smith). If the statements do not include "AND" or "OR", and the loan is not an FHA loan, a joint access letter is not required.

Texas Severe Storms and Flooding

On April 25, 2016, The Federal Emergency Management Agency (FEMA) announced that federal disaster aid with individual assistance has been made available to the State of Texas to supplement state and local recovery efforts in the area affected by severe storms and flooding.

Federal funding is also available to state and eligible local governments, certain private nonprofit organizations, individuals and business owners on a cost-sharing basis for emergency work and the repair or replacement of facilities in the following counties:

	COUNTIES GRANTED INDIVIDUAL ASSISTANCE	FIPS COUNTY CODE	DR Number	FEMA Notice Date
1	Fayette	48,149	DR-4269	4/25/2016 <i>(Although FEMA reflects a 4/25 end date in some instances, the presidential declaration sets the incident end period date of 4/24/2016.)</i>
2	Grimes	48,185		
3	Harris	48,201		
4	Parker	48,367		
5	Austin	48,015	Amendment No. 1	May 2, 2016
6	Colorado	48,089		
7	Waller	48,473		
8	Wharton	48,481		

In reaction to Texas storms, please refer to the UHM Disaster Policy in the Lending Guide for product specific appraisal requirements.

Please note at the time of publishing FEMA has not yet announced disaster aid for excessive rain and flooding in the Houston area that occurred on April 18th and April 19th. Additional due diligence will be required to ensure properties in the Houston area have not been impacted by excessive rain and flooding.



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Mortgage Insurance:	No updates at this time
Recent Releases:	Communications Policy Group Updates: <ul style="list-style-type: none">▪ UHM Freddie Mac Overlays, 5/4/16<ul style="list-style-type: none">○ Number of properties financed by UHM
Forthcoming Releases:	<ol style="list-style-type: none">1. Updated Fair Housing Policies and Procedures2. Updated ECOA Policies and Procedures
Reminder:	All scenarios cannot be addressed, please continually review any and all internal and external updates.