



## UHM Production Bulletin

September, 2016

Bulletin U16-0009  
Issued 9/15/16

### TOPICS IMPACTED IN THIS BULLETIN

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

#### FHA:

#### Total Mortgage Scorecard, Loan Product Advisor

Loan Product Advisor will be updated September 25<sup>th</sup> to align with FHA TOTAL Mortgage Scorecard requirements as follows:

- September 25<sup>th</sup>: Required Investment Data Field will be updated to reflect its updated definition in TOTAL and FHA Connection as announced in FHA INFO #16-43.

Please review the [LPA - September 2016 FHA Updates](#) and [Freddie Mac LPA Updated Implementation Announcement](#).

#### FNMA/FHLMC:

#### Fannie Mae DU Version 10.0 Release Date

After the initial delay in implementation, [DU 10.0](#) will be released on September 24, 2016. The changes included in this release will apply to new loan casefiles submitted to DU on or after the weekend of September 24, 2016. Loan casefiles created in DU Version 9.3 and resubmitted after the weekend of September 24<sup>th</sup> 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

Files utilizing the previous version of DU will not require the analysis of trended credit data. Only files including DU 10.0 findings will include the analysis for underwriting considerations.

#### Fannie Mae HomeReady Enhancements

Updated the guidelines to include the following HomeReady enhancements as announced in



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### [Fannie Mae SEL-2016-6:](#)

- The occupant Borrower may own other residential properties, following standard eligibility requirements for owner occupied primary residence transactions. Previously, the occupant borrower was not permitted to own other residential real estate.
- Homeownership education and counseling is no longer required on rate/term refinance transactions.
- 2-4 unit properties: The additional requirement of landlord education has been removed.

### **Fannie Mae, Multiple Financed Properties**

The multiple financed properties update that was announced in [Fannie Mae SEL 2016-03](#) will be published in the Guide on October 1, 2016 as follows:

- The reserve calculation for other financed properties will be determined by applying a specific percentage based on the number of financed properties to the aggregate of the outstanding unpaid principal balance for all mortgages and HELOCs. The reserve calculation will no longer be a manual function, it will be determined per AUS when utilizing DU Version 10.0.
- The LTV/CLTV/HCLTV requirements will align with standard eligibility requirements as per the Loan Product Description.
- The minimum FICO requirement of 720 will apply when a Borrower will have more than six (6) financed properties.

As previously announced, these changes are effective for all loans submitted through DU version 10.0 on and after September 24, 2016.

### **Freddie Mac LPA Implementation**

On August 26, 2016, Freddie Mac announced that the implementation date for Loan Product Advisor ([LPA](#)) changes to align with FHA's TOTAL scorecard has been rescheduled from August 28, 2016 to September 25, 2016.

### **Freddie Mac Guide Bulletin 2016-16 and Enhanced Property Eligibility Tools**

Freddie Mac has announced several updates to selling requirement in [Guide Bulletin 2016-16](#) to include the following property eligibility requirements:

- Property Assessed Clean Energy (PACE) Obligations: Updates to Freddie Mac's requirements to allow PACE or PACE-like obligations that result in or provide for First Lien priority to be paid off with the proceeds of a "no cash-out" refinance Mortgage, provided that the Mortgage being refinanced is owned in whole or in part or is securitized by Freddie Mac
- Condominium projects: Revised the ineligible project list to state that a conversion of a property with prior use as a hotel is an eligible project if certain requirements are met. Also,



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Freddie Mac is increasing the permitted percentage of single investor concentration for Housing Finance Agencies, or similar entities for projects with 21 or more units, if certain requirements are met. These revised requirements, effective March 1, 2017, may expand opportunities to originate mortgages secured by condominium units in projects that formerly were ineligible projects. See the Bulletin for additional updates related to condominium projects.

- Properties in rural areas: Added further guidance and examples to address misconceptions about requirements related to properties in rural areas.
- Properties subject to land use regulations: Effective December 1, 2016, mortgages are not eligible for sale to Freddie Mac if the property is subject to coastal tideland, wetlands or setback laws and/or regulations that prevent the rebuilding of the property improvements if the property is damaged or destroyed.
- Requirements for certificates of incumbency: Updated the Guide to include current practice that requires Sellers and Warehouse Lenders to renew their certificate of incumbency every two years and their governing body resolutions every four years.
- Electronic recording of paper closing documents: Effective September 14, 2016, Seller/Service providers no longer need to retain an original paper Security Instrument signed by the Borrower if an electronic copy of the original paper Security Instrument is electronically recorded at the recorder's office.

Please review the Guide Bulletin for details on the above changes and other important Guide updates, including the enhanced Home Possible® Income and Property Eligibility tool.

### **FHFA HARP Program Extended**

On August 26, 2016, [FHFA](#) announced that the HARP program, including Fannie Mae DU Refi Plus and Freddie Mac Relief Refinance Open Access, has been extended and will be available for loan applications taken through September 30, 2017. The HARP program was originally set to expire December 31, 2016.

Beginning in October 2017, Fannie Mae and Freddie Mac will be offering a new version with credit score, LTV and CLTV enhancements which will be reviewed by the UHM Communications Policy Group with additional information forthcoming.

### **Early Check and Loan Quality Advisor (LQA)**

Fannie Mae's EarlyCheck and Freddie Mac's Loan Quality Advisor (LQA) assist Lenders and Investors with identifying and correcting potential eligibility and/or data issues early in their processes and prior to loan delivery to the respective Agency.

UHM Retail and Wholesale Departments are reminder that UHM does require:

- Fannie Mae Loans delivered to UHM must be able to pass Fannie Mae's EarlyCheck



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- Completed by Underwriting and prior to closing
- Freddie Mac Loans delivered to UHM must be able to pass Freddie Mac's Loan Quality Advisor
  - Completed after closing by Secondary to assist in the delivery determination

To clarify, UHM may elect to utilize EarlyCheck or Loan Quality Advisor, as applicable, as part of its pre-purchase loan review process. If UHM is not able to obtain satisfactory findings, the loan may receive conditions requiring resolution of the issues preventing satisfactory results in order for the loan to be eligible for delivery.

**VA:**

### **VA Guaranty Service Communication**

As the number of VA loans has increased to record levels in recent months, so too has the incoming call volume from lenders and Veterans to our Regional Loan Centers (RLCs). While this means that more Veterans are using their home loan benefit, and that more Lenders are doing business, this has also, regrettably, resulted in at times, long hold times for callers. VA wants you to know that we are making every effort to answer your calls, and resolve your questions as quickly as possible. Your time is very valuable, and so we would like to take this opportunity to provide you with Six Tips that could reduce the amount of time you spend on the phone.

1. If you don't have an urgent need (ex. impending closing date), or a potentially deal-breaking question or concern please give VA a few business days to process your COE request, before checking on status.
2. Please be sure the "T's" are crossed and the "I's" are dotted prior to submission of a COE request. Providing a complete and accurate submission increases the probability that VA can process your request instantaneously.
3. Please help VA help you with your 'special requests' regarding COEs. If your Borrower has a special circumstance that requires you to submit a request for more than just a standard COE issuance, it is helpful to provide details about that special circumstance in the "Notes" field of the COE submission page. The VA staff can process your full request in an accurate and timely fashion if all the details are easily discernable.
4. Please be sure your COE request makes it to the Internet in complete form.
5. If you're stuck or have a general question, you may find the answers you need in the VA web tutorials and guides.

Helpful information can be found at:

- The Lender's Tutorial "How to Order a Certificate of Eligibility on the VA Portal" [click [here](#)]
- Information on how to correct your COE submission [click [here](#)]
- 6. If you have issues with the web form or are experiencing other technological issues, the BEST way to report a problem or get help with a problem, is to email the system Help Desk at [VIP.VBACO@va.gov](mailto:VIP.VBACO@va.gov) rather than call the COE toll-free line.



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<b>USDA:</b>	<p><b>USDA Upfront Guarantee and Annual Fee Reduction</b></p> <p>Guidelines will be updated on October 1, 2016 as announced to include a table with the 2017 Fiscal Year reduction as follows:</p> <ul style="list-style-type: none"><li>• <b>Upfront Guarantee Fee:</b> 1.00% Effective with Conditional Commitments issued on and after October 1, 2016.</li><li>• <b>Annual Fee:</b> .35% Effective with Conditional Commitments issued on and after October 1, 2016.</li></ul> <p><b>USDA Manufactured Home 24 Month Pilot Program (Ohio, Texas, Louisiana and Colorado Only)</b></p> <p>USDA has announced a pilot program for Manufactured Homes built on or after 1/1/06 which are eligible to be financed through USDA. This pilot program permits homes to be financed regardless of whether the home was previously financed through USDA and does not disqualify a home that is not newly constructed.</p> <p>UHM will support this pilot program through Retail and Wholesale channels.</p>
<b>Other:</b>	<p><b>Louisiana Severe Storms and Flooding</b></p> <p>On 8/14/16, The Federal Emergency Management Agency (FEMA) announced that federal disaster aid with individual assistance has been made available to the State of Louisiana to supplement state and local recovery efforts in the area affected by severe storms and flooding. There have been six amendments to the original announcement.</p> <p>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:</p>



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	COUNTIES WITH INDIVIDUAL ASSISTANCE	FIPS COUNTY CODE	DR Number	FEMA Notice Date
1	East Baton Rouge	22,033	<a href="#">DR-4277</a>	8/14/2016
2	Livingston	22,063		
3	St Helena	22,091		
4	Tangipahoa	22,105		
5	Acadia	22,001	<a href="#">Amendment No.1</a>	8/16/2016
6	Ascension	22,005		
7	East Feliciana	22,037		
8	Iberia	22,045		
9	Lafayette	22,055		
10	Point Coupee	22,077		
11	St Landry	22,097		
12	Vermillion	22,113		
13	Avoyelles	22,009	<a href="#">Amendment No. 3</a>	8/16/2016
14	Evangeline	22,039		
15	Iberville	22,047		
16	Jefferson Davis	22,053		
17	St. Martin	22,099		
18	St. Tammany	22,103		
19	Washington	22,117		
20	West Feliciana	22,125	<a href="#">Amendment No. 4</a>	9/1/2016
21	St. James	22,093		
22	West Baton Rouge	22,121		
Incident Period End Date 8/31/2016			<a href="#">Link to Webpage</a>	Noted 9/6/2016
REVISED Incident Period End Date 10/2/2016			<a href="#">Link to Webpage</a>	Noted 9/8/2016
REVISED Incident Period End Date 8/31/2016			<a href="#">Amendment No. 6</a>	9/8/2016

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

### Mortgage Insurance:

#### National MI Implementation of DU 10.0

National MI is pleased to announce that with the completion of Fannie Mae's implementation on the weekend of September 24, 2016, we will accept Desktop Underwriter Version 10.0® (DU® 10.0) responses in lieu of DU 9.3 in the mortgage insurance eligibility assessment.

There are no changes to the existing National MI Guidelines.

#### United Guaranty Sale to Arch Capital Group, LTD

United Guaranty announced the proposed sale to Arch Capital Group, LTD on August 17, 2016. UHM's master policy remains in place and all existing business processes and contacts will continue but UHM will continue to evaluate this sale through the Vendor Management Group. Any changes or updates

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	<p>will be communicated through the UHM Huddle Network.</p> <p><b>Essent Guaranty Releases an FHA Comparison Tool</b></p> <p>Essent Guaranty has developed an <a href="#">FHA Comparison Tool</a> to compare Essent mortgage insurance (MI) with FHA.</p>
<b>Recent Releases:</b>	<p>Communications Policy Group Updates:</p> <ul style="list-style-type: none"> <li>▪ GNMA Overlays (removal of the FHA owned property requirement), 9/13/16</li> </ul> <p>Compliance Corner:</p> <ul style="list-style-type: none"> <li>▪ 30-Day Credit Decision Requirements for all applications including Refinance and Construction-Perm, 8/29/16</li> <li>▪</li> </ul>
<b>Reminder:</b>	All scenarios cannot be addressed, please continually review any and all internal and external updates.