

## Desktop Underwriter/Desktop Originator DU Version 10.0 Preview Notification

January 28, 2016

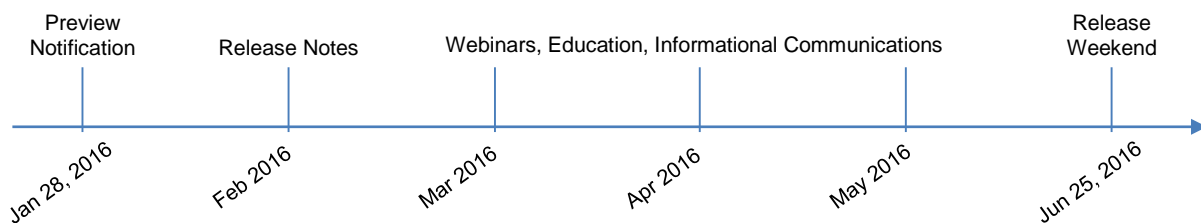
Fannie Mae is targeting the release of Desktop Underwriter® (DU®) Version 10.0 for the **weekend of June 25, 2016**. This preview notification and the [DU Version 10.0 Integration Impact Memo](#) are being provided to allow lenders and technology solution providers time to prepare. Release Notes for DU Version 10.0 will be provided by the end of February 2016 and may include additional components not mentioned in this preview notification.

The updates in DU Version 10.0 will help lenders underwrite with confidence while expanding access to credit and sustainable homeownership for creditworthy borrowers.

DU Version 10.0 will include, but is not limited to:

- Enhanced credit risk assessment using trended credit data.
- Simplified and automated underwriting for borrowers with multiple financed properties.

The timeline for the planned implementation of DU Version 10.0 is follows:




**This preview notification of DU Version 10.0 is intended to help lenders and technology solution providers prepare and should not be considered a substitute for the Release Notes.**

### DU Version 10.0 Enhancements

#### Enhanced Credit Risk Assessment Through the Use of Trended Credit Data

Trended credit data is an innovative tool that leverages an expanded consumer credit report to help predict customer behaviors through the correlation of historical patterns. It allows for better analysis of a borrower's credit history by providing an expanded, more granular view of the borrower's debt repayment behavior, and historical debt utilization and trends, to support well-informed, insightful decisions.

Credit reports currently used in mortgage lending indicate only the outstanding balance, utilization and availability, and if a borrower has been on time or delinquent on existing credit accounts such as credit cards,



mortgages, or student loans. With trended credit data, lenders will have access to historical monthly data (when available) that shows the current limit, current balance, high balance, scheduled payment, and actual payment amount that a consumer has made on these accounts.

The use of trended credit data, provided by Equifax and Transunion, into DU's credit risk assessment will support a more precise credit risk analysis. Among other benefits, this will allow lenders to determine if the borrower tends to pay off revolving credit lines such as credit cards each month, or if the borrower tends to carry a balance from month to month while making minimum or other payments.

No operational changes are required by Fannie Mae to access trended credit data in DU Version 10.0. However, lenders should contact their credit provider(s) for information regarding any steps that need to be taken to obtain credit reports with trended credit data.

The DU Version 10.0 risk assessment will only use the trended credit data on credit card accounts for the most recent 24 months' payment history (even if more than 24 months worth of data is provided on the credit report). The trended credit data may be used on other accounts in a later version of DU.

## **Simplified and Automated Underwriting for Borrowers with Multiple Financed Properties**

To simplify the underwriting process for lenders and improve operational efficiency, DU Version 10.0 will be updated to reflect a simplified multiple financed properties policy. The multiple financed properties policy applies when a borrower is financing a second home or investment property and is currently obligated on other financed properties. The updated policy will require fewer eligibility overlays and simplified reserve requirements, which will be automated with DU Version 10.0.

For DU to fully automate the updated guidelines, a Number of Financed Properties field will be added to the Desktop Originator® (DO®)/DU User Interface. This field will be used to capture the number of financed one- to four-unit residential properties (including the subject transaction) for which the borrower(s) are personally obligated. Refer to the [DU Version 10.0 Integration Impact Memo](#) for additional information on the new Number of Financed Properties field. When the Number of Financed Properties field is not provided, DU will determine the number of financed properties based on the information included in the Real Estate Owned section of the loan application, or the number of mortgages disclosed on the loan application or the credit report.

## **For More Information**

For more information about this Preview Notification, lenders may contact their Fannie Mae customer account team; and mortgage brokers should contact their DO sponsoring wholesale lender.