

Fannie Mae *DU Refi Plus*TM and FHA Change

Fannie Mae updated its Desktop Underwriter (DU) with Version 7.1 over the past weekend to implement *DU Refi Plus*TM, which essentially streamlines the underwriting requirements for refinances of existing Fannie Mae loans.

At this time, Reunion Mortgage is not accepting conventional loans with Fannie Mae *DU Refi Plus* findings due to investor limitations. Purchase and cash-out transactions are not eligible for *DU Refi Plus*, and will not receive *DU Refi Plus* messaging.

Loans with the following criteria will most likely receive a *DU Refi Plus* finding:

- Rate/term or limited cash-out refinance transactions (e.g., the lesser of 2% of the loan amount or \$2,000 cash-out at closing)
- Loans currently owned by Fannie Mae ([click here](#) to see if Fannie Mae owns it)

Since all new and re-submitted rate/term and limited cash-out refinances submitted to DU beginning April 4th will *automatically* be matched against the criteria for *DU Refi Plus*, Reunion has implemented a new procedure to obtain the full underwriting criteria required by our other investors:

Step 1 - If there is a match against *DU Refi Plus* criteria, DU will issue the following message in the findings: *This loan casefile was underwritten according to the DU Refi Plus expanded eligibility guidelines offered on certain limited cash-out refinance loan casefiles where the borrower's existing loan is identified by DU as a Fannie Mae loan. This loan casefile must be delivered with Special Feature Code 147.*

Step 2 - These loans must be submitted to LP for approval. Brokers will need to access LP through FHLMC until LP is available in P.U.P. LP should only be used for these loans. Note: If the LTV is < 60% and the FICO is at least 680, the loan can be switched to cash-out in DU with no price adjustment.

Step 3 – There are additional overlays for all loans with *LP Accept* findings:

- All assets entered in LP must be verified with at least 2 months bank statements or VOD and one month bank statement
- Income must meet Reunion's guidelines
- Loan amounts greater than standard conforming limits are not eligible (e.g., > \$417,000 on 1 unit)

FHA Fixed Product Guideline Change

- Case Number Assignments on or after 4/1/09 require a 2nd appraisal for cash-out refinance transactions with loan amounts > \$417,000 per Mortgagee Letter 09-08
- Click to view the updated [FHA Fixed Product Guidelines](#) with this change highlighted in **red type**

If you have any questions, please contact your Account Executive or local branch.