

Selling Guide Announcement SEL-2012-07

August 21, 2012

***Selling Guide* and Other Updates**

This Announcement describes updates to the following topics:

- Eligibility Requirements
- Comprehensive Risk Assessment – Manual Underwriting
- Desktop Underwriter® (DU®) Version 9.0 Release
- FannieNeighbors® Retirement
- Area Median Income Data for 2012
- Homeowners' Association Assessments
- Document Custodian Requirements
- Miscellaneous *Selling Guide* Updates
- DU Refi Plus™ and Refi Plus™ Whole Loan Committing
- Acceptable Conventional Mortgage Insurers

Each of the updates is described below. The affected *Selling Guide* topics (and for some topics the specific paragraphs) are noted for each policy change either below or in the Attachments. Lenders should review each topic in the *Selling Guide* to gain a full understanding of the policy changes. The updated topics are dated August 21, 2012.

Eligibility Requirements

As part of normal business operations, Fannie Mae regularly reviews its eligibility policies to determine whether those policies are appropriate based on new data and loan performance. As a result of the recent review, Fannie Mae will be modifying the maximum loan-to-value (LTV) ratios, combined LTV (CLTV) ratios, and home equity CLTV (HCLTV) ratios for a number of transactions.

For adjustable-rate-mortgages (ARMs), the maximum LTV ratios are being reduced and the minimum credit score requirement for manually underwritten loans is increasing from 620 to 640. Fannie Mae is also changing LTV ratios and minimum credit score requirements in certain areas to simplify the requirements and bring alignment across product and property types. The changes apply to both manually underwritten loans and DU loan casefiles, unless otherwise noted.

The updated requirements are reflected in the newly reformatted [Eligibility Matrix](#), and are briefly summarized below. References to “LTV ratios” include LTV, CLTV, and HCLTV ratios, unless otherwise noted.

- For one-unit, principal residence, purchase and limited cash-out refinance ARMs, the maximum LTV ratios will be reduced from 97% to 90% in DU and from 95% to 90% for manually underwritten loans.
- For the majority of other ARM transactions, the LTV ratios will be reduced 10 percentage points, though the reductions will not go below 60%.

- ARMs combined with Community Seconds[®] are no longer eligible for a 105% maximum CLTV ratio. The CLTV ratio limits that are applicable to the particular ARM transactions as published in the *Eligibility Matrix* must be met.
- For two-unit, principal residence, purchase and limited cash-out refinance, fixed-rate, the maximum LTV ratios will be increasing from 80% to 85%.
- LTV ratios for certain co-op share loans are being aligned with standard LTV ratio requirements where they were previously lower.
- HomeStyle Renovation LTV ratios are being aligned with standard LTV ratio requirements up to a maximum LTV ratio of 95%.
- For high-balance mortgage, limited cash-out refinance, fixed-rate loans with a loan amount greater than \$625,500, the LTV ratios will be increasing from 80% to 90%. (This change only impacts four counties in Hawaii. There is no increase in the high-balance loan limits.)
- For manually underwritten ARM loans, the minimum credit score is increasing from 620 to 640, however, for certain transactions a credit score higher than 640 is required.
- The specific credit score requirement for high-balance mortgage loan casefiles will be removed from DU. The standard DU minimum credit score will now apply.
- The maximum allowable LTV ratios for investor and second home borrowers with five to ten financed properties have been updated as a result of the changes to ARM LTV ratio requirements.
- When one or more borrowers are qualified solely on the basis of nontraditional credit, the transaction is limited to a one-unit, principal residence, purchase or limited cash-out transaction. Additional requirements also apply. (This change applies to manually underwritten loans and closely aligns with existing requirements for DU loan casefiles.)

Refer to the next section for additional changes to credit score requirements for manually underwritten loans.

Effective Date

The changes that apply to DU will apply to loan casefiles underwritten with DU Version 9.0 on or after the weekend of October 20, 2012. The changes that apply to manually underwritten loans are effective for loans with application dates on or after October 20, 2012.

Comprehensive Risk Assessment – Manual Underwriting

Lenders that choose to manually underwrite a mortgage application are expected to follow the comprehensive risk assessment approach. Under this approach, lenders evaluate certain key risk elements, taking into consideration any layering of risk factors, the significance of risk factors, and the overall risks present in the mortgage application.

A number of years ago, Fannie Mae created the *Comprehensive Risk Assessment Worksheet for Manual Underwriting* to assist lenders in evaluating the various risk factors that have the greatest impact on mortgage loan performance. Since that time, Fannie Mae created and has enhanced the *Eligibility Matrix*, which identifies the key risk elements to evaluate for each transaction type, providing a solid foundation for assessing the comprehensive risk of a manually underwritten loan.

To complement the update of the DU Version 9.0 credit risk assessment, Fannie Mae is further refining its policies with regard to the comprehensive risk assessment of manually underwritten mortgage loans. As a result, the *Comprehensive Risk Assessment Worksheet for Manual Underwriting* is being retired.

DTI Ratio, Reserves, and Credit Score

The *Eligibility Matrix* has been updated to include debt-to-income (DTI) ratio requirements based on minimum credit scores and minimum reserves. The concept of the “36% benchmark” DTI ratio is being replaced with a stated maximum of 36%; however, the DTI ratio can be as high as 45% if the loan meets the credit score and reserve requirements for the transaction. This new approach to comprehensive risk assessment provides more transparent requirements with regard to how compensating factors must be applied.

NOTE: As is the case today, additional reserves are required for certain transactions, such as multiple financed properties and current principal residences pending sale.

The following additional clarifications related to DTI ratios and reserves have been added to the *Selling Guide*:

- The term “qualifying payment” is now used in place of “monthly housing expense for qualifying purposes.” None of the policies regarding the calculation or use of the qualifying payment have changed, but the *Selling Guide* now clearly distinguishes that the qualifying payment
 - always applies to the subject mortgage (for all occupancy types); and
 - is based on the qualifying interest rate, and is used to calculate the DTI ratios and reserves.

The term “monthly housing expense” will continue to refer solely to the payment associated with the borrower’s principal residence.

- When underwriting mortgage loans that have a temporary interest rate buydown, the lender must qualify the borrower without consideration of the bought-down rate and in accordance with the qualifying rate requirements associated with the specific mortgage product, e.g., fixed-rate, ARM, or interest-only. (This was the previous policy in the *Selling Guide*, but it is now more clearly stated, where applicable.)
- The prior policy that provided accommodation to the minimum credit score requirements based on the underwriter’s comprehensive risk assessment (40 point flexibility below the minimum credit score) is no longer applicable.
- The minimum reserve requirements that previously applied to MyCommunityMortgage® loans are no longer applicable. Lenders should refer to the *Eligibility Matrix* for requirements for this product. Exceptions remain, however, to the DTI ratio and minimum reserve requirements for the Community HomeChoice™ and Community Solutions™ options that are available under this product.

Updated Selling Guide Topics

See Attachment 1 to this Announcement for the updated topics and additional information.

Effective Date

These changes are effective for manually underwritten loans with application dates on or after October 20, 2012.

DU Version 9.0 Release

The *Selling Guide* has been updated to include the changes to be made in DU Version 9.0. The *DU Version 9.0 Release Notes* provide a full description of the DU changes. Highlights include the following:

- the retirement of Expanded Approval recommendations for loan casefiles submitted to DU, except for DU Refi Plus;

- the addition of the Refer with Caution recommendation;
- revisions to the triggers for resubmission of a loan casefile to DU if the DTI ratio changes;
- reduction in the maximum LTV and CLTV ratio to 80% for condo projects evaluated under the Limited Review process;
- elimination of the exterior-only property inspection appraisals and the exterior-only property inspection option for DU loan casefiles;
- changes to income documentation requirements and the addition of new income types in the online loan application;
- changes to the DU Underwriting Findings report;
- changes in requirements related to 30-day charge accounts; and
- changes to the minimum reserve requirements for two- to four-unit principal residence properties.

NOTE: A number of changes referenced in the Release Notes did not require an update to the Selling Guide text, or the Selling Guide has already been updated (e.g., construction-to-permanent); hence the changes are not mentioned in this Announcement.

Updated Selling Guide Topics

See Attachment 2 to this Announcement for the updated topics and additional information.

Effective Date

The changes will apply to loan casefiles underwritten with DU Version 9.0 on or after the weekend of October 20, 2012.

FannieNeighbors Retirement

MyCommunityMortgage (MCM[®]) is Fannie Mae's conventional community lending mortgage product that helps to promote community stabilization in underserved areas by offering underwriting flexibilities to qualified borrowers who meet specific income criteria. Fannie Mae is streamlining the MCM eligibility options by retiring the FannieNeighbors option. MCM continues to be a standard product available to all Fannie Mae lenders. Two additional eligibility-based options for MCM will continue to be available: Community Solutions for public safety, education, military, and health care professionals, and Community HomeChoice for individuals with disabilities.

Updated Selling Guide Topics

See Attachment 1 to this Announcement.

Effective Date

The changes are effective for manually underwritten loans with application dates on or after October 20, 2012, and for loan casefiles submitted or resubmitted to DU on or after the weekend of October 20, 2012 (DU Version 8.3 and DU Version 9.0 loan casefiles). Refer to the [Desktop Originator[®] DO[®] /DU Version 9.0 Supplement to Release Notes](#) for additional details.

Area Median Income Data for 2012

Area Median Incomes (AMI) are established by the U.S. Department of Housing and Urban Development (HUD) and provided to Fannie Mae annually by its regulator, the Federal Housing Finance Agency (FHFA). Fannie Mae and lenders must use these AMIs to determine borrower eligibility for MCM loans.

The 2012 HUD AMIs will be available on eFannieMae.com no later than September 10, 2012. Note that the AMI data that FHFA provides to Fannie Mae to determine Fannie Mae's performance on its regulatory housing goals may differ from the median income estimates posted on HUD's Web site, so lenders must use the eFannieMae.com resource.

Effective Date

Lenders are encouraged to use the 2012 AMIs as soon as they are posted on eFannieMae.com, and are required to use them for manually underwritten loans with application dates on or after October 20, 2012. The new limits will apply to loan casefiles submitted or resubmitted to DU on or after October 20, 2012 (DU Version 8.3 and DU Version 9.0 loan casefiles). Refer to the *DO/DU Version 9.0 Supplement to Release Notes* for additional details.

Homeowners' Association Assessments

Consistent with policy changes announced in SVC-2012-05, *Payment of Homeowners' Association Dues and Condo Assessments*, Fannie Mae is revising the *Selling Guide* to allow the greater of six months of regular common expense (homeowners' association) assessments or the maximum amount permitted under applicable state law to have limited priority over Fannie Mae's mortgage lien.

In addition, changes were made throughout the *Selling Guide* to consistently use the term homeowners' association "assessments" instead of homeowners' association "dues" and homeowners' association "fees."

Updated Selling Guide Topics

- [B2-1.2-01](#), Purchase Transactions (Purchase of Preforeclosure or Short Sale Properties – Allowable Fees, Assessments, and Payments)
- [B3-4.1-03](#), Types of Interested Party Contributions (Financing Concessions)
- [B4-2.1-02](#), Ineligible Projects (Ineligible Project Types)
- [B4-2.1-06](#), Priority of Common Expense Assessments
- [B4-2.2-13](#), Condo Project Review and Legal Document Requirements (Condo Project Legal Document Requirement: Compliance with Laws)

Effective Date

This update is effective immediately.

Document Custodian Requirements

In Announcement SVC-2012-08, *New Document Custodian Requirements*, Fannie Mae announced requirements for document custodians to engage an independent third-party audit firm for the purpose of completing an annual compliance audit and to establish a monthly quality control (QC) review process. The *Selling Guide* has been updated to reflect these requirements. Refer to Announcement [SVC-2012-08](#) for specific details.

Fannie Mae's *Annual Statement of Eligibility for Document Custodians* ([Form 2001](#)) has been revised to include the document custodian's certification that it has met these new requirements.

The minimum eligibility standards for independent third-party auditors and minimum audit requirements have been incorporated in *Fannie Mae's Requirements for Document Custodians* guide ([RDC guide](#)). Form 2001 and the RDC guide are available on eFannieMae.com.

Updated Selling Guide Topic

- [A3-3.1-01](#), Operational Requirements for all Document Custodians (Monthly Quality Control Review, Annual Audit Requirements)

Effective Dates

As announced in SVC-2012-08, the following effective dates apply:

- Document custodians that had a Fannie Mae on-site review completed prior to August 1, 2011, must engage an independent third-party auditor and complete their first annual audit by July 31, 2013.
- Document custodians that had a Fannie Mae on-site review completed during the period August 1, 2011, to July 31, 2012, must engage an independent third-party auditor and complete their first annual audit by December 31, 2013.
- Fannie Mae is requiring that by September 30, 2012, document custodians develop and implement a monthly QC review process to examine the quality of document and data certifications for the prior month. The first QC review must occur by October 31, 2012, for September 2012 document and data certifications.

Miscellaneous Selling Guide Updates

- [B5-5.2-03](#), DU Refi Plus and Refi Plus Property Valuation and Project Standards. If the lender determines that an appraisal is required for a Refi Plus transaction, the appraisal must be based on an interior and exterior inspection. In alignment with DU Version 9.0, exterior-only inspection appraisal reports are no longer permitted. The appraisal report form used must be the form appropriate for the type of property being appraised. Lenders are encouraged to apply this policy immediately; however, they are required to apply it to Refi Plus loans with application dates on or after October 20, 2012.
- [B4-2.2-08](#), Project Eligibility Review Service (PERS). The February 28, 2012 *Selling Guide* update did not include the revisions to the decision expiration dates for Conditional Project Approvals and Final Project Approvals that were announced in SEL-2012-02, *Selling Guide Updates*. The *Selling Guide* now reflects the extended expiration terms.
- [B7-3-07](#), Flood Insurance Coverage Requirements. The *Selling Guide* has been updated to change the maximum allowable deductible for a flood insurance policy for a first- and second-lien mortgage loan to \$5,000 unless a higher amount is allowed by state law. This update aligns with the requirements in the *Servicing Guide*.
- The term "Office of Thrift Supervision (OTS)" has been removed from the acronyms list [E-1-02](#), Acronyms and Abbreviations, and [E-3-15](#), Glossary of Fannie Mae Terms. Effective July 21, 2011, OTS merged with the Office of the Comptroller of the Currency.

DU Refi Plus and Refi Plus Whole Loan Committing

In an effort to support the Home Affordable Refinance Program and borrowers with higher LTV ratios, Fannie Mae is adding two new whole loan products for DU Refi Plus and Refi Plus loans with LTV ratios greater than 105%. With these products, lenders will be able to deliver loans with terms greater than 180 months and up to 240 months against a 20-year whole loan commitment rather than a 30-year whole loan commitment.

The following new products will be added to eCommitting™ for mandatory commitments and eCommitONE® for best efforts commitments:

- 20-year Fixed Rate, Refi Plus LTV ratio 105.01% through 125%; and
- 20-year Fixed Rate, Refi Plus LTV ratio >125%.

Loans may not be delivered against standard whole loan commitments. Separate committing under the respective Refi Plus products is still required.

These new products are in addition to the existing 15-year and 30-year high LTV ratio Refi Plus products that are currently available for whole loan committing and delivery.

Effective Date

The new products will be available for commitments and delivery beginning September 10, 2012.

Acceptable Conventional Mortgage Insurers

Fannie Mae announced in 2010 that the California Housing Loan Insurance Fund (CaHLIF) was no longer an eligible insurer for loans delivered to Fannie Mae. However, certain Refi Plus, DU Refi Plus, or modified or refinanced balloon loans can be delivered if continuation of coverage is effected through modification of the existing mortgage insurance certificate by CaHLIF. The [Acceptable Conventional Mortgage Insurers and Related Delivery Codes](#) has been updated to reflect this exception.

Lenders who have questions about this Announcement should contact their Account Team.

John Forlines
Senior Vice President
Chief Credit Officer for Single-Family

Attachment 1

Updates to Manual Underwriting and Eligibility Requirements

This table briefly describes the updates that have been made in the *Selling Guide* for manual underwriting and eligibility requirements (in the order in which they appear in the Guide). Refer to the specific topics in the *Selling Guide* for additional details. In the event of any discrepancy between the information in this Attachment and the *Selling Guide*, the provisions in the *Selling Guide* will prevail.

Topic Number and Title (Block Name(s))	Description of Update
B2-1.1-04 , Subordinate Financing	<ul style="list-style-type: none"> Removed reference to comprehensive risk assessment.
B2-1.3-06 , Temporary Interest Rate Buydowns (Qualifying the Borrower)	<ul style="list-style-type: none"> Clarified that for loans with a temporary interest rate buydown, lenders must qualify the borrower without regard to the bought-down rate.
B2-2-03 , Multiple Financed Properties for the Same Borrower	<ul style="list-style-type: none"> Changed maximum LTV ratio limits, including alignment of purchase and limited cash-out refinance transactions. Added maximum LTV ratio limits for high-balance loans.
B2-2-04 , Guarantors, Co-Signers, or Non-Occupant Co-Borrowers	<ul style="list-style-type: none"> Added a definition of non-occupant co-borrowers.
B3-1-01 , Comprehensive Risk Assessment	<ul style="list-style-type: none"> Removed reference to <i>Comprehensive Risk Assessment Worksheet</i>. Defined the lender's role in conducting a comprehensive risk assessment and use of the <i>Eligibility Matrix</i> as a resource.
B3-3.1-09 , Other Sources of Income (Employment-Related Assets as Qualifying Income)	<ul style="list-style-type: none"> Clarified that the minimum credit score requirement for using employment-related assets as qualifying income is the higher of 620 or the minimum on the <i>Eligibility Matrix</i>. Clarified the calculation of "net documented assets."
B3-4.1-01 , Minimum Reserve Requirements	<ul style="list-style-type: none"> Removed misplaced text regarding earnest money deposits, which are more fully described in B3-4.3-09. Clarified that liquid financial reserves are based on the qualifying payment amount for the subject mortgage. Expanded factors to consider in determining minimum reserve requirements. Updated minimum reserve requirements according to transaction type—principal residence, second home, or investment property.
B3-4.3-09 , Earnest Money Deposit	<ul style="list-style-type: none"> Changed title of topic to Earnest Money Deposit (formerly Sales Contract Deposit).
B3-5.1-01 , General Requirements for Credit Scores (Minimum Credit Score Requirements)	<ul style="list-style-type: none"> Updated minimum credit score requirements for ARMs and modified the way the information is presented for other transactions. Updated the requirements for manual underwriting of borrowers without credit scores (also moved from B3-5.1-02).
B3-5.1-02 , Determining the Representative Credit Score for a Mortgage Loan	<ul style="list-style-type: none"> Moved text on manual underwriting of borrowers without credit scores to B3-5.1-01.
B3-5.4-01 , Nontraditional Mortgage Credit Reports	<ul style="list-style-type: none"> Added a statement that for certain loan transactions, one or more borrower(s) are required to have traditional credit as evidenced by a credit score, with a reference to the applicable topic.
B3-6-02 , Debt-to-Income Ratios	<ul style="list-style-type: none"> Clarified the text that describes the components of the DTI ratio. Changed the maximum DTI ratio limit to 36%, with allowable ratios up to 45% if specific criteria in the <i>Eligibility Matrix</i> are met. Revised DTI ratio changes that require resubmission of DU Refi Plus loan casefiles to DU.
B3-6-03 , Monthly Housing Expense	<ul style="list-style-type: none"> Clarified the calculation of monthly housing expense (broken out by principal residence vs. second home or investment property).

Topic Number and Title (Block Name(s))	Description of Update
B3-6-04 , Qualifying Payment Requirements	<ul style="list-style-type: none"> • Changed the topic title (formerly Borrower’s Monthly Housing Expense). • Changed the definition of qualifying payment amount. • Clarified qualifying payments and reformatted the table.
B3-6-06 , Qualifying Impact of Other Real Estate Owned	<ul style="list-style-type: none"> • Clarified that certain specified conversion of current principal residence requirements are applicable to manually underwritten loans and must also be applied (on a manual basis) to loan casefiles underwritten with DU.
B3-6-07 , Debts Paid Off At/Prior to Closing	<ul style="list-style-type: none"> • Updated the requirements for verification of 30-day charge accounts.
B4-2.2-02 , Limited Review Process for Attached Condo Units	<ul style="list-style-type: none"> • Aligned Limited Review LTV criteria for manual underwriting and DU.
B5-2.1-01 , Mortgages with an Interest-Only Feature	<ul style="list-style-type: none"> • Clarified qualifying payment requirement.
B5-5.1-02 , Community Seconds Loan Eligibility (Minimum Borrower Contribution Requirements)	<ul style="list-style-type: none"> • Added an exception for ARMs to the policy that allows the CLTV ratio to be expanded to 105%, provided the subordinate financing meets all conditions of a Community Seconds mortgage. 5-, 7-, and 10-year ARMs must meet the LTV and CLTV ratios detailed in the <i>Eligibility Matrix</i>.
B5-5.2-03 , DU Refi Plus and Refi Plus Property Valuation and Project Standards	<ul style="list-style-type: none"> • Updated the appraisal requirements if the lender determines an appraisal is required for a Refi Plus transaction. Exterior-only inspection appraisal reports are no longer permitted.
B5-6-01 , MyCommunityMortgage	<ul style="list-style-type: none"> • Removed reference to FannieNeighbors.
B5-6-02 , MyCommunityMortgage Loan and Borrower Eligibility	<ul style="list-style-type: none"> • Removed reference to FannieNeighbors. • Added text on high-cost areas from B5-6-06.
B5-6-03 , MyCommunityMortgage Underwriting Methods and Requirements	<ul style="list-style-type: none"> • Updated the minimum reserve requirements for manually underwritten loans, which are now documented in the <i>Eligibility Matrix</i>. • Credit score must be no less than the greater of 620 or the minimum credit score outlined in the <i>Eligibility Matrix</i> (removed 40 point credit score flexibility). • Updated the requirements if one or more MCM borrowers is underwritten with nontraditional credit.
B5-6-04 , MyCommunityMortgage: Additional Eligibility and Underwriting Requirements for Community Solutions and Community HomeChoice	<ul style="list-style-type: none"> • Removed reference to FannieNeighbors.
B5-6-06, MyCommunityMortgage: High-Cost Areas	<ul style="list-style-type: none"> • Retired this topic. Text related to high-cost areas has been moved to B5-6-02.
E-1-01 , References to eFannieMae.com	<ul style="list-style-type: none"> • Removed <i>Comprehensive Risk Assessment Worksheet</i> from list of references.
E-3-06 , Glossary of Fannie Mae Terms: F	<ul style="list-style-type: none"> • Removed definition of FannieNeighbors.

Attachment 2

DU Version 9.0 Updates

This table briefly describes the updates that have been made in the *Selling Guide* resulting from the DU Version 9.0 (in the order in which they appear in the Guide). Refer to the specific topics in the *Selling Guide* for additional details. In the event of any discrepancy between the information in this Attachment and the *Selling Guide*, the provisions in the *Selling Guide* will prevail.

Topic Number and Title (Block Name(s))	Description of Update
A2-2.1-04 , Limited Waiver of Contractual Warranties for Mortgages Submitted to DU	<ul style="list-style-type: none"> Added Refer with Caution recommendation.
B2-1.3-02 , Adjustable-Rate Mortgages (ARMs)	<ul style="list-style-type: none"> For generic ARMs, DU will no longer evaluate the risk based on the initial interest rate adjustment period.
B3-2-01 , General Information on DU	<ul style="list-style-type: none"> Added text on Expanded Approval recommendations, which is being retired for all but DU Refi Plus transactions (text moved from B5-2.2-01).
B3-2-02 , Risk Factors Evaluated By DU	<ul style="list-style-type: none"> As a result of changes to the DU Version 9.0 risk assessment, modified the risk factors for amortization type and property type.
B3-2-04 , Approve/Eligible, EA-I/Eligible, EA-II/Eligible, and EA-III/Eligible Recommendations	<ul style="list-style-type: none"> EA-I/, EA-II/, and EA-III/Eligible recommendations are only issued on DU Refi Plus loan casefiles and loan casefiles underwritten with a version of DU that preceded Version 9.0. Content regarding required special feature code delivery was moved to this topic from B5-2.2-02.
B3-2-06, Refer/Eligible and Refer/Ineligible Recommendations	<ul style="list-style-type: none"> Retired the topic.
B3-2-06 , Refer with Caution/IV Recommendations	<ul style="list-style-type: none"> Added Refer with Caution recommendation.
B3-2-08 , Erroneous Credit Report Data	<ul style="list-style-type: none"> Added Refer with Caution recommendation.
B3-2-09 , Accuracy of DU Data, DU Tolerances, and Errors in the Credit Report	<ul style="list-style-type: none"> Revised DTI ratio changes that require resubmission of the loan casefile to DU. Added two asset-related scenarios that require resubmission of the loan casefile to DU.
B3-2-10 , DU Underwriting Findings Report	<ul style="list-style-type: none"> Added Refer with Caution recommendation.
B3-3.3-01 , Documents Used for DU Income Assessment	<ul style="list-style-type: none"> Changed requirements for obtaining business federal income tax returns.
B3-3.3-02 , Income and Employment Documentation for DU	<ul style="list-style-type: none"> Changed income documentation requirements for DU.
B3-4.4-01 , Asset Verification	<ul style="list-style-type: none"> Added text on asset value (some of which was moved from B3-2-11).
B3-5.3-09 , DU Credit Report Analysis	<ul style="list-style-type: none"> Added Refer with Caution recommendation.
B5-1.1-01 , High-Balance Mortgage Loan Eligibility and Underwriting	<ul style="list-style-type: none"> Deleted reference to high-balance mortgage loans being limited to "Approve only" recommendations (because Expanded Approval recommendations are no longer issued for high-balance mortgage loans).
Section B5-2.2, Expanded Approval	<ul style="list-style-type: none"> Retired the Section.

Topic Number and Title (Block Name(s))	Description of Update
B5-2.2-01, Expanded Approval	<ul style="list-style-type: none"> Retired the topic.
B5-2.2-02, Expanded Approval Pricing, Mortgage Insurance, and Special Feature Codes	<ul style="list-style-type: none"> Retired the topic.
B5-2.2-03 , Manufactured Housing Underwriting Requirements	<ul style="list-style-type: none"> Removed reference to B5.2.2-01, Expanded Approval.
B5-5.2-01 , DU Refi Plus and Refi Plus Eligibility	<ul style="list-style-type: none"> Updated to reflect that simultaneous refinance of a subordinate lien is eligible for DU Refi Plus mortgage loans.
C2-1.2-03 , Best Efforts Commitment Terms, Amounts, and Other Requirements	<ul style="list-style-type: none"> Added reference that EA-I, EA-II/, and EA-III/Eligible are only acceptable for DU Refi Plus and loan casefiles underwritten with a version of DU that preceded Version 9.0.
D1-3-03 , Lender Post-Closing QC Review of Underwriting Decisions and Documentation	<ul style="list-style-type: none"> Removed reference to topic B3-2-06, Refer/Eligible and Refer/Ineligible Recommendations.
E-2-04 , Master Agreement Terms and Conditions	<ul style="list-style-type: none"> Added Refer with Caution recommendation.