



Desktop Underwriter/Desktop Originator Release Notes DU Version 10.0 and 10.1 August Update

August 18, 2017

Fannie Mae will update Desktop Underwriter® (DU®) **August 19, 2017**. Purchase transactions will now be eligible for consideration to receive Property Inspection Waiver offers.

The enhancements will apply to DU Version 10.0 and DU Version 10.1 loan casefiles **submitted or resubmitted** on or after **August 19, 2017**.

Updates to the Property Inspection Waiver

Lenders will now receive a Property Inspection Waiver (PIW) option on certain purchase loan casefiles. A PIW is a fieldwork recommendation that results in an offer to waive Fannie Mae's appraisal requirement. When a loan casefile is eligible for the PIW and the waiver is exercised by the lender, Fannie Mae accepts the submitted value estimate as the market value for the subject property. As such, Fannie Mae provides relief of representations and warranties on the value, condition, and marketability of the property.

In order for a PIW to be considered on purchase transactions, a prior appraisal must be found for the subject property in Fannie Mae's Collateral Underwriter® (CU™) data.

Prior Appraisal Requirements

DU will compare the address for the subject property to the property addresses found in CU. When a property address match is found, DU will then use the information from the prior appraisal to determine if the loan casefile is eligible for the PIW. In some cases, the prior appraisal may not be acceptable. For example, if a CU "Overvaluation Flag" was issued on the prior appraisal, or the appraisal could not be scored, that prior appraisal will not be used and a PIW will not be offered on the new loan casefile.

NOTE: With each submission DU confirms the CU data from a prior appraisal. When a new/current appraisal is found a PIW will not be issued. The PIW offer would also be removed from a loan casefile if a new appraisal is found when the loan casefile is resubmitted.

Eligible Purchase Transactions

The PIW offer will be considered on the purchase transactions below.

- One-unit properties, including condominiums
- Principal residence and second home transactions with LTV/CLTV ratios up to 80%
- Loan casefiles that receive an Approve/Eligible recommendation

NOTE: The LTV/CLTV parameters for limited cash-out and cash-out refinance transactions will not be changed.

The purchase transactions below are not eligible for a PIW.

- Investment property transactions
- Two- to four-unit properties
- Properties located in a disaster impacted area
- Construction and construction-to-permanent loans
- Loan casefiles where the value of the subject property provided to DU is \$1,000,000 or greater



- HomeStyle® Renovation mortgage loans
- Leasehold properties
- Loan casefiles using the Affordable LTV feature
- Cooperative units and manufactured homes
- Transactions using a Gift of Equity
- DU loan casefiles that receive an ineligible recommendation

NOTE: As a reminder, the PIW offer may not be exercised and an appraisal must be obtained if the transaction is one identified as ineligible in the Selling Guide but DU is not able to identify the ineligible criteria. Those transactions include HomeStyle Energy mortgages, community land trusts or properties with resale restrictions (when the Affordable LTV indicator in DU is not used), and Texas Section 50(a)(6) mortgages.

PIW Messaging

When a loan casefile is eligible for the PIW, the following message will be displayed in the DU Underwriting Findings report:

Desktop Underwriter accepts the value submitted as the market value for this subject property. This loan is eligible for delivery to Fannie Mae without an appraisal if the Property Inspection Waiver is exercised by the lender at the time of loan delivery to Fannie Mae. To exercise this Property Inspection Waiver and be eligible for representation and warranty relief on the value, condition and marketability of the subject property, Special Feature Code 801 and the Casefile ID must be included in the loan delivery file. If the waiver is not exercised, an appraisal based on an interior and exterior property inspection is required for this transaction. If an appraisal is obtained for this transaction, or the transaction is one identified as ineligible in the Selling Guide but DU is not able to identify the ineligible criteria (HomeStyle Energy mortgages, community land trusts or properties with resale restrictions, and Texas Section 50(a)(6) mortgages), the Property Inspection Waiver may not be exercised and the loan cannot be delivered with Special Feature Code 801.

Exercising the PIW

To exercise the PIW on an eligible loan casefile, the lender must, at time of delivery, include the Fannie Mae casefile ID and SFC 801 in the loan delivery file to receive representation and warranty relief. If a lender chooses not to exercise the waiver, the lender is required to deliver the loan with the fieldwork recommended by DU, which would be an appraisal based on an interior and exterior property inspection.

For More Information

For more information about these Release Notes, lenders may contact their Fannie Mae customer account team; and mortgage brokers should contact their DO sponsoring wholesale lender. For technology considerations, an Integration Impact Memo will be released on the [Technology Integration](#) page on fanniemae.com.