

National MI Announcement: UW: 2016-08

Date of Announcement: November 7, 2016

Effective Date of Changes: November 7, 2016

Fannie Mae's Desktop Underwriter® (DU®) Validation Service and Property Inspection Waiver

National MI fully supports the following recently announced Fannie Mae changes under its Day 1 Certainty™ initiative effective December 10, 2016 with the implementation of the DU 10.1 version release:

- **Desktop Underwriter Validation Service for Income, Assets and Employment**
No change to National MI guidelines is required – the Validation Service is eligible
- **Enhanced Property Inspection Waiver (PIW) guidelines**
National MI has removed overlays for AUS Eligible loans related to valuation type – PIWs are eligible (revisions to matrices in Section 2.3)

New Medical Professionals Program

National MI's Medical Professionals Program recognizes the future earnings potential of eligible borrowers and qualifies them excluding payments on student loans in deferment (refer to Section 3.4.8.1).

Guideline Changes

The following is a complete list of the guideline changes included in this TrueGuide update.

AUS eligible loans:

- **Renovation Loans:** Renovation loans are no longer limited to single family primary residences.
- **Credit Overlay Requirements and Matrices:** Eliminated the underwriting overlay related to the property valuation type.

Non AUS loans:

- **Rate and Term Refinance:** Property Assessed Clean Energy (PACE) obligations may now be paid off with rate and term refinance loan proceeds.
- **Medical Professionals Program:** New policy defining guidelines (including calculation of student loan qualifying payments) applicable to qualifying medical professionals.
- **Other Eligible Income Marijuana** (cultivation, distribution and sale): Only in states where the activity is legal, salary and hourly income (related bonus, commission and overtime income) earned by borrowers employed in this industry is eligible.
- **Verbal Verification of Employment:** Revised self-employed verbal verification from within 31 days to within 120 days from the note date.
- **Interested Party Contributions:** Increased the second home maximum to 6% from 3% for Non AUS loans (maximum LTV is 90% for second homes).

- **Qualifying Payment Amounts:** New guidelines clarify when written documentation is and is not required for alimony, child support, and/or separate maintenance payments.
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An update to National MI's TrueGuide Underwriting Guidelines explaining these changes in detail will be posted to nationalmi.com on or before 11/07/2016.

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