



Mike Baker

Head Interest Rate Shopper, The Rate Shop
 Individual NMLS: 259076 Company NMLS: 2554765 State
 23211 W 45th St Shawnee, KS 66226

Office: 913-213-3335
 Mobile: 913-213-3335
mike@rateshopkc.com
[View My Website](#)

New DU Version Eases DTI Requirements

Fannie Mae has announced changes in underwriting for loans submitted to its Desktop Underwriter (DU), Version 10.1. The new DU version will be implemented on or after the weekend of **July 29**. The changes are outlined in release notes issued on Tuesday and will apply to new loan casefiles submitted to DU on or after the weekend of July 29, 2017. Loan casefiles created in DU Version 10.0 and resubmitted after the weekend of July 29 will continue to be underwritten through DU Version 10.0.

Among the more significant changes accompanying the new version are the following.

- The maximum allowable debt-to-income (DTI) ratio that can be submitted in DU **will be 50%**. For DTIs between 45 and 50 percent, certain additional compensating factors will no longer be required. Cases exceeding a 50 percent DTI will receive an "ineligible" recommendation.
- The criteria that determines the documentation required to verify a self-employed borrower's income will be updated and the number of DU loan casefiles eligible for the one year of personal and business tax return documentation requirements will increase.
- The maximum allowable LTV, CLTV, and HCLTV ratios (LTV ratios) for adjustable-rate mortgages will be aligned with fixed-rate mortgage LTV ratios for all transaction, occupancy, and property types, up to a maximum of 95%. Additional information on the effective dates of this change will be available in the Selling Guide.
- A loan casefile with a disputed tradeline that is approved with that information will **no longer** require further action. If such a loan casefile does not receive an Approve recommendation, the lender must determine the accuracy and completeness of the tradeline information. If the borrower is responsible and the information accurately and completely reports the account, then the lender may manually underwrite the loan if it is eligible. Tradelines reported as medical debt will continue to be excluded from the disputed tradeline identification and lenders are not required to investigate disputes.
- DU is regularly reviewed to determine if its risk analysis is appropriate. Version 10.1 will include an update to this risk assessment and it is expected to **increase the percentage of Approve/Eligible** recommendations received by lenders, particularly those with DTI ratios between 45 and 50 percent.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.07%	+0.02	0.00
15 Yr. Fixed	6.45%	0.00	0.00
30 Yr. FHA	6.51%	+0.02	0.00
30 Yr. Jumbo	7.26%	0.00	0.00
5/1 ARM	7.02%	-0.01	0.00
Freddie Mac			
30 Yr. Fixed	6.86%	-0.01	0.00
15 Yr. Fixed	6.16%	+0.03	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.02%	-0.05	0.65
15 Yr. Fixed	6.60%	-0.15	0.55
30 Yr. FHA	6.87%	0.00	0.92
30 Yr. Jumbo	7.18%	-0.03	0.54
5/1 ARM	6.45%	+0.08	0.81

Rates as of: 6/28

Recent Housing Data

		Value	Change
Mortgage Apps	Jun 12	208.5	+15.58%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

The new DU version will also contain changes in or will generate new messages about underwriting issues in the following areas:

	Value	Change
Builder Confidence	Mar 51	+6.25%

- Income and Employment Updates
- Property Inspection Waivers
- Student Loan Cash-Out Refinance
- Employment Offers
- Multiple Financed Properties
- Site Condo Reviews
- Timeshares
- Homebuyer Education

Version 10.1 will also support the final Consumer Financial Protection Bureau rule implementing amendments to the Home Mortgage Disclosure Act (HMDA) which modified the reportable data requirements related to collection of information of borrower ethnicity, race, and gender.

Fannie Mae says that with the release of the DU Version 10.1, **Version 9.3 will be retired**. Effective the weekend of July 29, resubmissions of loan casefiles to the old version will not be accepted although applications and Underwriting Findings reports will still be available for viewing. To obtain an updated underwriting recommendation after the retirement date customers must create a new loan casefile.

Real Talk

At The Rate Shop, we're not your average mortgage banker. We specialize in bringing you ridiculously low interest rates that will make you wonder what the other guys are doing. In fact the ONLY objection we ever hear is "your rates sound too good to be true". Well they're not, and here is why...

After 15 years in the retail banking world I was frustrated with the high interest rates that came from that business model. As I looked around at all the bloated layers of management and their expensive salaries and the overhead of running a larger company (think rent costs, employee health and benefit costs, payroll taxes, and on and on) it dawned on me that I was a part of the problem, and the solution, for me at least, was so easy to see.

Start my own mortgage brokerage shop. No expensive executive salaries, no expensive building to pay rent at, no unnecessary employees and all the costs that are associated with that. What happens when you cut out all the fat? You can provide lower rates and lower closing costs. It's simple. Now here is the best part, you still get great service from a local Kansas City Lender. My mission is to let everyone know that low rates and great customer service are NOT mutually exclusive.

Thanks for coming along on this journey where Low Rates meet Great Service. The two do NOT have to be mutually exclusive. It's just a lie that the big box mortgage companies have been telling you for years. Don't believe me? Give me a call or shoot me a text on my personal cell phone today and compare my rates and costs up against any other lender in the country, and be prepared to be blown away.

Mike Baker

