

Tuesday, September 21, 2021

Bulletin #2021-AC-035

NOTICE TO ALL CUSTOMERS

Important Updates – Applies to Fannie Mae Conventional Guidelines

Positive Rental Payment History

This past weekend Fannie Mae implemented DU Version 11 where positive rent payment history may be used by DU in the risk assessment. Loan Originators may follow the guidance in the [DU Version 11 Release Notes](#) in reference to the data entry requirement for the enhanced credit risk assessment to be analyzed by DU which are available when the borrower meets the below requirements:

- Must be a first-time homebuyer,
- The borrower must have been renting for at least 12 months,
- The borrower's rent payment must be \$300 or more per month,
- Purchase transaction only,
- Primary residence only,
- The borrower(s) must have a credit score per FLCBank requirements, and
- The Loan Originator must obtain a VOA report with 12 months of bank statement data through an authorized DU validation service asset verification report vendor.

Credit Score Eligibility

Also as of September 18, 2021, DU will use an average median credit score for all borrowers on the transaction for loans with more than one borrower. This update will result in DU Approve/Eligible results for borrowers with a credit score less than 620.

At this time FLCBank is not implementing Fannie Mae's use of average median credit score to determine credit score eligibility and conventional loans underwritten by DU continue to have a 620 minimum credit score requirement for each borrower regardless of the DU recommendation.

We are still assessing this change to identify the policy, process and system updates required to align with Fannie Mae in the future and will notify you accordingly.

Please refer to Conventional Loan Matrices for details on conventional credit score requirements.

Rate and Term Refinance Restrictions

A refinance transaction is not eligible as a limited cash out refinance if the borrower completed a cash-out refinance transaction with a Note date 30 days or less prior to the application date of a new refinance of the subject property. To confirm eligibility, additional documentation may be required by UW for loans submitted with the pay-off of a mortgage that seems has closed within 30 days of the new application.

Credit Card Rewards

Credit card reward points as acceptable funds for use towards closing costs, down payment, and financial reserves, provided the reward points are converted to cash prior to the closing of the loan.

The following requirements apply:

- If the credit card reward points are converted to cash and deposited into the borrower's checking or savings bank account, no additional documentation is required unless the deposit is considered a large deposit.
- If the credit card reward points are converted to cash, but not deposited into the borrower's bank account, the borrower must provide evidence the reward points were available to the borrower prior to the conversion, including verification of the cash value (for example, credit card reward statement prior to conversion); and converted to cash prior to the closing of the loan. Asset type must be indicated as "Other" on the URLA.

To access our most recently updated Temporary Policies Related to COVID-19 (version 42) please [click here](#).

If you have any questions, please contact your [Account Executive or Client Relations Representative](#).