



WHOLESALE ANNOUNCEMENT 2024-83

December 18, 2024

Fannie Mae Updates

Effective Date

Effective on or after the weekend of January 11, 2025

Release Notes:

DU Risk and Eligibility Assessment Update

As part of normal business operations and prudent risk management, Fannie Mae regularly reviews and updates the DU risk assessment based on the latest market conditions and loan performance data. These updates are intended to ensure mortgages are safe and sustainable both for homeowners and for Fannie Mae; and enables Fannie Mae to continue to provide a steady and stable source of mortgage financing.

With the release of DU V. 12.0:

- Fannie Mae delivers meaningful improvements in DU's ability to analyze mortgage delinquency risk through a comprehensive examination of the risk factors from the loan application and the credit risk factors from a borrower's credit report.
- Fannie Mae extends the benefits of positive rent payment history and cash flow assessment to more borrowers.
- Fannie Mae expands ability to evaluate borrowers with thin credit and no credit scores.

Updated Risk Factors

- DU will continue to evaluate multiple factors from the borrower's loan application and credit report to perform a comprehensive risk assessment. The following risk factors will be updated with DU V. 12.0.

Note: No changes will be made to the other risk factors listed in Selling Guide section B3-2-03, Risk Factors Evaluated by DU.

Debt-to-Income Ratio/Debt Composition

- DU will continue to evaluate the composition of the borrower's debt; however, DU will no longer look at the composition of revolving debts within the borrower's total monthly expenses. DU will continue to look at the borrower's debt composition in relation to student loan debts.

Variable Income

- DU will no longer evaluate a borrower's variable income (i.e., bonus, overtime, commission, and miscellaneous) as a factor in the DU risk assessment.



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First-time Homebuyer

- The presence of a first-time homebuyer on the loan application will now be considered a mitigating factor in the DU risk assessment. DU V. 12.0 research showed that loans where a borrower identified themselves as first-time homebuyers performed better than similar loans for borrowers that had previously owned a home.

Risk Factor Messaging

- The messages in DU that specify the risk factors that impacted the recommendation will be updated to reflect the changes to the risk factors noted above and will also provide additional specificity regarding the credit risk factors from a borrower's credit report.
- The Lender Guidance for Use with Applicants messages will also be updated to provide lenders additional actionable guidance on potential updates to the terms of the loan, or the use of a 12-month asset report that includes the borrower's rent payment history, to help improve the recommendation received by DU.

Should you have any questions, please reach out to your Account Executive or Client Manager