



Fannie Mae™

DU Validation Service Property Inspection Waiver Certainty on Appraised Value

Getting Started

February 2017

— DAY1 —
CERTAINTY™



Agenda

- Responding to the Market
- Validation Service – Powered by DU®
 - Efficiency at Every Touch Point
 - Component-Level Representations and Warranties Relief
 - Implementing the Technology
- Property Inspection Waiver
 - Benefits
 - Eligible and Ineligible Transactions
- Certainty on Appraised Value
- Resources



Responding to the Market

Dynamic solutions to bring process efficiency and Day 1 Certainty™

Industry Status Quo

Paper-intensive. Inefficient. Protracted.

Borrowers and lenders suffer from a multitude of pain points brought on by traditional paper-based processes.



Fannie Mae's Vision

Streamlined. Efficient. Dynamic.

By leveraging borrower and property data, applying advanced analytics, and bringing key quality control processes up front, Fannie Mae is helping lenders transform their business.

We're introducing capabilities that address lender feedback by driving greater transparency and a more streamlined mortgage origination process.

The result? **Day 1 Certainty.**

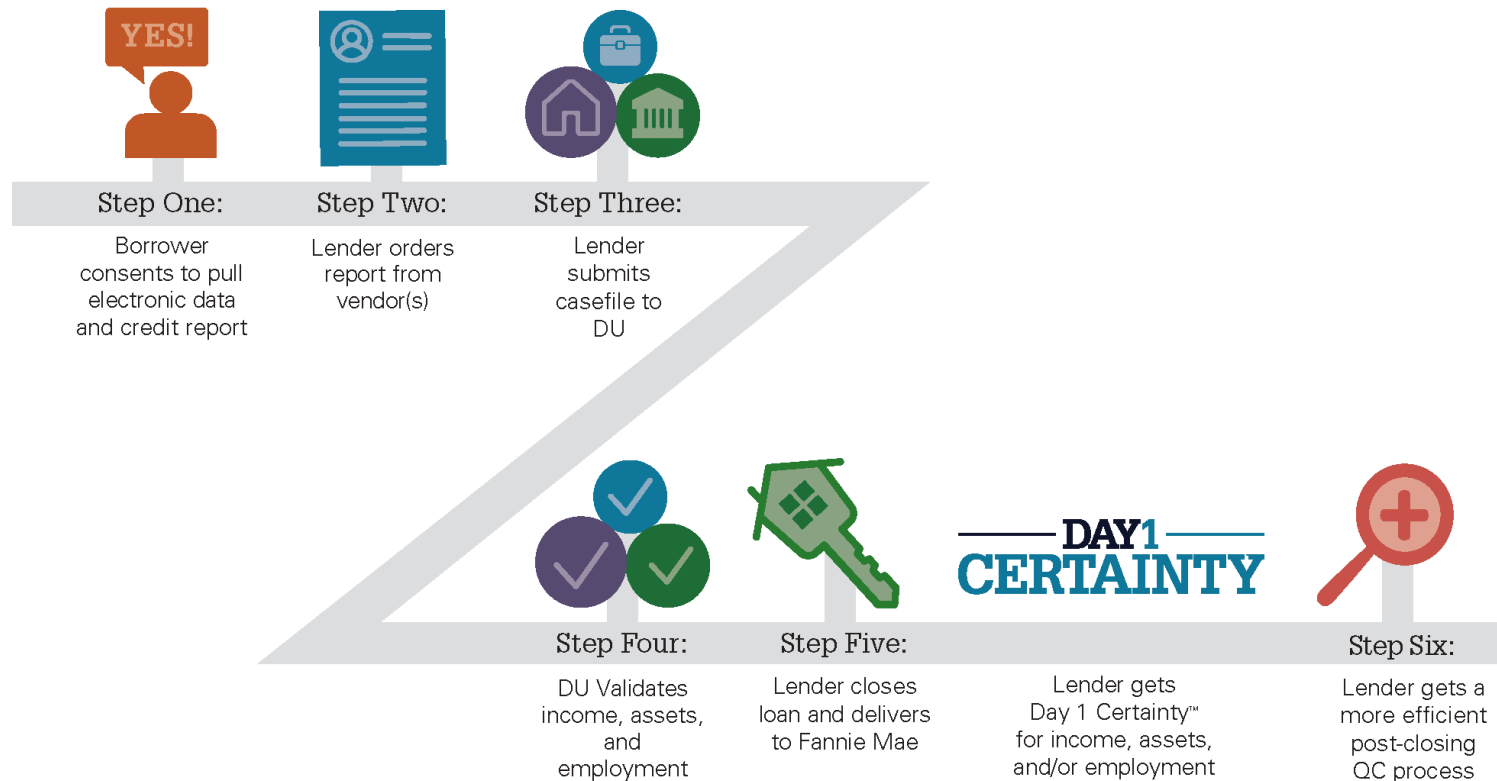
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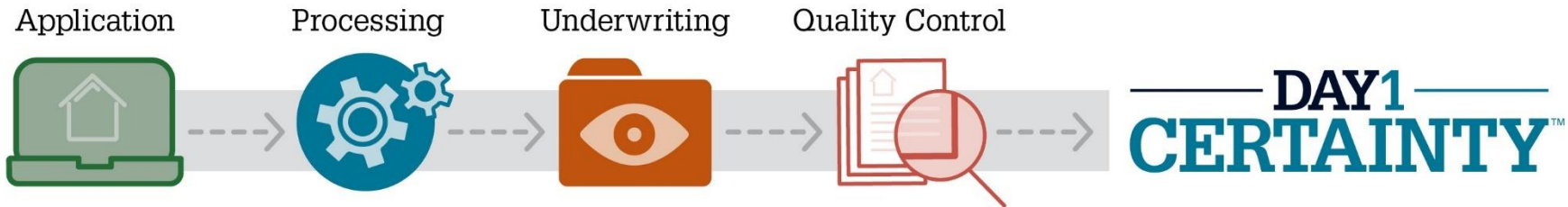
DU Validation Service

Desktop Underwriter[®] (DU[®]) now gives lenders even more power by providing optional validation of borrower data for income, assets, and employment.





DU Validation Service – Efficiency at Every Touch Point



Easier Documentation Process

- Borrower consent enables gathering of data electronically
- Borrowers save time by not having to collect paystubs, bank statements, etc.
- Enables quicker loan decision

Streamlined Loan Processing

- Keeps lenders focused on exceptions
- No need to recalculate income or cash to close

Dynamic Underwriting

- Validates key loan factors up front
- Provides more certainty on income and asset calculations
- Confirms that the validated component meets Fannie Mae's requirements
- Higher loan quality because of source data

Process Efficiencies

- Reverification not required for assets, income, and/or employment validated in DU
- Execution of the IRS Form 4506-T for an individual borrower is not required in QC when all of the borrower's income is validated by DU
- Lowers risk of borrower committing fraud using altered bank statements



Component-Level Representations and Warranties

When a component of the file (income, assets, or employment) is validated in DU, Fannie Mae will not enforce representations and warranties with regard to:

- Accuracy of income calculation, asset calculation, and borrower employment status at time of closing
- Integrity of the data from the verification report vendor

The lender must comply with the following additional requirements for the representation and warranties enforcement relief to apply:

- Meet all requirements that pertain to the DU validation service
- Resolve and document DU verification messages and approved conditions
- Review vendor report to ensure it matches the borrower and loan application
- Review all documentation in the file to identify any potentially inconsistent or contradictory information – and perform due diligence to investigate and ensure that the appropriate data is entered into DU
- Maintain copy of the vendor report in the file



DU Validation Service – Next Steps To Get You Started

Steps to Opt In for the DU Validation Service

- ✓ Learn more about the DU validation service.
 - Review learning materials posted on the DU validation service web page at www.fanniemae.com/duvalidationservice:
 - DU Release Notes
 - *Selling Guide* Announcement
 - Policy requirements in the DU Validation Service Reference Guide
 - DU Validation Service Overview
 - FAQs
- ✓ Engage with participating vendors, comply with all requirements around vendor management, execute vendor business contracts, and complete vendor activation processes.
- ✓ Submit Fannie Mae DU Validation Service Setup Form.

Allow 3-6 business days for activation. A confirmation email will be sent when the request is processed.



DU Validation Service Resources

www.fanniemae.com/singlefamily/desktop-underwriter-validation-service

Fannie Mae™

Login

Single-Family ▾ Originating & Underwriting Pricing & Execution Delivering Servicing Training Technology

DU Validation Service

The Desktop Underwriter (DU) validation service validates loan application data upfront, gives you faster and easier validation, and freedom from representations and warranties on validated income, assets, and employment.

Transform Your Business

Access Via DU

Desktop Underwriter

Related Links

Data Vendor Information

The DU validation service uses third-party data vendors to independently validate borrower income, assets, and employment data, providing our lenders Day 1 Certainty on validated loan components.

Getting Started

[DU Validation Service Overview](#)

Are You Ready for Day 1 Certainty?

Step 1: Review the checklist

[DU Validation Service Implementation Checklist](#)

Step 2: Engage vendors

[Current Data Vendor List updated](#)

Step 3: Complete and submit the setup form

[DU Validation Service Setup Form updated](#)

Help & Training

[DU/DO/Fannie Mae Connect user credentials are](#)

What's New

[Introducing Day 1 Certainty](#) Oct 24, 2016

Day 1 Certainty gives you freedom from reps and warrants and greater speed and simplicity when delivering loans to Fannie Mae.

Frequently Asked Questions

[FAQs | DU Validation Service updated](#)

Message for Data Vendors

[Data Vendor Process](#)

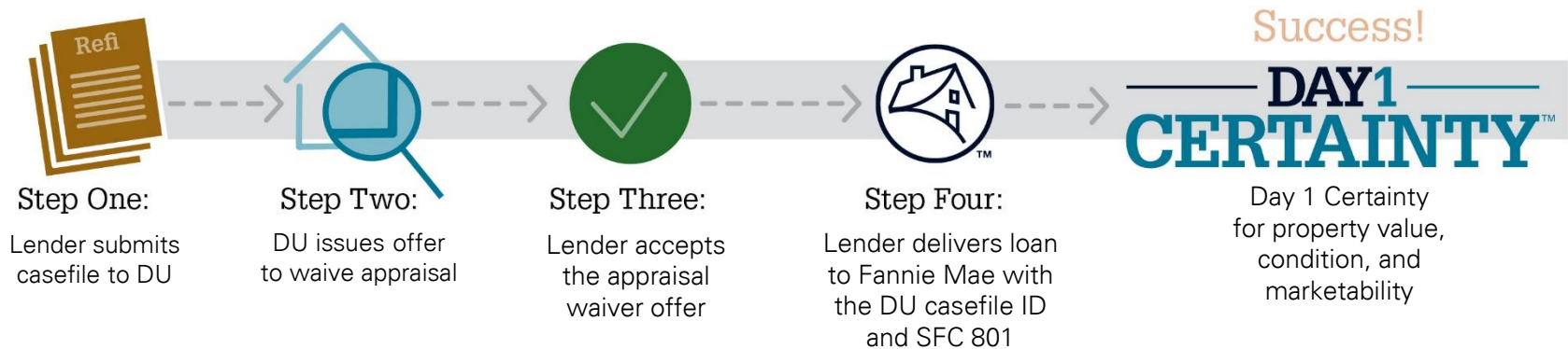
Release Notes

[DU V. 10.0 Release Update | Dec. 10, 2016](#)



Property Inspection Waiver

DU offers to waive the appraisal for certain refi transactions.





Property Inspection Waiver - Benefits

- **Increased operational efficiencies**

The PIW can shorten the loan origination process by eliminating the need to obtain and review an appraisal on eligible refi transactions.

- **Day 1 Certainty**

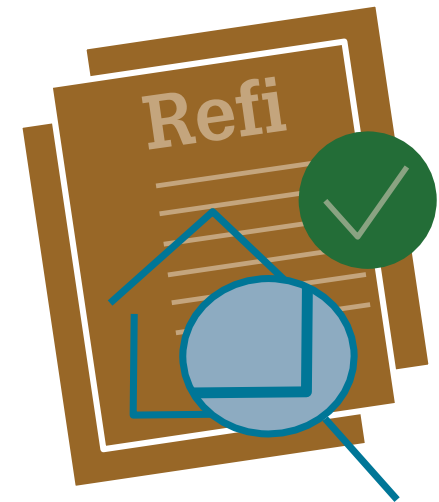
Exercising a PIW offer relieves the lender from representations and warranties on the value, condition, and marketability of the property.

- **Reduced loan origination costs**

The PIW provides a lower-cost alternative to an appraisal, while eliminating appraisal-related delays in the origination process.

- **Ease-of-use**

Lenders can exercise the PIW offer by providing Special Feature Code (SFC) 801 at time of loan delivery to Fannie Mae.





PIW – Eligible and Ineligible Transactions

Eligible Transactions

- One-unit properties, including condominiums
- Principal residence, second home, and investment property transactions
- Limited cash-out refinance transactions up to a 90% LTV/CLTV for principal residences and second homes; up to 75% LTV/CLTV for investment properties
- Cash-out refinance transactions up to a 70% LTV/CLTV for principal residences; up to a 60% LTV/CLTV for second homes and investment properties
- Loan casefiles that receive an Approve/Eligible recommendation

Ineligible Transactions

- Properties located in a disaster-impacted area
- Purchase, construction, and construction-to-permanent loans
- Two- to four-unit properties
- Loan casefiles where the value of the subject property provided to DU is \$1,000,000 or greater
- HomeStyle® mortgage products (Renovation and Energy)
- DU Refi Plus™ loan casefiles*
- Leasehold properties, community land trusts, or other properties with resale restrictions
- Cooperative units and manufactured homes
- DU loan casefiles that receive an ineligible recommendation
- Texas 50(a)(6) loans

*[DU Refi Plus](#) loan casefiles will continue to be eligible for the DU Refi Plus property fieldwork waiver.





PIW Resources

www.fanniemae.com/singlefamily/property-inspection-waiver

Fannie Mae™

Search forms, documents, site content, etc...

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Single-Family ▾
Originating & Underwriting
Pricing & Execution
Delivering
Servicing
Training
Technology

Property Inspection Waiver

The Property Inspection Waiver (PIW), offered through Desktop Underwriter® (DU®) and powered by Collateral Underwriter® (CU™), is a fieldwork recommendation that results in an offer to waive the appraisal for eligible refi transactions.

Collateral Underwriter[®]
Powered by

Transform Your Business

Access Via Applications

Desktop Underwriter

Collateral Underwriter

Related Links

Day 1 Certainty

Getting Started

[Property Inspection Waiver Fact Sheet](#)

Frequently Asked Questions

[FAQs | Property Inspection Waiver](#)

Technology Terms & Conditions

[DU Property Inspection Waiver Bulletin 16-01](#)

[DU Property Inspection Waiver Bulletin 15-01](#)

What's New

PIW Fee Discontinued Nov 28, 2016

Fannie Mae discontinues the \$75 fee for PIW on loans delivered after Jan. 1, 2017.

Release Notes

[DU V. 10.0 Release Update | Dec. 10, 2016](#)

Day 1 Certainty™

February 2017

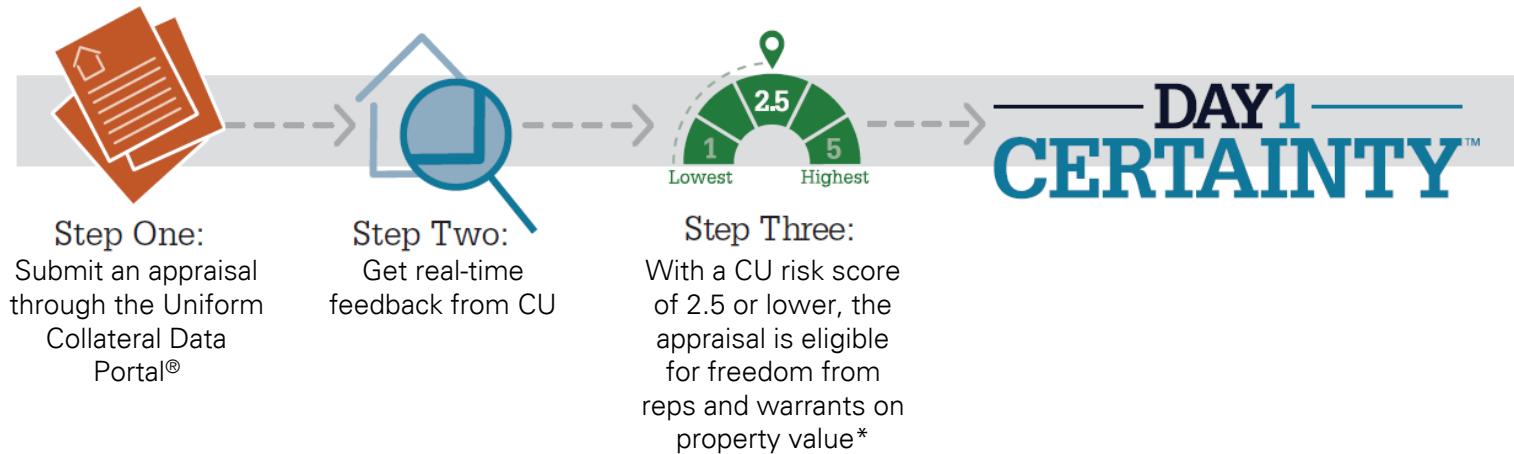
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Certainty on Appraised Value

Harnessing the power of Collateral Underwriter[®] (CU[™]), Fannie Mae will offer freedom from representations and warranties related to the property value for eligible loan casefiles.



Powered by
Collateral Underwriter[™]



Certainty on Appraised Value Resources


www.fanniemae.com/singlefamily/collateral-underwriter

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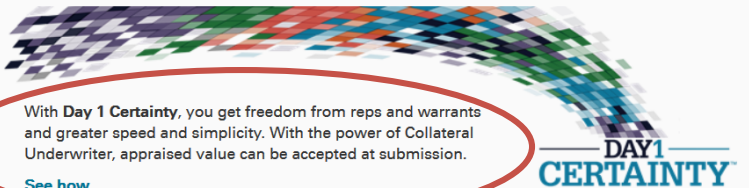
Collateral Underwriter

Collateral Underwriter® (CU™) provides an automated risk assessment of an appraisal report to support proactive management of appraisal quality.



LAUNCH APP

[Access Classic CU](#)



With **Day 1 Certainty**, you get freedom from reps and warrants and greater speed and simplicity. With the power of Collateral Underwriter, appraised value can be accepted at submission.

[See how.](#)

Manage My Account +

- [Reset My Password](#)
- [Users: Update Password/Profile](#)
- [Admins: Manage Applications/Users](#)

See Availability

- [Technology Application Availability](#)

Related Links

- [Day 1 Certainty](#)
- [Appraisers](#)
- [Appraiser Quality Monitoring](#)

Learn How CU Can Help Your Business

- [Collateral Underwriter Fact Sheet](#)
- [Collateral Underwriter Infographic](#)

New Users: How to Register

To learn how to register for CU, click on the guide links below. Once registered, you can set up your password and update your personal profile via [More...](#)

Help & Training

- [Getting Started](#)
- [CU 4.0 Overview Video](#)
- [Application Training](#)
- [Collateral Underwriter Job Aids](#)

What's New

[Collateral Underwriter Version 4.1 Release Notes](#) new Jan 31, 2017

Includes an update to Property Value Representations and Warranties, as well as enhancements to the new CU user interface (CU Classic view will not be impacted) scheduled for the weekend of March 25, 2017.

[Show All](#)

Release Notes

- [CU V. 4.1 Release Notes](#) | March 25, 2017 new
- [CU V. 4.0 Release Notes](#) | Dec. 10, 2016

[Show All](#)

Frequently Asked Questions

- [FAQs | Certainty on Appraised Value](#) updated
- [FAQs | Collateral Underwriter](#)



Day 1 Certainty Resources

www.fanniemae.com/day1certainty

Day 1 Certainty
Day 1 Certainty™ gives lenders freedom from representations and warranties plus greater speed and simplicity, and enables an improved borrower experience.

What's New
PIW Fee Nov 28, 2016
Discontinued
Fannie Mae discontinues the \$75 fee for PIW on loans delivered after Jan. 1, 2017.
Learn More
[See the Overview](#)
[Read the Press Release](#)
[View the Introduction to Day 1 Certainty Presentation](#)
[Attend a Lender Webinar](#)
new dates available
[Data Vendor Process](#)
[Current Data Vendor List](#)
updated

Transform Your Business
Find out how we can help you transform your business.

With Day 1 Certainty, Get Freedom...
Freedom from paper-based processes with validation of income, assets, and employment
[See DU Validation Service](#)
Freedom from appraisal requirements on eligible refi transactions
[See Property Inspection Waiver](#)
Freedom from reps and warrants on appraised value
[See Collateral Underwriter](#)