



Announcement 21-19C

UDM Procedure and Guideline Updates

Effective with all loans underwritten on or after Friday, August 2nd, 2019

PROCESS UPDATES

Correspondent will be required to provide documentation that meets LQI requirements such as a UDM report. Both conditions must be met and reviewed by the Mini-Corr Processor:

1. *Prior to Docs* – Seller to provide documentation that meets FNMA LQI requirements such as Undisclosed Debt Monitoring that looks for New Tradelines, New Inquiries, New Public Records, New Collections, and New Tradeline Bankruptcies. Report must show monitoring in progress
2. *Prior to Purchase* – Seller to provide documentation that meets FNMA LQI requirements such as Undisclosed Debt Monitoring that looks for New Tradelines, New Inquiries, New Public Records, New Collections, and New Tradeline Bankruptcies. Report must show monitoring through the note / signing date

GUIDELINE REQUIREMENTS

All credit qualifying loans require UDM (undisclosed debt monitoring)

- UDM monitoring is not required for a non-borrowing spouse in community property states
- Debt load increases and/or substantial payment increases must be considered in the DTI ratio and overall loan analysis. A new credit report may be required at underwriting discretion
- Additional non-medical derogatory credit reporting will require a new credit report and must be analyzed by the underwriter.
- Any new disputed account or a dispute now reflected on an existing trade line must meet product specific guidelines for disputed accounts
 - If requirements cannot be met, a new credit report and AUS with dispute removed may be required
- Any new inquiry reflected on the UDM reporting must be explained in writing
 - If the inquiry results in a new debt and not reflected on credit, provide documentation of current payment and balance to be included in DTI
 - If a new inquiry is reflected from the originating entity (Correspondent), the new credit report must be provided and used for qualifying purposes
 - Documentation will be required to ascertain that no new credit report was obtained