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What is Direct Express

Direct Express harnesses the power of DU, CU and third party vendors of borrower information to reduce the headache and pain points of paper documentation – Commonly know as Day 1 Certainty

Income/Employment Verification

- DU, Encompass and the Work Number are integrated
 - Instant income verification for w-2 borrowers
 - Manual verification for smaller businesses
 - Tax Transcripts for S/E borrowers

Asset Verification

- DU, Encompass and the Account Check are integrated
 - Account Check verifies all assets

Collateral Validation

- Increased availability of PIWs
 - Integrated with Collateral Underwriter

Income - Employment Validation

- Income and employment are verified by Equifax
 - No paystubs needed
 - No tax returns are required
- Salaried borrowers
 - The Work Number Income and employment are used
 - No 4506T needed
 - No transcripts are required
 - No paystubs
 - No VOEs
 - No W-2s
- Self-employed borrowers
 - Transcripts are ordered
 - +25% commission, Schedule C, Social Security and Pension income only

Income - Employment Validation (cont)

- Verbal VOE
 - Only required if docs are drawn more than 10 days after verification
 - Performed by The Work Number
- Verified information is passed directly to DU for validation
 - DU performs it's own calculation
 - Validated figures are provided
- Updated DU messaging
 - Tells you that the income and or employment are validated

Bottom line...

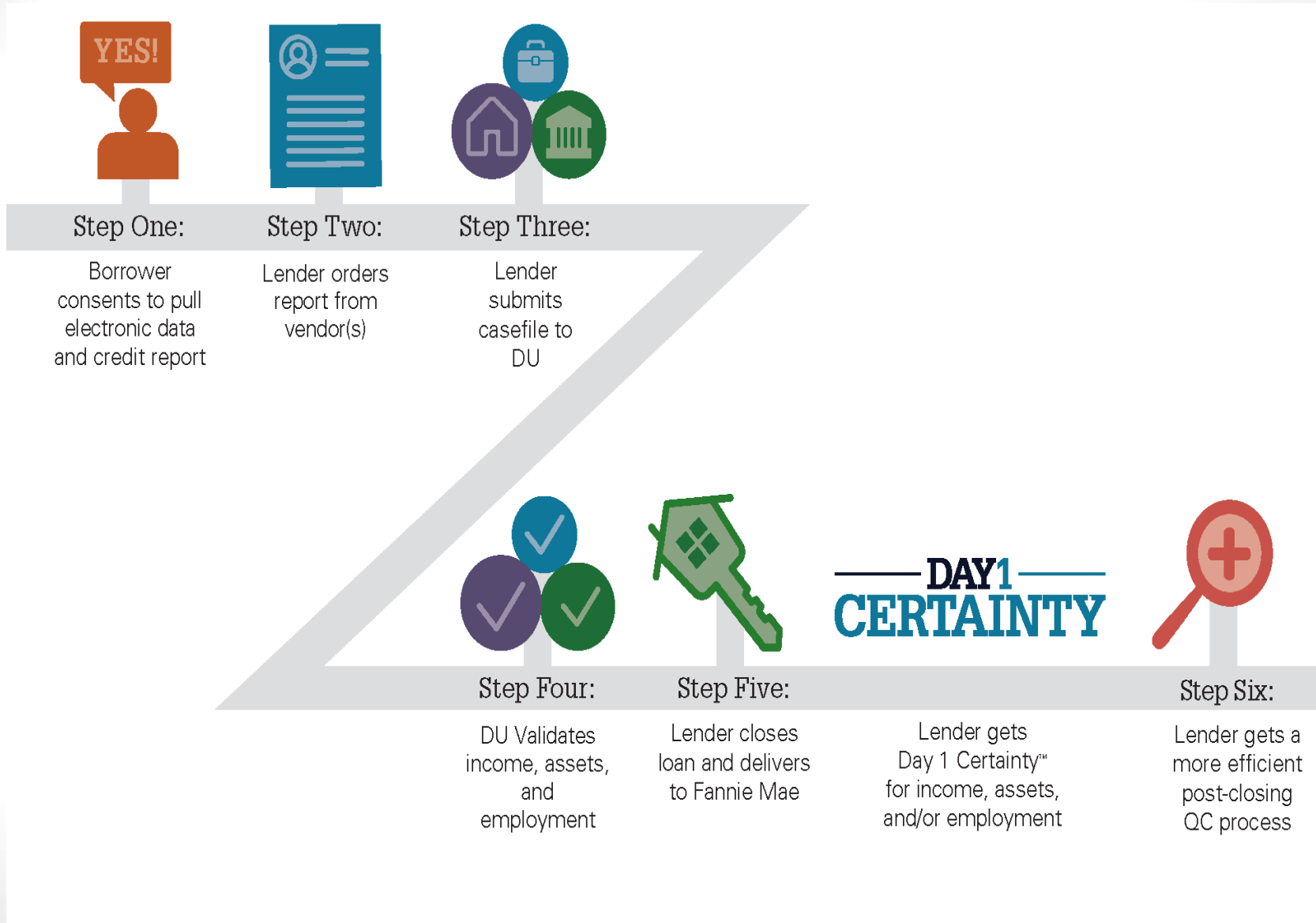
Income documentation headaches are virtually eliminated

Asset Validation

- We have partnered with AccountChek for asset validation
 - Vendor works directly with the borrower
 - All available eligible account information and is fed directly into DU
 - Employment related assets cannot be verified
 - Gifts cannot be validated
- DU messaging has been updated to reflect the validated amounts
 - Any issues or identified requirements will be noted

Yes, large deposits will still be identified

Validation Flow



Inspection Waivers

- Fannie has expanded the opportunity for DU providing a PIW
 - There is no longer a charge
- It is no longer based on the credit profile
 - Collateral Underwriter and loan parameters are the driver
 - The PIW will not disappear at closing
- Initially more prevalent in high volume market
 - Will increase over time

PIW Eligibility

Eligible Transactions	Ineligible Transactions
<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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

Collateral Validation

- A Collateral Underwriter score of 2.5 or lower is required
 - DU will reflect if the value was validated
 - No in-depth review of the appraisal required
 - No desk reviews required
 - Housekeeping review only
- The score is found on the SSR
- Appraisal must still meet all other requirements

How Do I Use This Service?

- Take a complete and accurate loan application
 - Particularly around the validation areas
 - 2 full years of employment
 - No rounding
 - Accurate income figures
 - List all bank information, including account numbers
- Counsel your borrower
 - Let them know AccountChek will be contacting them
 - Make sure they know documentation will be required if one or more of the areas cannot be validated by a third party
 - Non-validation does not mean the loan will be denied
- Review the borrower's information up front and determine if it will meet Direct Express requirements for employment, income and assets

How Do I Use This Service?(cont)

- Use the new submission form



Adobe Acrobat
Document

- Have the borrower sign the new authorization form



Microsoft Word
Document

How Do I Use This Service?(cont)

- Run DU through Loan Manager
 - It will let you know if a PIW is obtained
- Submit a “skinny” file
 - Just like a preapproval
- Loan Set-up will work with you to make sure it will go smoothly

What to Expect

- Reduced documentation requirements
- No tax transcripts for w-2 borrower
- Decreased funding time
 - 84% of our Fannie loan will be eligible
- Higher Awareness
 - Services are fully integrated into Encompass
 - Your AE will know the status at all stages
- Better serve your customer
 - Easier and faster
- We do not pass along any of the costs
- It is available today!

Questions?

