



DEPARTMENT OF VETERANS AFFAIRS
Regional Office
1240 East Ninth Street
Cleveland OH 44199

February 4, 2000

In Reply Refer To: 325/261
Information Letter 26-00-04

TO: All VA Program Participants

SUBJ: VA Approval of Fannie Mae's "DESKTOP UNDERWRITER FOR VA" and the "pmiAURA SYSTEM FOR VA"

1. **PURPOSE:** On December 19, 1999, VA approved Fannie Mae's *Desktop Underwriter for VA (DU)* and the *pmiAURA System for VA*. DU is Fannie Mae's automated mortgage loan underwriting system. Fannie Mae partnered with PMI Mortgage Services in creating DU for VA. The underwriting engine used by DU for VA is identical to the one used by pmiAURA System for VA. The approval followed a pilot project in which we evaluated the underwriting of a sample of loans processed through the system. That evaluation revealed that the system did provide recommendations consistent with VA credit underwriting guidelines.

2. **LENDER PROCEDURES:** Fannie Mae is the vendor for the DU automated underwriting system and lenders must contact them to negotiate the terms and conditions of its use. PMI Mortgage Services is the vendor for the pmiAURA System and current licensees should contact them regarding conditions of use. In general, lenders should follow the same procedures outlined in paragraph 5.18 of VA Pamphlet 26-7, VA Lender's Handbook regarding documentation for cases processed through an automated underwriting system. Although that paragraph refers to Freddie Mac's Loan Prospector, a future handbook change will reflect VA's approval of all three systems. One difference to note is that rather than the "Accept" classification used by Loan Prospector, DU and pmiAURA will indicate "Approve." Lenders should be sure to review the user guides provided by the vendors before using either of these two systems. Lenders must also be sure to indicate the loan was processed through an automated underwriting system by checking "Yes" in item 13 on VA Form 26-0286, VA Loan Summary Sheet.

3. **LENDER RESPONSIBILITY:** The lender still bears ultimate responsibility regarding loan approval. Lenders are not required to approve any loan they do not feel meets VA credit guidelines, regardless of the risk classification returned by the automated underwriting system. Similarly, lenders should not feel any pressure to disapprove loans that receive a "Refer" classification. As with Loan Prospector, "Refer" simply means an underwriter must review it.

4. Thank you for your continuing participation in our VA Loan Guaranty program.

/s/

JAMES L. BRUBAKER, JR.
Loan Guaranty Officer