



## MFM Bulletin: 020-2021

**Date:** October 20, 2021

**Subject:** Positive Rent Payment History Added to DU Risk Assessment

### Positive Rent Payment History Added to DU Risk Assessment

To help increase homeownership opportunities for borrowers, Fannie Mae has enhanced DU to consider a borrower's positive rent payment history in the credit risk assessment. Effective immediately, when the borrower is currently paying rent of \$300 or more, and a 12-month Verification of Asset (VOA) report is obtained by the lender, DU will attempt to identify recurring rent payment transactions within the VOA report for use in the credit risk assessment.

This enhanced credit risk assessment will be applied to any loan casefile that meets the following requirements:

- The borrower must be a first-time homebuyer,
- The borrower must have been renting for at least 12 months,
- The borrower's rent payment must be **\$300 or more per month**,
- The loan must be a purchase transaction,
- The property must be a principal residence,
- The borrower(s) must have a credit score, and
- A Verification of Assets (VOA) report with 12 months of bank statement data through Form Free asset validation service.

If DU is able to identify a rent payment history pattern in the borrower's 12-month bank account data, it will use the rent payment history to positively supplement the credit risk assessment.

### In order to ensure DU is able to identify the rent payments, you must:

- Enter the monthly rent paid by the borrower in the DU loan application "Section 1: Borrower Information".
- Order a 12-month VOA report from Form Free and enter the corresponding Reference ID in the DU loan application, and
- Confirm the borrower is an account holder and that the account from which the borrower pays rent is included in the VOA report.

### DU rent payment messages:

DU will issue specific messages when:

- Rent payment history is used; or
- An asset report is obtained, but not used, and why it was not used; or
- An asset report was not obtained but the use of a report with rent payment history could positively impact the recommendation. **In this case DU will most likely have issued "Refer with Caution" findings.** However, a verified rent payment history would most likely result in a change to "Approved Eligible".



**Asset validation using the VOA report:**

When a 12-month VOA report is obtained, the DU validation service will also use the report to attempt to validate the borrower's assets.