



## **MFM Bulletin: 029-2023**

**Date:** November 6, 2023

**Subject:** AUS for FHA and VA loans

Upon review of our systems, we have found that FHA loans are being submitted to BOTH DU and LPA. Effective immediately, MFM will require that FHA loans files must be run through Desktop Underwriter (DU) ONLY.

There are two reasons for this:

- 1) The credit decision for FHA is made through the FHA Total Scorecard, NOT through DU or LPA. The final decision of approved or refer should be the same, no matter what system is used.

If the findings differ and one system issues an "Approved/Eligible" and the other issues a "Refer", that means the loan data is flowing into the Total Scorecard differently between the systems. This has resulted in a few loans flipping from "Approved/Eligible" to "Refer" at the time of FHA insuring, which puts MFM at risk of having an uninsurable loan.

We have more confidence in Data Integrity in DU over LPA. LPA may be used if a Credit Union partner only has access to that system.

- 2) Cost: Fannie Mae and Freddie Mac each charge MFM \$36.00 when a Government loan is submitted to their AUS system. Dual submissions result in dual costs.

VA loans should also be submitted through DU.

This policy is in effect immediately. Any loan receiving an "Approved/Eligible" through one system and "Refer" through the other must be underwritten as a "Refer".

Please contact our VP of Credit Policy, Pam Trudeau ([pam.trudeau@memberfirstmortgage.com](mailto:pam.trudeau@memberfirstmortgage.com)) with any questions or concerns.

Thank you