

# Desktop Underwriter/Desktop Originator Integration Impact Memo

## DU Version 10.3 May Update

April 16, 2020

During the **weekend May 16, 2020**, Fannie Mae will update Desktop Underwriter® (DU®) Version 10.3, as described in the Desktop Originator® (DO®)/DU Version 10.3 May Update release notes.

Please review the following, in addition to the [release notes](#), to ensure that your integrated system(s) will be prepared to support this release.

### Deferred, Modified and Retired DU Underwriting Findings Report Messages

These releases will introduce deferred, modified and retired messages that are displayed in the DU Underwriting Findings report. The DU message file for the May Update will be distributed on or about April 16, 2020 via e-mail from Integration News ([integration\\_news@fanniemae.com](mailto:integration_news@fanniemae.com)).

#### How will this affect my integrated system(s)?

Integrated systems that parse the DU Underwriting Codified Findings (XML file) or report data file (RES file) may require updates to support the message changes. Integrated systems parsing the DU Underwriting Findings via the DU Messages API may also require updates to support the message changes. Reference the table below for a preliminary assessment of the expected message changes.

Loan Application Submission File Type	DU Messages			
	New Messages	Deferred Messages	Modified Messages	Retired Messages
1003 v3.2	3	0	14	30
MISMO AUS v2.3.1				
DU Spec MISMO v3.4	0	*22	0	0

*Note: \*The 22 new DU messages applicable to the DU Spec MISMO v3.4 are available in the DU integration test environment and marked as Deferred in the message file until they are activated in production in August 2020.*



## Housing Goals Messages – FIPS Code

In order to issue certain housing goals messages, DU will attempt to standardize the subject property address and obtain the Federal Information Processing Standard (FIPS) code to determine the census tract. When DU can standardize the address, a message is issued specifying the census tract used. When DU is unable to standardize the address, the FIPS code may be provided in the loan application submission file and resubmitted to DU. See the [release notes](#) for more details.

There should be no impact to integrated systems that support an 11-digit FIPS code or that utilize the FIPS code obtained by DU when the addressed is standardized. Integrated systems that choose add logic or support a 5-digit FIPS code may require updates.

1003 v3.2 Data Mapping				
Field No.	Field Name	Value /Format	Field Description	DU Update
ADS-020	FIPS Code Identifier	FIPSCodIdentifier	Used in connection with HomeReady, high balance loans and <b>housing goals messages</b>	Existing Datapoint Field Description and DU Logic Change
ADS-030	Value		Value of FIPSCodIdentifier  11 or 5-digit code identifying the area in which the subject property is located.  If not provided, DU will attempt to determine the location.  If provided, DU will use the value specified.	Existing Datapoint Field Description and DU Logic Change  *DU will issue certain housing goals messages based on the standardized property address and 11 or 5-digit FIPS code.  <ul style="list-style-type: none"> <li>• 11-digit code <ul style="list-style-type: none"> <li>○ 2-digit state code</li> <li>○ 3-digit county code</li> <li>○ 6-digit census tract</li> </ul> </li> <li>• 5-digit code <ul style="list-style-type: none"> <li>○ 2-digit state code</li> <li>○ 3-digit county code</li> </ul> </li> </ul>

## MISMO AUS v2.3.1 Data Mapping



Parent Element	Attribute	Value/Format	Field Description	DU Update
TRANSMITTAL_DATA	FIPSCodelfentifier	String11 Digits only	11 or 5-digit code identifying the area in which the subject property is located.  If not provided, DU will attempt to determine the location.  If provided, DU will use the value specified.	Existing Datapoint  Field Description and DU Logic Change  *See above

## DU Underwriting Findings Report Update

The Summary segment of the classic HTML, new/enhanced HTML and PDF versions of the DU Underwriting Findings report will be updated to display the *Casefile Create Date* and the *Sales Price* field label will be changed to display as *Sales Price (Purchase Transactions)*.

In addition, DU will no longer display the *With Undisclosed Debt* expense ratio in the Underwriting Analysis Report section of the classic HTML version of the DU Underwriting Findings report. This will not affect the DU Codified Findings. The corresponding attribute *TotalExpenseRatiowithUndisclosedLiabilities* expense ratio will continue to be returned in the DU Codified Findings.

## Real Estate Owned (REO) Data Entry – Second Home or Investment Property

### *Insurance, Maintenance, and Taxes*

To calculate the DTI for casefiles involving the purchase or refinance of a second home or investment property, DU uses current housing expense data provided in the Liabilities segment of the loan application submission file in calculating the debt-to-income (DTI) ratio. **Effective on and after June 1, 2020**, DU will use the value provided for Insurance, Maintenance, Taxes & Misc. in the Schedule of Real Estate Owned (REO) segment of the loan application submission file.

Integrated systems that support logic and require entry of a separate Taxes or Other liability to reflect the monthly amount of taxes, insurance, and association dues may require updates to ensure the proper calculation of the DTI ratio in DU.



Field No.	Field Name	Value/Format	Field Description	DU Update
06G-140	Insurance, Maintenance, Taxes & Mis.	Format: Z(12).Z(2)	Monthly expense on the property for property taxes, maintenance and insurance	Existing Datapoint DU Logic Change For second homes and investment properties, DU will use the Insurance, Maintenance, Taxes and Misc. in the debt-to-income ratio calculation.

MISMO AUS v2.3.1 Data Mapping				
Parent Element	Attribute	Value/Format	Field Description	DU Update
REO_PROPERTY	_MaintenanceExpenseAmount	Format: Z(12).Z(2)	The monthly expense on the property for property taxes, maintenance and insurance.	Existing Datapoint DU Logic Change For second homes and investment properties, DU will use the _MaintenanceExpenseAmount in the debt-to-income ratio calculation.

### Rental Income

To calculate the DTI for casefiles involving the purchase or refinance of a second home or investment property, DU uses the Net Rental Income provided for the borrower's 2- to 4-unit current residence in the Income section of the loan application submission file. \*Effective with this release, DU will use the following to determine the Net Rental Income:

- If Net Rental Income is only provided in the Income segment, that value will be used in the DTI ratio calculation.
- If Net Rental Income is only provided in the REO segment, that value will be used in the DTI ratio calculation.
- If Net Rental Income is provided in both the Income and REO segment, the value provided in the Income segment will be used in the DTI ratio calculation.
- If only Gross Rental Income is provided in the REO segment, DU will use 75% of the Gross Rental Income in the DTI ratio calculation.
- If Net Rental Income is provided in the Income and REO segments and Gross Rental Income is provided in the REO segment, the Net Rental Income provided in the Income segment will be used in the DTI ratio calculation.



1003 v3.2 Data Mapping				
Field No.	Field Name	Field Value /Format	Field Description	DU Update
05I-030	Type of Income	33	33 = Net Rental Income Net Rental income can be entered in the Income or REO segments.	Existing Datapoint *DU Logic Change
06G-120	Gross Rental Income	Format: Z(12).Z(2)	Amount of revenue generated by the property from rent on a monthly basis. If provided, DU will use 75% of the Gross Rental Income in the DTI ratio calculation.	Existing Datapoint *DU Logic Change
06G-150	Net Rental Income		The amount of the rental income that is net of mortgage payments, insurance, maintenance, taxes and miscellaneous property expenses. Net Rental Income can be entered in the Income and REO segments.	Existing Data Point *DU Logic Change

MISMO AUS v2.3.1 Data Mapping				
Parent Element	Attribute	Value/Format	Field Description	DU Update
<BORROWER CURRENT_INCOME	IncomeType	NetRentalIncome	Fannie Mae Net Rental Income Net Rental income can be entered in the Income or REO segments.	Existing Datapoint *DU Logic Change
REO_PROPERTY	RentalIncomeGrossAmount	Format: Z(12).Z(2)	The amount of revenue generated by the property from rent on a monthly basis.	Existing Datapoint *DU Logic Change
REO_PROPERTY	RentalIncomeNetAmount	Format: Z(12).Z(2)	The amount of the rental income that is net of mortgage payments, insurance, maintenance, taxes, and miscellaneous expenses.	Existing Datapoint *DU Logic Change



## Special Feature Code Description Update

The descriptions will be modified for two existing Special Feature Codes issued in the DU Underwriting Findings report for Homestyle® Renovation Mortgages. Integrated systems that support the DU Codified Findings or report data file (RES) and parse the SpecialFeatureCode and corresponding SpecialFeatureDescription attributes to populate a database, look-up table or pass the data downstream will need to support the modified descriptions.

Special Feature Code	Current Special Feature Description	New Special Feature Description	DU Update
215	HomeStyle Renovation Mortgage with Recourse	HomeStyle Renovation w/Recourse, reno incomplete	Description Change
279	HomeStyle Renovation Mortgage with Recourse	HomeStyle Renovation w/o Recourse, reno complete	Description Change

Please see the following example of the DU Codified Findings (UNDERWRITING\_FINDINGS\_XML) with the SpecialFeatureCode and SpecialFeatureDescription to assist you in determining if your integrated systems parse these data attributes:

```
<SpecialFeatureCodes>
  <SpecialFeatureCode SpecialFeatureCode="279" SpecialFeatureDescription="HomeStyle Renovation w/o Recourse, reno complete"/>
  <SpecialFeatureCode SpecialFeatureCode="215" SpecialFeatureDescription="HomeStyle Renovation w/Recourse, reno incomplete"/>
</SpecialFeatureCodes>
```

**NOTE:** In a future DU release, DU Codified Findings will be updated to increase the SpecialFeatureDescription from String50 to String100.

## Support of the DU Spec MISMO Version 3.4

### DU Integration Test Environment

DU Version 10.3 will be updated to use certain DU MISMO Version 3.4 data in the DU integration test environment via XIS direct integration (system-to-system), allowing direct integrators to complete development and testing prior to the DU production release in 2020.

The following table specifies the DU MISMO Version 3.4 data points or enumerations that will be used by DU Version 10.3.

**NOTE:** For more details, see the [DU Specification MISMO Version 3.4](#)

Unique ID	Form Field ID	Form Field Name	MISMO v3.4 Data Point Name	DU Supported Enumerations	DU Update
2.0105	L2.5	Trust Information	PartyRoleType	Trust	New for DU
2.0106	L2.5	Trust Information	TrustClassificationType	LandTrust LivingTrust	When <i>Land Trust</i> is sent to DU to indicate the title will be held by a land trust, a new



Unique ID	Form Field ID	Form Field Name	MISMO v3.4 Data Point Name	DU Supported Enumerations	DU Update
					<p>message will be issued reminding the lender that loans held in a land trust are only eligible for delivery in states where land trusts are widely accepted, and the beneficiary is an individual.</p> <p>When <i>Living Trust</i> is sent to DU in the loan application submission file to indicate the title will be held by a living trust, a new message will be issued reminding the lender of the following:</p> <ul style="list-style-type: none"><li>• At least one individual establishing the trust must be included on the loan,</li><li>• Additional individuals, including other individuals establishing the trust, may also be considered co-borrowers if those individuals' credit will be used to qualify for the loan, and</li><li>• for principal residences, at least one individual establishing the trust must occupy the security property and sign the loan documents. The loan must be delivered with SFC 168.</li></ul> <p>To provide this data to DU and receive applicable DU messages, integrated systems may require updates to support these datapoints.</p> <p>Integrated systems that parse the Codified Findings (XML) or Underwriting Response Data File (RES) may require updates to support Special Feature Code 168 (Inter Vivos Revocable Trusts).</p>



Unique ID	Form Field ID	Form Field Name	MISMO v3.4 Data Point Name	DU Supported Enumerations	DU Update
2.0092	L2.6	Indian Country Land Tenure	NativeAmericanLandsType	IndividualTrustLand	When <i>Individual Trust Land</i> is provided to DU in the loan application submission file, DU will issue a message reminding the lender they must be approved to deliver loans that are secured by properties located on tribal lands held in trust for Native American tribes or Native American individuals.
2.0092 2.0226	L2.6	Indian Country Land Tenure	NativeAmericanLandsType NativeAmericanLandsTypeOtherDescription	Other AlaskaNativeCorporationLand TribalTrustLandOffReservation TribalTrustLandOnAReservation	When <i>Tribal Trust Land On a Reservation, Tribal Trust Land Off Reservation, or Alaska Native Corporation Land</i> is indicated, DU will issue a message reminding lenders they must be approved to deliver loans that are secured by properties located on Alaska Native Corporation Lands or tribal lands held in trust on or off a reservation.
6.0054	2c.1	Account Type	LiabilityType	CollectionsJudgmentsAndLiens	New DU Enumeration  DU will be updated to include the monthly payment of the liability in the debt-to-income ratio, regardless of number of months remaining.
6.0020	3a.6	Monthly Insurance, Taxes, Association Dues, etc.	LiabilityPaymentIncludesTaxesInsuranceIndicator	false true	New for DU
6.0094	3a.6	Monthly Insurance, Taxes, Association Dues, etc.	OwnedPropertyMaintenanceExpenseAmount		For second homes and investment properties, DU will use the Owned Property Maintenance Expense Amount in the debt-to-income ratio calculation.
8.0001	5a.1	A. Will you occupy the property as your primary residence?	IntentToOccupyType	No Unknown Yes	If a value is not provided, DU will issue an error recommendation and a new DU message specifying the declaration was not provided.





Unique ID	Form Field ID	Form Field Name	MISMO v3.4 Data Point Name	DU Supported Enumerations	DU Update
8.0003	5a.1.1	If YES, have you had an ownership interest in another property in the last three years?	HomeownerPastThreeYearsType	No Unknown Yes	If Unique ID 8.0001 IntentToOccupyType= Yes and a value is not provided, DU will issue an error recommendation and a new DU message specifying the declaration was not provided.
8.0182	5a.5	E. Will this property be subject to a lien that could take priority over the first mortgage lien?	PropertyProposedCleanEnergyLienIndicator	false true	If a value is not provided for this declaration, DU will issue an error recommendation and a new DU message specifying the declaration was not provided.
8.0036	5b.5	J. Have you conveyed title to any property in lieu of foreclosure in the past 7 years?	PriorPropertyDeedInLieuConveyedIndicator	false true	If a value is not provided for this declaration, DU will issue an error recommendation and a new DU message specifying the declaration was not provided.
8.0039	5b.6	K. Within the past 7 years, have you completed a pre-foreclosure sale or short sale?	PriorPropertyShortSaleCompletedIndicator	false true	If a value is not provided for this declaration, DU will issue an error recommendation and a new DU message specifying the declaration was not provided.
8.0042	5b.7	L. Have you had property foreclosed upon in the last 7 years?	PriorPropertyForeclosureCompletedIndicator	false true	If a value is not provided for this declaration, DU will issue an error recommendation and a new DU message specifying the declaration was not provided.
8.0045	5b.8	M. Have you declared bankruptcy within the past 7 years?	BankruptcyIndicator	false true	If a value is not provided for this declaration, DU will issue an error recommendation and a new DU message specifying the declaration was not provided.
16.0038		Not On Form	FIPSSStateNumericCode		Existing Datapoint (2-digit state code) DU Logic Change



Unique ID	Form Field ID	Form Field Name	MISMO v3.4 Data Point Name	DU Supported Enumerations	DU Update
					<p>*DU will issue certain housing goals messages based on the standardized property address and 11 or 5-digit FIPS code.</p> <p>Unique code used in the 11- or 5-digit FIPS code.</p> <ul style="list-style-type: none"><li>• 11-digit FIPS code<ul style="list-style-type: none"><li>○ <b>2-digit state code</b></li><li>○ 3-digit county code</li><li>○ 6-digit census tract</li></ul></li><li>• 5-digit FIPS code<ul style="list-style-type: none"><li>○ <b>2-digit state code</b></li><li>○ 3-digit county code</li></ul></li></ul>
16.0039		Not On Form	FIPSCountyCode		<p>Existing Datapoint (3-digit county code)</p> <p>*See above</p> <ul style="list-style-type: none"><li>• 11-digit FIPS code<ul style="list-style-type: none"><li>○ 2-digit state code</li><li>○ <b>3-digit county code</b></li><li>○ 6-digit census tract</li></ul></li><li>• 5-digit FIPS code<ul style="list-style-type: none"><li>○ 2-digit state code</li><li>○ <b>3-digit county code</b></li></ul></li></ul>
16.0040		Not On Form	CensusTractIdentifier		<p>Existing Datapoint (6-digit code identifies census tract)</p> <p>*See above</p> <ul style="list-style-type: none"><li>• 11-digit FIPS code<ul style="list-style-type: none"><li>○ 2-digit state code</li><li>○ 3-digit county code</li><li>○ <b>6-digit census tract</b></li></ul></li></ul>



## DU Validation Service

Fannie Mae’s DU validation service is designed to give lenders enhanced loan origination controls, a more efficient mortgage origination process, and certainty around the borrower’s income, asset, and employment information.

By leveraging automation, analytics, and third-party data sources, Fannie Mae can provide Day 1 Certainty® with representations and warranties relief for validated components.

When a lender opts in to use the DU validation service, and the lender obtains a verification report from a report supplier or authorized report distributor, DU will use the data on the verification report to validate information entered by the lender into DU and return results in specific DU messages.

In the legacy loan application submission file, DU leverages the ADS segment in the 1003 v3.2 and the ADDITIONAL\_CASE\_DATA VERIFICATION element in the MISMO AUS v2.3.1 to capture the Service Provider Reference Number and applicant social security number (SSN), e.g. SSN(nodashes):Reference ID.

In the new loan application submission file, DU will leverage the DU:VerificationReportIdentifier to capture the Service Provider Reference Number only. Please reference the table below for additional updates.

Unique ID	Form Field Name	MISMO v3.4 Data Point Name	DU Supported Enumerations	DU Validation Service Update
4.0316	Not On Form	DU:VerificationReportSupplierType		Data point format change from Enumerated to String 35.
4.0317	Not On Form	DU:VerificationReportIdentifier		Specify Reference number only of the validation report to be retrieved from the verification data provider.
4.0318	Not On Form	DU:VerificationReportType	VOD VOE TAXTRANSCRIPT	New for DU

## Additional Information

To support the transition to the new loan application submission file based on the DU Spec, review the DU Implementation Guide MISMO v3.4 and supporting documentation available on Fannie Mae’s [Technology Integration page](#) and key dates for the URLA/Form 1003 on the [URLA page](#).

## Release Support

The DU Version 10.3 May Update will be implemented in the DU integration environment on or about April 29, 2020. Integration partners will be notified via e-mail from Integration News ([integration\\_news@fanniemae.com](mailto:integration_news@fanniemae.com)) after implementation.

If you have questions about the Integration Impact Memo or if you require support specific to this release, contact [Integration Support](#). For more information about DU, visit the [DU web page](#) and contact your Fannie Mae Representative.