DU Validation Service Release Notes

Employment Validation Temporary Suspension

May 1, 2020

To support sustainable homeownership while ensuring prudent risk management, we are temporarily suspending employment validation within the Desktop Underwriter® (DU®) validation service, in response to COVID-19’s unprecedented impact on employment. This update will apply to all new casefiles created in DU on or after May 4, 2020. Because the DU validation service will no longer validate employment, lenders must perform a verbal verification of employment in accordance with the Selling Guide B3-3.1-07 (Verbal Verification of Employment) and follow the temporary policies outlined in LL-2020-03.

We will continue to monitor the economic environment closely. At the appropriate time, we will communicate the reinstatement of employment validation service.

Impacts to the DU Findings Report

The DU Underwriting Findings report will issue the standard DU Verbal Verification of Employment (VVOE) message whenever employment information for a borrower is submitted to DU, instead of the DU validation service employment validation message. This update will apply to all new casefiles created in DU on or after May 4, 2020.

**VVOE Message Example:** Perform and document a verbal verification of employment for each borrower. For all borrowers who are not Self-Employed no more than 10 business days prior to the note date, or Self-Employed within 120 calendar days prior to the note date. Direct verification by a third-party employment verification vendor is acceptable if completed within the same timeframes, and the information is not more than 35 days old (120 days old if self-employed) as of the note date. If the borrower is in the military, obtain either a Military Leave and Earnings Statement within 31 calendar days prior to the note date or a verification of employment through the Defense Manpower Data Center (https://mla.dmdc.osd.mil/mla/#/home). Lenders also have the option of obtaining the verbal verification of employment after the note date (and prior to delivery of the loan to Fannie Mae), but when using this option must ensure compliance with the Selling Guide

**NOTE:** Lenders should reference the Selling Guide and LL-2020-03 flexibilities to satisfy the VVOE requirement message. In accordance with the Selling Guide and LL 2020-03, Employment verification reports provided by third-party vendors are acceptable for verbal employment verification requirements.

Income and Asset Validation Remain Available

While employment validation is temporarily suspended, lenders will still be able to take advantage of the income and asset validation services. Income validation for a borrower remains dependent on the borrower being employed. Lenders should continue to verify the employment of the borrower as close to closing as possible, and in accordance with the Selling Guide B3-3.1-07. When income or assets are validated, lenders should continue to follow the close-by dates and instructions issued in DU messages. If the lender discovers that the borrower is no longer employed, the associated income can no longer be considered in the qualification of the borrower, and the employment and associated income information should be removed from the 1003 and the casefile should be resubmitted to DU.

The temporary age of documentation changes outlined in the April 18 Release Notes and LL-03-2020 still apply. Please refer to LL-03-2020 to align with recently announced policy updates and follow instructions in the DU messages.
For More Information

For more information, lenders may contact their Fannie Mae account representative. Mortgage brokers should contact their Desktop Originator® (DO®) sponsoring wholesale lender. For technology considerations, an Integration Impact Memo will be posted on the Technology Integration page.