Desktop Underwriter/Desktop Originator

Redesigned Uniform Residential Loan Application/Form 1003
Integration Impact Memo

July 23, 2020
Updated Oct. 15, 2020

On August 1, 2020, Desktop Underwriter® (DU®) will begin accepting the new loan application submission file based on the DU Specification MISMO v3.4 (DU Spec) as part of the Uniform Residential Loan Application (URLA) Limited Production Period (LPP). The LPP allows authorized lenders to use the Redesigned Form 1003 and the DU Spec in the DU production environment prior to the Open Production Period (OPP) on January 1, 2021, when all lenders may begin using the redesigned Fannie Mae Form 1003 and the DU Spec. To participate in the LPP, lenders should contact their Fannie Mae representative or URLA_LPP@fanniemae.com. For more information, please refer to the URLA Implementation Timeline available on the URLA page.

This Integration Impact Memo is a summary of changes that have been implemented incrementally in the DU integration test environment to allow integrators to develop and test the DU Spec prior to the production release.

Oct. 15, 2020: This Integration Impact Memo has been updated to include changes in DU and the DU Spec for Present Housing Expense, Subject Property Type, and DU for Government Loans.

New and Retired DU Underwriting Findings Report Messages

This release includes new DU messages that were previously identified as *Deferred* in the DU Message File. Integrated systems that parse the DU Codified Findings File (UNDERWRITING_FINDINGS_XML), DU report data file (RES), or DU Messages API (JSON) response files may require updates to support the message changes.

Loan Application Submission File	New Messages	Modified Messages	Retired Messages
DU Specification MISMO V. 3.4	23	0	0

New DU Error Messages

When a new loan application submission file is submitted to DU in production from a lender institution that is not authorized to participate in the LPP, the submission will fail and the following error messages will be returned in the response.

DU Error Code	Error Message	Category
110396	The Institution you are using for this Loan Casefile is not allowed to use the MISMO 3.4 Loan Application format at this time. You may continue using the 1003 3.2 or MISMO 2.3.1 Loan Application formats.	Casefile Import
113318	The Institution you are using for this Loan Casefile is not allowed to use the MISMO 3.4 Loan Application format at this time. You may continue using the 1003 3.2 or MISMO 2.3.1 Loan Application formats.	Underwrite

New DU Messages

DU added support for certain DU Spec data points and enumerations to issue new DU Underwriting Findings Messages.

DU Spec MISMO v3.4 Data Mapping				
Unique ID (UID)	Form Field ID	MISMO v3.4 Data Point Name	DU Supported Enumerations	DU Update
4.0015	1b.6	EmploymentStartDate		New for DU Data Point Existing DU Messages
4.0123	1b.8	SpecialBorrowerEmployerRelationshipIndicator	false true	New for DU Data Point New DU Messages
4.0026	1b.10.6	IncomeType	Other ContractBasis	New for DU Enumerations New DU Messages
4.0014	1b.9.1	OwnershipInterestType	GreaterThanOrEqualTo25Percent LessThan25Percent	New for DU Data Point Used to determine self-employed borrower
4.0044	1e.1	IncomeType	Alimony ChildSupport DefinedContribution Disability HousingAllowance Pension PublicAssistance SeparateMaintenance SocialSecurity Unemployment	New for DU Enumerations New DU Messages
5.0047	2a.1	AssetType	IndividualDevelopmentAccount StockOptions	New for DU Enumerations New DU Messages
5.0244	2b.1	PurchaseCreditType	TradeEquityFromPropertySwap	New for DU Enumeration New DU Messages
5.0235	2b.1	AssetType	ProceedsFromSaleOfNonRealEstateAsset ProceedsFromUnsecuredLoan	New for DU Enumerations New DU Messages
17.0024	2b.4	PurchaseCreditTypeOtherDescription	LotEquity	New for DU Enumerations New DU Messages
6.0054	2c.1	LiabilityType	CollectionsJudgmentsAndLiens	New for DU Enumeration Monthly payment of new liability type included in the debt-to-income ratio in DU
2.0195	4a.6	FHASecondaryResidenceIndicator	false true	New for DU Data Point If true = Out of Scope recommendation. FHA Secondary Residence

DU Spec MISMO v3.4 Data Mapping				
Unique ID (UID)	**Form Field ID**	**MISMO v3.4 Data Point Name**	**DU Supported Enumerations**	**DU Update**
				transactions may not be underwritten through DU
2.0039	4a.7	PropertyMixedUsageIndicator	false true	New for DU Datapoint New DU Messages
6.0223	4b.2	LienPriorityType	FirstLien	New for DU Data Point New DU Messages
5.0067	4d.1	AssetType	Grant	New for DU Enumeration New DU Messages
5.0255	4d.2	ULAD:IncludedInAssetAccountIndicator	false true	New for DU Data Point Used in total asset calculation
5.0187	4d.3	FundsSourceType	CommunityNonProfit Employer FederalAgency Lender LocalAgency Other ReligiousNonProfit StateAgency UnrelatedFriend	New for DU Enumerations New DU Messages
8.0001	5a.1	IntentToOccupyType	No Unknown Yes	Existing DU Data Point New DU Messages
8.0003	5a.1.1	HomeownerPastThreeYearsType	No Unknown Yes	Existing DU Data Point New DU Messages
8.0192	5a.2	ULAD:SpecialBorrowerSellerRelationshipIndicator	false true	New for DU Data Point New DU Messages
8.0183	5a.3.1	UndisclosedBorrowedFundsAmount	false true	New for DU Data Point New DU Messages
8.0019	5a.4.1	UndisclosedMortgageApplicationIndicator	false true	New for DU Data Point New DU Messages
8.0181	5a.4.2	UndisclosedMortgageApplicationIndicator	false true	New for DU Data Point New DU Messages
8.0182	5a.5	PropertyProposedCleanEnergyLienIndicator	false true	New for DU Data Point New DU Messages
8.0036	5b.5	PriorPropertyDeedInLieuConveyedIndicator	false true	New for DU Data Point New DU Messages

DU Spec MISMO v3.4 Data Mapping

Unique ID (UID)	Form Field ID	MISMO v3.4 Data Point Name	DU Supported Enumerations	DU Update
8.0039	5b.6	PriorPropertyShortSaleCompletedIndicator	false true	New for DU Data Point New DU Messages
8.0042	5b.7	PriorPropertyForeclosureCompletedIndicator	false true	New for DU Data Point New DU Messages
8.0045	5b.8	BankruptcyIndicator	false true	Existing DU Data Point New DU Messages
2.0035	L1.10	PropertyExistingCleanEnergyLienIndicator	false true	New for DU Data Point New DU Messages
2.0032	L1.3.1	ConversionOfContractForDeedIndicator	false true	New for DU Data Point New DU Messages
2.0029	L1.3.3	ConstructionLoanIndicator	false true	New for DU Data Point New DU Messages
2.0211	L1.3.3	ConstructionLoanType	ConstructionToPermanent	New for DU Data Point New DU Messages
2.0067	L1.3.3.1	ConstructionToPermanentClosingType	OneClosing TwoClosing	New for DU Data Point New / existing DU Messages
2.0105	Not On Form	PartyRoleType	Trust	New for DU Enumerations New DU Messages
2.0106	L2.5	TrustClassificationType	LandTrust LivingTrust	
2.0092	L2.6	NativeAmericanLandsType	IndividualTrustLand Other	New for DU Data Point New DU Messages
2.0226	L2.6	NativeAmericanLandsTypeOtherDescription	AlaskaNativeCorporationLand TribalTrustLandOffReservation TribalTrustLandOnAReservation	New for DU Data Point New DU Messages
3.0147	L3.11.1	Prepayment Penalty Term		New for DU Data Point New DU Messages
3.0037	L3.14.4	HousingExpenseType	SupplementalPropertyInsurance	New for DU Enumeration New DU Messages
16.0038	Not on Form	FIPSStateNumericCode		DU will issue certain housing goals messages based on the standardized property address and 11 or 5-digit FIPS code.
16.0039		FIPSCountyCode		
16.0040		CensusTractIdentifier		

NOTE: *In a future DU release, the ProductDescription (UID 3.0028) data point format will be updated from Enumerated to String 30.*

New Special Feature Code

Special Feature Code (SFC) 168 was added to DU to identify a mortgage loan for which the borrower has been identified as an Inter Vivos (Living) Trust (see UID 2.0106 above).

The "New for DU" SFC and description can be parsed from the *SpecialFeatureCode* and *SpecialFeatureDescription* attributes returned in the DU Codified Findings File (UNDERWRITING_FINDINGS_XML).

Special Feature Code	Special Feature Description	DU Update
168	Inter Vivos Revocable Trusts	New for DU

> NOTE: *In a future DU release, the SpecialFeatureDescription will be updated from String 50 to String 100.*

DU Codified Findings File Update

When applicable, new Documentation Level Codes will be returned in the DU Codified Findings File to correspond to the new income and asset types supported in the DU Spec. The new Doc Codes can be parsed from the *RequiredDocumentationLevelCode* attribute when returned in the DU Codified Findings File (UNDERWRITING_FINDINGS_XML).

New Documentation Level Codes			
Required Documentation Level Code	Document Level Code Description	Required Documentation Type Code	DU Update
216	Individual Development Account	04 = Non-Depository Assets Documentation	New Doc Code returned by DU in combination with Message ID 3381
217	Stock Options	04 = Non-Depository Assets Documentation	New Doc Code returned by DU in combination with Message ID 3383
218	Non-Real Estate Asset Proceeds	04 = Non-Depository Assets Documentation	New Doc Code returned by DU in combination with Message ID 3385
219	Grant	04 = Non-Depository Assets Documentation	New Doc Code returned by DU in combination with Message ID 3393
345	Housing Allowance/Parsonage Income	05 = Non- Employment Income Documentation Level	New Doc Code returned by DU in combination with Message ID 3377
346	Alimony Income	05 = Non-Employment Income Documentation Level	New Doc Code returned by DU in combination with Message ID 3441
347	Child Support Income	05 = Non-Employment Income Documentation Level	New Doc Code returned by DU in combination with Message ID 3443
348	Separate Maintenance Income	05 = Non-Employment Income Documentation Level	New Doc Code returned by DU in combination with Message ID 3379

New Documentation Level Codes

Required Documentation Level Code	Document Level Code Description	Required Documentation Type Code	DU Update
353	Other Employment Income	03 = Employment Income Documentation Level	New Doc Code returned by DU in combination with Message ID 3469

When applicable, new Asset and Income Type Codes will be returned in the DU Codified Findings File to correspond with the new income and asset types supported in the DU Spec. The new codes can be parsed from the *AssetTypeCode* and *IncomeTypeCode* attributes when returned in the DU Codified Findings File (UNDERWRITING_FINDINGS_XML).

New Asset Type Code	Description
29	Individual Development Account
30	Stock Options
31	Proceeds Non-Real Estate
32	Proceeds from Unsecured Loan
33	Grant
34	Gift of Cash

New Income Type Code	Description
55	Contract Basis Income
56	Housing Allowance Income
57	Separate Maintenance Income
58	Other Employment Income
59	Alimony Income
60	Child Support Income
61	Pension Income
62	Defined Contribution Plan Income
63	Public Assistance Income
64	Unemployment Income
65	Disability Income
66	Social Security Income
67	Other Non-Employment Income

DU Validation Service

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's Social Security number (SSN(no dashes):Reference ID).

In the new loan application submission file based on the DU Spec, 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 DVS 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

Subject Property Type *(added Oct. 15, 2020)*

DU uses the subject property type in the risk and eligibility assessment and to issue applicable project review messages. To determine the subject property type in the legacy loan application submission file, DU leverages the Subject Property Type Code, LNC-040, in the 1003 v3.2 and the GSE Property Type attribute in the MISMO AUS v2.3.1. DU will use the following data points to determine the subject property type in the new loan application submission file.

DU Spec MISMO v3.4 Data Mapping			
Unique ID	Form Field ID	MISMO v3.4 Data Point Name*	DU Supported Enumeration(s)
12.0028	Not on Form	AttachmentType	Attached Detached
2.0196	4a.8	ConstructionMethodType	Manufactured Other SiteBuilt
16.0041	Not on Form	ConstructionMethodTypeOtherDescription	MHAdvantage
12.0029	Not on Form	ProjectDesignType	HighriseProject
2.0060	L1.12	PUDIndicator	false true
2.0052	L1.11	ProjectLegalStructureType	Condominium Cooperative

When these *data points are incomplete, or an invalid combination is provided to DU in the new loan application submission file, the following errors will be returned in the response and the file will not be processed further.

DU Error Code	Error Message	Description
118000	<STATUS _Condition="FAILURE" _Name="SBAWF1.3" _Description="Underwriting Checklist Error. See Checklist Log for details" _Code="118000"/> </DU_UNDERWRITE_RESPONSE>	DU XIS CONTROL OUTPUT (CO) STATUS element

DU Error Code	Error Message	Description
118337	*Field LNC-040 (Subject Property Type Code) is missing*) from the 1003 file, or the property and/or project data element combinations are invalid in the MISMO 3.4 file	MP_STATUS_LOG Underwriting Checklist

DU Underwriting Findings Report *(added Oct. 15, 2020)*

DU will no longer use HOUSING_EXPENSE containers with HousingExpenseTimingType = Present when provided in the DU Spec submission file. If provided, the value will be ignored.

In a future release, DU will no longer display the Present/Principal Housing Payment Amount in the Underwriting Analysis Report within all versions of the DU Underwriting Findings for DU Spec submission files. Until then, the value returned and displayed in the Present/Principal Housing Payment Amount field should be ignored. This update does not affect DU legacy submission files (1003 3.2, MISMO AUS 2.3.1).

DU Spec MISMO v3.4 Data Mapping				
Unique ID	Parent Container	Data Point Name	DU Enumeration(s)	Impact
3.0036	HOUSING_EXPENSE	HousingExpenseTimingType	Present	HousingExpenseTimingType of Present is no longer required in the DU Spec Submission file. If provided, the value will be ignored.

DU Spec MISMO v3.4

To align with DU, the DU Spec will be updated in a future release as shown below:

Unique ID	Form Field ID	MISMO v3.4 Data Point Name	DU Data Point Format or Enumeration	Action
12.0026	Not on Form	AppraisalIdenitifer	String 10	DU Data Point Format change from String 50 to String 10
2.0070	L1.6	LandOriginalCostAmount	Amount 9.2	Updated Conditionality Statements: DU:LandValueAmountType required when LandOriginalCostAmount and/or LandAppraisedValueAmount provided
7.0159	L4.3	DU:LandValueAmountType	Appraised Original NotApplicable	
7.0004	L4.3	LandOriginalCostAmount	Amount 9.2	
7.0041	L4.3	LandAppraisedValueAmount	Amount 9.2	
12.0035	Not on Form	DU:DUPolicyFeatureDescription	String 80	Updated Conditionality for VA loans from Conditionally Required to Optional
10.0069	9.3	LicenseIdentifier	String 12	DU Data Point Format change from String 50 to String 12
10.0026	9.6	LicenseIdentifier	String 12	DU Data Point Format change from String 50 to String 12

DU for Government Loans (FHA/VA)

The new data points in the redesigned URLA/Fannie Mae Form 1003 and the DU Spec will be accepted by DU for Government Loans and available for use by both the FHA TOTAL scorecard and VA, when applicable. However, no new messages will be issued for the new data points at this time.

The following DU Spec data points or enumerations are not supported for FHA and VA loan application submissions to DU for Government loans. If these values are provided in the DU Spec submission file, a warning message will be returned indicating the respective value was dropped, as noted below in the Impact column. Until these enumerations are supported for FHA and VA, these values can be provided using the *Other* enumeration for the Income, Asset, Purchase Credit, and Liability types.

As always, lenders should ensure the loan complies with all FHA and VA guidelines.

NOTE: *The DU Spec will be updated in a future release to reflect these changes.*

Unique ID	Form Field ID	MISMO v3.4 Data Point Name	Enumeration	Impact
4.0026	1b.10.6	IncomeType	ContractBasis	Enumeration not supported for FHA/VA WARNING - INCOME / INCOME_TYPE - Value not yet supported by Desktop Underwriter for government loans ('ContractBasis' dropped)
4.0044	1e.1	IncomeType	HousingAllowance SeparateMaintenance	Enumerations not supported for FHA/VA WARNING - INCOME / INCOME_TYPE - Value not yet supported by Desktop Underwriter for government loans ('HousingAllowance' dropped). WARNING - INCOME / INCOME_TYPE - Value not yet supported by Desktop Underwriter for government loans ('SeparateMaintenance' dropped)
5.0047	2a.1	AssetType	IndividualDevelopmentAccount StockOptions	Enumerations not supported for FHA/VA WARNING - ASSET / ASSET_TYPE (ASSET_2) - Value not yet supported by Desktop Underwriter for government loans ('IndividualDevelopmentAccount' dropped) WARNING - ASSET / ASSET_TYPE (ASSET_4) - Value not yet supported by Desktop Underwriter for government loans ('StockOptions' dropped)

Unique ID	Form Field ID	MISMO v3.4 Data Point Name	Enumeration	Impact
5.0244	2b.1	PurchaseCreditType	TradeEquityFromPropertySwap	Enumeration not supported for FHA/VA WARNING - PURCHASE_CREDIT / CREDIT_TYPE (LOAN_1) - Value not yet supported by Desktop Underwriter for government loans ('TradeEquityFromPropertySwap' dropped)
5.0235	2b.1	AssetType	ProceedsFromSaleOfNonRealEstateAsset ProceedsFromUnsecuredLoan	Enumerations not supported for FHA/VA WARNING - ASSET / ASSET_TYPE (ASSET_5) - Value not yet supported by Desktop Underwriter for government loans ('ProceedsFromSaleOfNonRealEstateAsset' dropped) WARNING - ASSET / ASSET_TYPE (ASSET_6) - Value not yet supported by Desktop Underwriter for government loans ('ProceedsFromUnsecuredLoan' dropped)
17.0024	2b.4	PurchaseCreditTypeOtherDescription	LotEquity	Enumeration not supported for FHA/VA WARNING - PURCHASE_CREDIT / OTHER_DESCRIPTION (LOAN_1) - Value not yet supported by Desktop Underwriter for government loans ('LotEquity' dropped)
6.0054	2c.1	LiabilityType	CollectionsJudgmentsAndLiens	Enumeration not supported for FHA/VA WARNING - LIABILITY / LIABILITY_TYPE (LIABILITY_2) - Value not yet supported by Desktop Underwriter for government loans ('CollectionsJudgmentsAndLiens' dropped)
3.0037	L3.14.4	HousingExpenseType	SupplementalPropertyInsurance	Enumeration not supported for FHA/VA WARNING - HOUSING_EXPENSE / PAYMENT_TYPE (LOAN_1) - Value not yet supported by Desktop Underwriter for government loans ('SupplementalPropertyInsurance' dropped)

NOTE: *EDI code values identified with an * in the DU Enumerations tab of the DU Spec MISMO v3.4 Document Version 1.8.1 are not supported for FHA and VA submissions and should not be provided in the DU Spec submission file. If provided, the submission file will receive an Underwriting Checklist error and will not be processed further.*

DU for Government Loans (continued) *(added Oct. 15, 2020)*

The following data points are not supported by DU for Government Loans. The DU Spec will be updated in a future release to reflect the changes noted below in the Impact column.

Unique ID	Form Field ID	MISMO v3.4 Data Point Name	Enumeration	Impact
2.0025	L1.8	Government Refinance Type	Other	Enumeration not supported for FHA/VA Enumeration "Other" should not be provided for FHA and VA. If provided, an error will be returned in the MP_STATUS_LOG and the file will not be processed further.
2.0225	L1.8.1	GovernmentRefinanceTypeOtherDescription		Data point not supported for FHA/VA and will be removed in a future release
4.0311	Not on Form	DU:ForeignIncomeIndicator	false true	FHA/VA: DU Spec conditionality listed as Conditional (C), will be changed to Optional (O) in a future DU release. These data points should not be provided for FHA and VA. If provided, an error will be returned in the MP_STATUS_LOG and the file will not be processed further.
4.0312	Not on Form	DU:SeasonalIncomeIndicator	false true	
14.0003	Not on Form	VAStateTaxAmount		VA: DU Spec conditionality listed as Conditional (C), will be changed to Optional (O) in a future release. If provided, they will be ignored.
14.0004	Not on Form	VALocalTaxAmount		
14.0005	Not on Form	VASocialSecurityTaxAmount		
14.0006	Not on Form	VAPrimaryBorrowerNonTaxableIncomeAmount		
14.0007	Not on Form	VACoBorrowerNonTaxableIncomeAmount		
14.0008	Not on Form	VACoBorrowerTaxableIncomeAmount		
14.0009	Not on Form	VAPrimaryBorrowerTaxableIncomeAmount		

Additional Information

To support the transition to the DU Spec submission file, review the DU Implementation Guide MISMO v3.4, EarlyCheck Implementation Overview, and supporting documentation available on Fannie Mae's Technology Integration page and key dates for the URLA/Form 1003 and DU Spec on the URLA page.

Release Support

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