

Desktop Underwriter/Desktop Originator Release Notes

DU Version 11.1

Jan. 25, 2023

During the **weekend of Feb. 25, 2023**, Fannie Mae will implement Desktop Underwriter® (DU®) Version 11.1, which will include the changes described below.

The changes in this release will apply to new loan casefiles submitted to DU on or after the weekend of Feb. 25, 2023. Loan casefiles created in DU Version 11.0 and resubmitted after the weekend of Feb. 25 will continue to be underwritten through DU Version 11.0.

The changes in this release include the following:

- DU Risk and Eligibility Assessment Update
- HomeStyle® Renovation Update
- Rent Payment Identification on Third-Party Asset Verification Reports
- Cash Flow Assessment
- Updates to Align with the Selling Guide
- Retirement of DU Version 10.3

DU Risk and Eligibility Assessment Update

As part of normal business operations and prudent risk management, we regularly review and adjust the DU risk assessment based on the latest market and loan performance data. DU Version 11.1 will include an updated risk assessment that will fine-tune DU's ability to assess risk while fostering homeownership sustainability. This update will continue to help lenders underwrite with confidence.

We anticipate that these changes may yield a reduction in loan casefiles receiving an Approve/Eligible recommendation, with the most noticeable reduction on loan casefiles with high LTV ratios and high DTI ratios when multiple high-risk factors are present.

Certain loan casefiles that meet our affordable housing mission initiatives will continue to be excluded from receiving an Approve/Ineligible recommendation due to a combination of product features and risk factors being present. This population includes specific housing goals-eligible loans, loans purchased under various Duty to Serve initiatives, as well as other loans securing properties that support affordable supply within their market.

HomeStyle Renovation Update

DU will now identify HomeStyle Renovation loan casefiles using both the Renovation Loan indicator and the amount of renovations provided in Form 1003, Line B of Qualifying the Borrower. This will allow lenders to use these fields separately for transactions that are not HomeStyle Renovation loans.

When either of the fields is provided without the other, DU will issue a message specifying that both fields must be provided in order for the loan casefile to be underwritten as a HomeStyle Renovation mortgage.

Rent Payment Identification on Third-Party Asset Verification Reports

We continue to fine-tune the logic that identifies the rent payment history on a 12-month third-party asset verification report ("asset verification report"). Based on recent observations, updates will be made to improve DU's ability to identify a rent payment history.



Note: As continued analysis on this logic is performed, future updates will be made as necessary, and will be communicated in advance of the update being made in DU.

Cash Flow Assessment

DU will conduct a cash flow assessment when the lender obtains an asset verification report for loan casefiles where no borrower has a credit score. Currently when an asset verification report is not received and the loan casefile receives a Refer with Caution recommendation, DU will issue a message informing the lender that the loan casefile may be able to receive a more favorable DU recommendation by ordering an asset verification report.

A new message will be issued when an asset verification report is not received and the loan casefile receives an Approve/Eligible recommendation informing the lender that if an asset verification report is obtained and the loan casefile is resubmitted to DU, the report may satisfy the *Selling Guide* requirement to document nontraditional credit references.

Updates to Align with the *Selling Guide*

Miscellaneous Message Text Changes

To continue to provide clarity and consistency with the *Selling Guide*, various DU messages will be updated.

Retirement of DU Version 10.3

With the release of DU Version 11.1, DU Version 10.3 will be retired. Therefore, effective the weekend of Feb. 25, 2023, customers will no longer be able to resubmit loan casefiles to DU Version 10.3. Customers will be able to view online loan applications and DU Underwriting Findings reports that were created under DU Version 10.3. To obtain an updated underwriting recommendation after the weekend of Feb. 25, customers must create a new loan casefile and submit it to DU.

Note: DU Version 10.3 loan casefiles would have been created prior to March 13, 2021; therefore, those loan casefiles would have been created 23 months prior to the retirement of DU Version 10.3.

For More Information

For more information about these Release Notes, lenders may contact their Fannie Mae Business Account Management Solutions (BAMS) team, and mortgage brokers should contact their DO sponsoring wholesale lender. For technology considerations, an Integration Impact Memo will be posted on the [Technology Integration](#) page.