

Desktop Underwriter® (DU®) Early Assessment Implementation Guide

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This document provides information related to DU early assessment. While every effort has been made to ensure the reliability of the content, the terms of Fannie Mae's executed agreements with lenders and vendors should be adhered to in the event of discrepancies between information in this document and those agreements.



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Introduction

Early assessment is a pre-qualification solution for lenders available in Desktop Underwriter® (DU®). Lenders can submit casefiles to DU using a single bureau soft pull credit file and optimized dataset and receive a conditional recommendation.

NOTE: *Note: DU early assessment does require use of Trended Data with the alternative to tri-merge hard credit report (e.g., single bureau, soft pull credit file).*

To be eligible for delivery, the lender can remove the conditionality of the recommendation by re-submitting the existing early assessment casefile ID with a standard tri-merge credit report and full DU dataset.

Parameters

DU early assessment conditional recommendations are available for all **conventional mortgage** transactions, occupancy, and property types. Early assessment conditional recommendations are not available for government loans.

| Loan Feature | Eligibility |
|---------------------|--|
| Loan Purpose | Purchase, Limited Cash-out Refinance, Cash-out Refinance |
| Occupancy | Primary Residence, Second Home, Investment |
| LTV/ CLTV/ HCLTV | Maximum DU Eligibility |
| Property Type | All eligible property types |
| Origination Channel | Retail only. Unless Fannie Mae gives advanced written permission to include the wholesale origination channel. Early assessment is not available in Desktop Originator. |

Requirements

- The lender must identify the DU institution ID(s) that will be used to submit early assessment casefiles to DU. *Note: DU Institution ID is different than your Seller/Servicer Number.*
- Submit a request to Fannie Mae to activate the early assessment trait for the selected DU Institution ID(s). [See Lender Activation Request Form.](#)
- The lender’s workflow must support:
 - The submission of a pre-qualification casefile to DU, and
 - The identification of early assessment casefiles in the lender’s pipeline.
- The lender must:
 - Order credit from a Credit Information Provider that is [approved for early assessment](#),
 - Enable soft credit reporting by modifying an existing credit account or creating a new one that meets DU technical requirements, and
 - Request soft credit files with trended data and a credit score.
- The lender must use the early assessment casefile ID through the lifecycle (i.e., pre-qualification through delivery).
- To be eligible for Limited Waiver and Enforcement Relief of Representations and Warranties for Mortgages Submitted to DU, the lender must re-submit the early assessment casefile ID with a standard tri-merge credit report and complete DU loan application. See [Selling Guide Topic A2-2-04](#).



- The tri-merge credit report reference ID for the DU loan application must be distinct from the soft credit data file reference ID for the early assessment casefile.

Credit Account

Lenders must work with their Credit Information Provider to determine if an existing account can be modified to support soft credit reporting (e.g., single bureau, soft inquiries), or if a new account must be established. This depends on the capabilities and configuration options available through the specific provider.

Trended data and a credit score must be requested, and a full social security number is required for the DU casefile submission to be processed.

It is also important to work with the Credit Information Provider to ensure the request to obtain a soft credit data file meets the requirements.

Fannie Mae’s lower environment can be accessed by the Credit Information Provider’s lower environment.

The lender must review the use cases to ensure that a request for the credit report meets all rules, laws, and regulations.

When ordering credit outside of DU:

- The lender must first perform integration testing directly with the Credit Information Provider to confirm the ability to order and obtain credit files including the reissue/reference/order number.

When ordering credit as part of the DU casefile submission:

- The lender must confirm with the Credit Information Provider that the credit account used for early assessment can accommodate new credit requests via DU. Additional testing of the new credit request via DU is required to ensure the soft credit data file meets DU requirements.

Credit Report Guidance

All pre-qualification applications that use a credit report other than a standard tri-merge credit report must use the specific account established for the pre-qualification workflow.

If the credit report is not ordered from the specific account and the credit report does not meet the *Selling Guide* requirements, the General Failure Message (DU Message ID# 1020, INVALID-DATA) will occur. The General Failure Message is not unique to DU early assessment – it is a global DU message for all use cases where the specific error occurs prior to the DU risk assessment and a casefile is not created.

| DU Message ID | Name | Severity | Category | Type | Message Text |
|---------------|--------------|----------|----------|------|---------------------------|
| 1020 | INVALID-DATA | - | - | - | Casefile ID is not found. |

When submitting to DU, the lender must determine if the credit liabilities will be auto populated.

- The ‘CopyLiabilitiesIndicator’ of the XIS Underwriting and Credit Specifications must be set to “1” (True) when the lender would like Fannie Mae to populate the pre-qualification loan application.
- If the submitted pre-qualification loan application does not include any liabilities and the ‘CopyLiabilitiesIndicator’ = “1”, Fannie Mae will populate the loan application with all liabilities derived from the credit report. These liabilities will be used to complete the conditional DU credit and risk assessment.
- If the submitted pre-qualification loan application includes liabilities and the ‘CopyLiabilitiesIndicator’ = “1”, Fannie Mae will attempt to match the liabilities derived from the credit report with those populated in the loan application. If a



match is found, the liability from the loan application will be retained. If a match is not found the liability will be added to the loan application.

- The ‘CopyLiabilitiesIndicator’ is set to “0” (False) if the lender does not want to auto-populate the liabilities.
- The CRA_CreditRequest_ReissueCase must be populated as required for the credit to be reissued. No modifications to the request are required to use a single in-file credit report.

Note: Please refer to the XIS Underwriting and Credit Services / XIS Services documentation for the required ‘GetCredit’ request data fields.

An excerpt of the requirements is below (please note that the documentation may be updated, and it is important to refer to the official documentation when appropriate):

| Element | Attribute | Required | Description |
|--------------------|--------------------------|----------|--|
| CREDIT | CopyLiabilitiesIndicator | N | <p>This indicator allows you to control the population of the pre-qualification loan application liabilities section with the credit report liabilities information.</p> <p>If the submitted pre-qualification loan application does not include any liabilities and the CopyLiabilitiesIndicator = 1, Fannie Mae will populate the loan application with all liabilities derived from the credit report. These liabilities will be used to complete the DU credit and risk assessment.</p> <p>If the submitted pre-qualification loan application includes liabilities and the CopyLiabilitiesIndicator = 1, Fannie Mae will attempt to match the liabilities derived from the credit report with those populated in the loan application. If a match is found, the liability from the loan application will be retained. If a match is not found the liability will be added to the loan application.</p> <p>Values: 0 = False 1 = True (Autopopulate Liabilities)</p> |
| SERVICE_PROVIDER | _Name | Y | The Credit Provider ID code. Please refer to the Credit Provider List on fanniemae.com. |
| SERVICE_PROVIDER | _AccountNumber | Y | This is the account number associated with the Credit Service Provider. Lenders should obtain an account number by contacting the service provider directly. |
| SERVICE_PROVIDER | _Password | Y | This is the password that corresponds to the account number for the Credit Service Provider and is obtained by contacting the service provider directly. |
| CREDIT_INFORMATION | SSN | Y | Applicant’s Social Security Number. Primary applicant’s Social Security Number when requesting joint credit. |
| CREDIT_INFORMATION | CreditReportIdentifier | N | The credit report reference number maintained at the credit agency. |
| CREDIT_INFORMATION | CreditRequestType | Y | Values: 0 = Individual |



| Element | Attribute | Required | Description |
|---------|-----------|----------|-------------|
| | | | 1 = Joint |

Note: For refinance transactions where there is an existing mortgage(s) associated with the subject property and the existing mortgage(s) are to be paid off, please ensure that the 'Paid by Close/LiabilityPayoffStatusIndicator' is populated and the balance is input in the 'Refinance (Inc. debts to be paid off)/TotalSubjectPropertyPayoffsAndPaymentsAmount' data field to ensure that the debt-to-income (DTI) ratio calculation considers the payoff.

Optimized Dataset

Instead of completing a full, standard loan application, the lender enters an abbreviated dataset (called the **Optimized Dataset**) when submitting a DU early assessment application to get a conditional recommendation in the Findings. Lenders are strongly encouraged to leverage the Optimized Dataset feature.

The Optimized Dataset is the minimum dataset required to process a DU casefile submission plus additional data elements supporting the conditional DU recommendation for pre-qualification applications.

The use of the Optimized Dataset does not suppress any waivers and/or DU validation service messaging from firing. All eligibility checks are run, and no restrictions/limitations are placed on DU messaging.

The Optimized Dataset is for **conventional loans only**.

| Document File Name | Document Description | Guidance |
|--------------------|---|---|
| DU Specification | The Optimized Dataset for the pre-qualification casefile submission to DU (in the "Optimized Dataset" column under the Early Assessment section). | The Optimized Dataset fields/elements for 3.4 file formats. |

Acceptable data sources for automated data are:

- Credit Information Providers for credit data
- DU validation service vendors for asset and income data (i.e., an approved DU validation service vendor)
- Lender's customer profile data

Note that the DU early assessment recommendation of approve/eligible is conditional. Therefore, the early assessment casefile must be resubmitted to DU at full application and all data must be accurate and complete at this time. The lender is responsible to meet all *Selling Guide* requirements at full application.

| When a casefile is submitted for early assessment, DU will issue the following message: | | | | |
|---|-----------------------|-------------|----------|--|
| Message ID | Name | Category | Severity | Message Text |
| 3087 | Single In PreApproval | Eligibility | Rating | This is an Early Assessment conditional recommendation because the casefile is underwritten using credit file data requested from soft inquiries (or from fewer than three credit reporting bureaus). To be eligible for delivery as a DU loan, the lender must request a three in-file merged credit report and re-submit the casefile to Desktop |



| | | | | |
|--|--|--|--|---|
| | | | | Underwriter. See Credit Report Requirements in Desktop Underwriter. B3-5.2-01, Requirements for Credit Reports. |
|--|--|--|--|---|

Testing

For lenders currently submitting loans to DU through a TSP or proprietary integration:

Before using DU early assessment in production, the lender must test single and joint borrower functionality with the approved Credit Information Provider.

The objective is to confirm:

- Users can efficiently access the credit account for early assessment soft credit file(s).
- The DU early assessment submission is successful.
- The controls are working properly.
- The early assessment Findings Report includes DU Message 3087 (see above).
- DU Message 3087 is no longer present on the Findings Report when the casefile is resubmitted to DU with a standard tri-merge credit report.

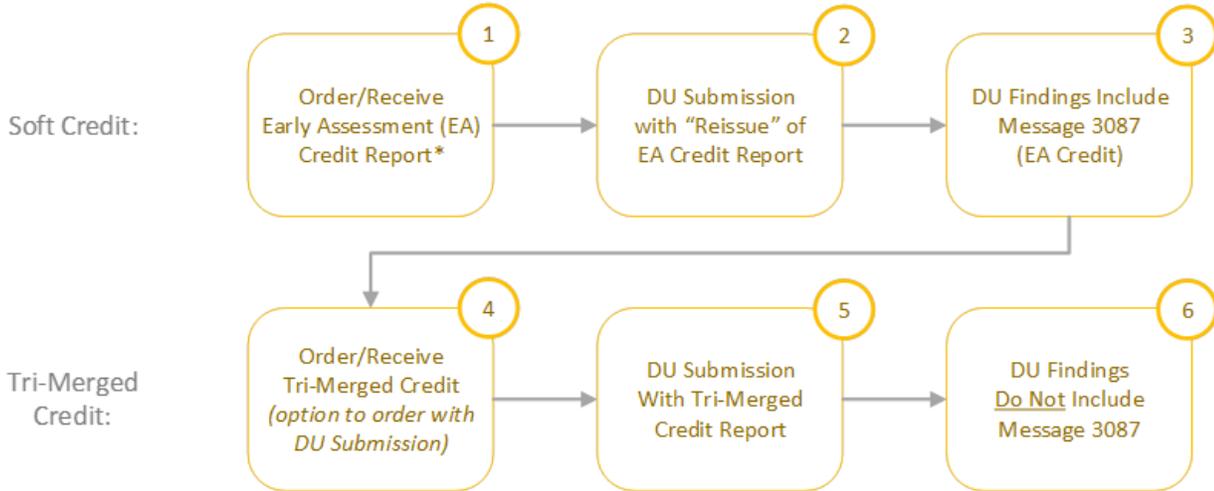
Test Cases

To test soft credit functionality, the lender can use test cases offered by their credit vendor.

Testing Procedure

Steps:

1. Request test cases from your Credit information Provider.
2. Use the credentials for the credit account enabled for early assessment to request new credit (soft pull) or import an existing early assessment credit report for the selected test case.
3. Submit the loan to DU for early assessment with the credit report.
4. Review the Findings Report to confirm Message 3087 is present.
5. Once confirmed, use the credentials for the appropriate credit account to request new tri-merge credit or import an existing tri-merge credit report.
6. Retrieve the early assessment casefile ID and resubmit the test case with the standard tri-merge credit report.
7. Review the Findings Report to confirm Message 3087 is no longer present.



*Early Assessment Credit Report is a non-tri-merged Credit Report

Pre-Qualification Operational Workflow (Lender orders Credit Report)

