

# Desktop Underwriter Validation Service

## Release Notes

June 18, 2024

During the **weekend of August 17, 2024**, Fannie Mae will implement an update to the Desktop Underwriter® (DU®) validation service, which will include the changes described below. These changes will apply to loan casefiles submitted or resubmitted to DU on or after August 17, 2024.

### Asset validation changes

The changes in this release apply when an asset verification report has been received by DU for a given loan casefile. They include the following:

- Asset validation up to the total balance of liquid accounts
- Considering proceeds from the pending sale of real estate (net equity) when validating assets observed in the asset verification report
- Evaluating assets when reported assets are not sufficient to cover closing costs
- Messaging about assets observed in the asset verification report

### Asset validation up to total balance of liquid accounts

Currently, DU will attempt to validate assets **only up to** the Total Funds to be Verified amount. With this update, DU will validate the greater of:

- the sum of the liquid accounts in the asset verification report less any large deposits (where applicable); or
- the Total Funds to be Verified amount.

DU will issue a new message providing the Total Funds to be Verified amount and the amount of funds that have been validated. When liquid assets are not greater than Total Funds to be Verified, DU will continue to evaluate non-liquid accounts.

### Considering proceeds from the pending sale of real estate (net equity) when validating assets observed in the asset verification report

Currently, DU does not consider net equity reported on the loan application when validating assets. With this update DU will validate assets when the sum of the eligible accounts in the asset verification report plus the net equity funds is greater than or equal to the Total Funds to be Verified amount. DU will issue a new message providing the amount of assets validated using the asset verification report, and the amount of funds from the pending property sale that have not been validated.

Lenders must continue to follow the *Selling Guide* requirements related to documentation of net equity, any large deposits identified by DU, and any gift funds.

### Evaluating assets when reported assets are not sufficient to cover closing costs

Currently, DU will not attempt to validate assets when assets provided on the loan application are not sufficient to cover the Funds Required to Close amount. With this update, when assets listed on the loan application are *less than* the Funds Required to Close amount, but the assets observed in the asset verification report are *greater than or equal to* the Total Funds to be Verified amount, a new message will be issued indicating that assets **could be validated** if assets listed on the loan application are updated to be greater than or equal to the Funds Required to Close amount.



## **Messaging about assets observed in the asset verification report**

When DU evaluates an asset verification report, a new message will be issued listing all eligible accounts that appear on the asset verification report, including the current balance and owner(s) listed for each account.

## **For more information**

For more information about these Release Notes, lenders may contact their Fannie Mae Business Account Management Solutions team, and mortgage brokers should contact their DO sponsoring wholesale lender.