

Desktop Underwriter/Desktop Originator Release Notes

DU Version 12.0 September Update

July 30, 2025

Updated Sept. 24, 2025

During the **weekend of Sept. 27, 2025**, Fannie Mae will implement an update to Desktop Underwriter® (DU®) Version 12.0, which will include the changes described below. The changes in this release will apply to DU V. 12.0 loan casefiles submitted or resubmitted to DU on or after the weekend of Sept. 27, 2025.

The changes in this release include the following updates:

- Eligibility Assessment Update (**added Sept. 24, 2025**)
- Property Assessment and Valuation
- Limited Cash-out Refinance Transactions
- First-time Homebuyer Determination
- Restricted Stock
- Updates to Align with the *Selling Guide*

Eligibility Assessment Update (**added to release notes Sept. 24, 2025**)

As part of normal operations and prudent risk management, the DU eligibility assessment will be updated to issue an Ineligible recommendation on loan casefiles when a combination of product features and risk factors are present which place the loan outside our current acquisition preferences and constraints. We anticipate that these changes may yield a slight reduction in loan casefiles receiving an Approve/Eligible recommendation.

Note: These changes will only apply to DU Version 12.0 loan casefiles created on or after Sept. 28, 2025.

Property Assessment and Valuation

Value Acceptance Messages

The value acceptance and value acceptance + property data messages will be simplified. A new message will also be added reminding lenders that when a purchase loan casefile is eligible for value acceptance or value acceptance + property data, to proceed with the offer the property value provided in the loan application must reflect the sales price.

DU Underwriting Findings Report

The *Day 1 Certainty* section of the DU Underwriting Findings report will be updated with the following:

- The section will include a new header.
- A new row will indicate value acceptance + property data eligibility.
- The *Rep & Warrant* row will be updated so it not only reflects representation and warranty relief for appraisals with a CU risk core of 2.5 or less but will also reflect the representation and warranty relief received on loan casefiles that are eligible for value acceptance, and loan casefiles eligible for value acceptance + property data when the property data collection has been completed.



The following illustrates a loan casefile that was eligible for value acceptance + property data and the property data collection has been completed.

Day 1 Certainty

Valuation Option

Value Acceptance	Not Eligible
Value Acceptance + Property Data	Eligible
Rep & Warrant	Eligible

Limited Cash-Out Refinance Transactions

The amount of cash back the borrower may receive in a limited cash-out refinance transaction will be increased from the *lesser of* 2% of the unpaid balance of the new mortgage or \$2,000 to the *greater of* 1% of the unpaid balance of the new mortgage or \$2,000. DU will be updated to reflect these new cash back limits and will require assets to be documented for liabilities being paid off with the transaction that exceeds these new limits (vs. the current requirement for asset documentation for the entire amount of non-subject liabilities being paid off with the transaction).

When providing information on the liabilities that will be paid off with the transaction, include any liabilities associated with the subject property in section *L4. Qualifying the Borrower* of the loan application on Line D., and any liabilities not associated with the subject property on Line E.

D. For Refinance: Balance of Mortgage Loans on the Property to be paid off in the Transaction (See Table 3a. Property You Own)	\$
E. Credit Cards and Other Debts Paid Off (See Table 2c. Liabilities — Credit Cards, Other Debts, and Leases that You Owe)	\$

Note: The Selling Guide will be updated Oct. 1, 2025, to include this policy change; however, lenders may take advantage of the new limits with the DU V. 12.0 Sept. Update.

First-time Homebuyer Determination

The *Selling Guide* specifies that an individual who is a displaced homemaker or single parent will be considered a first-time homebuyer if they had no ownership interest in a principal residence other than a joint ownership interest with a spouse during the preceding three-year time period. DU will be updated to determine if the borrower is a first-time buyer under this exception.

When the borrower specifies in *Section 5. Declarations* of the loan application that they have had ownership interest in another property in the last three years, but that borrower can be considered a first-time homebuyer using this exception, the lender can provide “FTHB Exception” in the DU Policy Feature Description associated to that borrower and DU will determine the borrower to be a first-time homebuyer.

When this exception is used, a verification message will be issued informing the lender that at least one borrower has been identified as a first-time homebuyer using the exception for a displaced homemaker or single parent, and that the lender must confirm that the exception does apply to the borrower.



Restricted Stock

Restricted stock is being added as an income type in DU. Lenders must enter the applicable income amount in *Section 1e. Income from Other Sources* of the loan application as an Other Income Source with a description of Restricted Stock.

Income Source	Monthly Income
Other ▼	
Description	
Restricted Stock	

DU will include the value provided in the total income and issue a verification message reminding the lender to confirm the restricted stock units have vested and have been distributed to the borrower without restrictions, and that the income is calculated and documented in accordance with the Fannie Mae *Selling Guide*.

Updates to Align with the *Selling Guide*

Mortgage Insurance Requirements for properties in New York

Selling Guide Announcement [SEL-2025-02](#) clarified that for purchase transactions on co-op properties in New York state if mortgage insurance is required based on the sales price, but the appraised value results in an LTV ratio of 75% or less, mortgage insurance should not be added to the loan. The DU message issued requiring the lender to determine if mortgage insurance is required based on New York laws and regulations will be updated to include this clarification.

Interested Party Contributions

Selling Guide Announcement [SEL-2025-03](#) updated the maximum financing concession determination to be calculated using the lower of the sales price or appraised value. DU will be updated to also use the lower of the sales price or appraised value, instead of only the sales price.

Multiple Financed Properties

DU applies the multiple financed properties policy specified in the *Selling Guide* to second home and investment property loan casefiles. When Commercial, Multifamily, Land, or Farm is provided in the Other Description field in *Section 3: Real Estate Owned* in the *Property Information* section, DU will not include that specific property when applying the multiple financed properties guidelines.

Lenders will now be able to provide “Timeshare” and “Chattel” in the Other Description field and DU will also not include those properties when applying the multiple financed properties guidelines.

Cooperative Properties

The messages issued on cooperative properties will be simplified. As the project review message requires a review of the cooperative project in accordance with the Fannie Mae *Selling Guide* to determine that the project meets Fannie Mae's eligibility and underwriting requirements, other duplicative messages will be retired.

Housing Counseling Agency ID

The Housing Counseling Agency ID field validation will be updated to ensure only five digits are provided.



Miscellaneous Message Text Changes

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

For More Information

For more information about these Release Notes, lenders may contact their Single-Family Market Engagement 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.