Fannie Mae

Desktop Underwriter/Desktop Originator Release Notes

DU Version 12.1 November and December Updates

Oct. 14, 2026

Updated Nov. 10, 2026

During the **evenings of Nov. 13, 2026, and Dec. 11. 2026**, Fannie Mae will implement updates to Desktop Underwriter® (DU®) Version 12.1, which will include the changes described below. Unless otherwise noted below, the changes in these releases will apply to DU V. 12.1 loan casefiles submitted or resubmitted on or after the evenings of Nov. 13, 2026, or Dec. 11, 2026.

The changes in this release include the following:

- Potential Red Flags
- DU Validation Service
- Enhanced HTML and Enhanced PDF DU Underwriting Findings Report Retirement
- Updates to Align with the *Selling Guide*

Potential Red Flags

On the **evening of Nov. 13, 2026**, the following message will be issued using additional information related to the borrower's housing and rental property history, financial profile, and/or the characteristics of the subject property.

Potential Red Flags

1. The following red flags related to occupancy have been identified. Msg 3969

Message Identifier	Message Text
OCC-03	Based on external data, information on the loan application, and the borrower's history of managing rental properties, this loan has an elevated risk of an inaccurate occupancy type. The lender should document its review of occupancy information and any supporting information used to confirm the occupancy designation. If the primary occupancy was not confirmed, update the occupancy to investment and resubmit the loan casefile to DU.

(Added Nov. 10, 2026) On the **evening of Dec. 11, 2026**, OCC-03 (shown above) will be updated to include additional scenarios that have an elevated risk of an inaccurate occupancy type. A new message will also be added that will specify any fraud alerts on the loan casefile. An example of the red flag alert message is shown below.

Potential Red Flags

1. The following red flags alerts have been identified. Msg 3981

Message Identifier	Message Text
RFA-01	This loan casefile has characteristics related to Fannie Mae's Fraud Alert: Income and Valuation Misrepresentation Activity in New York (published Sept. 10, 2026). Confirm the accuracy of the appraisal, income, and property tax information. Refer to the specific fraud alert for additional red flags and recommended actions.

> ***Note**: The DU Potential Red Flag Matrix will be updated on the release weekends to reflect changes.*

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DU Validation Service (updated Nov. 10, 2026)

The DU validation service will be updated with the following changes, effective on the dates specified below.

Current Employment History for Fixed Base Income

The DU Version 12.1 Sept. Update enhanced current employment history requirements for fixed base Income using a verification of income and employment report. These current employment history requirements will be updated further to require the borrower to have at least 12 months of employment with their current employer for borrowers that indicate on the loan application that they are employed by a family member, property seller, real estate agent, or other party to the transaction.

The following summarizes the current employment requirements that will be applied for borrowers with fixed base income for DU loan casefiles created on or after the weekend of Nov. 14, 2026.

Income Type	Employed by a Family Member or Interested Party?	Current Employment History Requirement
Fixed Base Income	No	▪ At least 3 months of current employment, and ▪ At least 12 months of total employment history (current and prior employment combined).
	Yes	▪ At least 12 months with the current employer

Enhanced Employer Name Matching (added Nov. 10, 2026)

Further updates will be made to enhance the ability to match the employer name in the loan application to the employer name on the verification of employment, verification of income and employment, or asset verification report.

These updates will be effective for the following:

- For loan casefiles using a verification of employment or verification of income and employment report, the update will apply to loan casefiles submitted or resubmitted on or after the weekend of **Nov. 13, 2026**.
- For loan casefiles using an asset verification report, the update will apply to loan casefiles created on or after the weekend of **Dec. 11, 2026**.

Employment and Income Validation (added Nov. 10, 2026)

Updates will be made to improve the validation of employment and income using information available in asset verification reports. When determining attributed gross monthly income for purposes of employment and income validation, the DU validation service considers factors such as recency, regularity, and overall length of the income stream. It will now consider a shorter history of deposits and more flexibility in payment frequency to support validation of income for Social Security, VA benefits, long-term disability, pension, and military income.

These updates will be effective for the following:

- For Social Security, VA benefits, long-term disability, and pension income, these updates will apply to loan casefiles submitted or resubmitted on or after the weekend of **Dec. 11, 2026**.
- For military income, these updates will apply to loan casefiles created on or after the weekend of **Dec. 11, 2026**.

Enhanced HTML and Enhanced PDF DU Underwriting Findings Report Retirement (updated Nov. 10, 2026)

The DU Version 12.1 September Update release notes specified that on **Nov. 30, 2026**, the enhanced HTML and enhanced PDF versions of the DU Underwriting Findings report will be retired. Based on feedback received, this retirement is being delayed. A

new retirement date for these versions of the DU Underwriting Findings report will be determined and announced in the first quarter of 2027.

Updates to Align with the *Selling Guide*

The following updates will be made to DU Version 12.1 on the evening of **Dec. 11, 2026**.

Income Messaging

Selling Guide Announcement SEL-2026-09 removed the specific methods lenders must use to satisfy the verbal verification of employment requirement and updated the income continuance requirement to be based on the application date instead of the note date. DU will be updated to support these changes. Several other DU income messages will also be updated to be clearer and more concise.

Miscellaneous Message Text Changes

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

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