

Desktop Underwriter (DU) Version 11.0 Sept. Update

Integration Impact Memo

Aug. 11, 2021

Updated Aug. 26, 2021

During the **weekend of Sept. 18, 2021**, Fannie Mae will implement an update to Desktop Underwriter® (DU®) Version 11.0. The changes in this release will apply to DU Version 11.0 loan casefiles **submitted or resubmitted** on or after the weekend of Sept. 18, 2021.

Please review the following updates, in addition to the [Release Notes](#), to ensure that your integrated system(s) will be prepared to support this release.

Aug. 26, 2021: This Integration Impact Memo has been updated to reflect the following:

- **Support of the Updated Uniform Residential Loan Application:** Additional information related to the DU Spec Version 1.8.2 errata update available on the [Technology Integration page](#).

New, Modified, and Retired DU Underwriting Findings Messages

This release will introduce new, modified, and retired messages that are displayed in the DU Underwriting Findings report. The “draft” DU message file will be sent on Aug. 11, 2021 from Integration News (integration_news@fanniemae.com).

How will this affect my integrated system(s)?

Integrated systems that parse the DU Underwriting Findings Codified Findings (XML file) or report data file (RES file) may require updates to support the message changes. Integrated systems parsing the DU Underwriting Findings via the DU Messages API may also require updates to support the message changes. Reference the table below for a preliminary assessment of the expected message changes.

New Messages	Modified Messages	Retired Messages
20	9	1

Positive Rent Payment History Added to DU Risk Assessment

As specified in the Release Notes, beginning the weekend of Sept. 18, DU will attempt to use the borrower’s positive rent payment history in the credit risk assessment when a 12-month Verification of Asset (VOA) report is obtained by the lender. Refer to the Release Notes for details about this enhancement, including the eligibility criteria and expected messages.

As with DU validation service transactions today, the lender will need to enter the Reference ID for the VOA report in the DU:VerificationReportIdentifier element and the VOA report provider in the DU:VerificationReportSupplierType element of the MISMO v3.4 file so DU is able to obtain the VOA report in order to include the rent payment history in the credit risk assessment.

Integrated systems that facilitate the ordering of verification reports should ensure that users can order a 12-month VOA report. DU validation service currently requires a 60-day VOA report to validate assets, so it may not be possible to order a 12-month VOA report through the Loan Origination System.

Lenders may also need to establish a relationship or update their agreements with a DU validation service [VOA report vendor](#) so that they can order the 12-month VOA report. All DU validation service VOA report vendors offer a 12-month VOA report. In addition, lenders may need to adjust their workflow to order a 12-month VOA report before the loan casefile is submitted to DU.



Alternatively, lenders may look for the presence of message POTENTIAL-ORBS-BENEFIT, Message ID 15. This message indicates that the loan casefile may be able to receive a more favorable recommendation if a VOA report that includes the borrower’s rent payment history is obtained. If this message is returned from DU, lenders may want to order a 12-month VOA report and resubmit the loan casefile to DU.

MISMO v3.4 XML Examples:

```
<DU:UNDERWRITING_VERIFICATIONS>
  <DU:UNDERWRITING_VERIFICATION xlink:label="VERIFICATION_0_0">
    <DU:VerificationReportIdentifier>123456789</DU:VerificationReportIdentifier>
    <DU:VerificationReportSupplierType>ApprovedVendor</DU:VerificationReportSupplierType>
  </DU:UNDERWRITING_VERIFICATION>
</DU:UNDERWRITING_VERIFICATIONS>
```

DU:UNDERWRITING_VERIFICATIONS	
DU:UNDERWRITING_VERIFICATION	
xlink:label	VERIFICATION_0_0
DU:VerificationReportIdentifier	123456789
DU:VerificationReportSupplierType	ApprovedVendor

Support of the Updated Uniform Residential Loan Application

The DU V. 11.0 September Update Release Notes specified changes being made to support the updates made to the loan application data in the [DU Specification MISMO v3.4 \(DU Spec\) version 1.8.2](#) that was initially published on June 29, 2021 and updated on August 10, 2021 and August 26, 2021. The Data Points below are related to the enhancements referenced in the Release Notes. Refer to the DU Spec V. 1.8.2 for additional information.

DU Enhancement Item	Unique ID	MISMO 3.4 Data Point Name
New Credit Types: <ul style="list-style-type: none"> Builder Developer Real Estate Agent 	5.0270	PurchaseCreditSourceType
New Credit Types: <ul style="list-style-type: none"> Employer Affiliate Lender Affiliate Other Interested Party 	5.0271	PurchaseCreditSourceTypeOtherDescription
Self-employment Income See Note below.	4.0126 4.0014 4.0026 4.0027	EmploymentMonthlyIncomeAmount OwnershipInterestType IncomeType CurrentIncomeMonthlyTotalAmount
New Energy Message	2.0033	EnergyRelatedImprovementsIndicator
Source of Gifts or Grants	5.0187	FundsSourceType
Source of Subordinate Financing	16.0035	FundsSourceType
Real Estate Information	15.0010	PropertyUsageTypeOtherDescription

Note regarding Self-employment Income

As specified in the Release Notes, DU will now use the Gross Monthly Income (IncomeType) as the qualifying income for a self-employed borrower when the ownership share is less than 25%. To provide lenders ample time to implement this change, if there is no Gross Monthly Income (IncomeType) associated with a borrower who has an ownership share less than 25%, the borrower’s Monthly Income (or Loss) (EmploymentMonthlyIncomeAmount), when available, will continue to be used as qualifying income.



Updated Aug. 26, 2021: The following data points were updated in the DU Spec v1.8.2 errata published on Aug. 10, 2021. See the DU Spec v1.8.2 for details.

DU Spec Version 1.8.2 errata – Revisions			
Unique ID	MISMO v3.4 Data Point Name	DU Supported Enumerations	Update(s)
17.0024	PurchaseCreditTypeOtherDescription	BorrowerPaidFees	Conditionality Statement DU Legacy Reference Mapping Implementation Notes DU Supported Enumeration. DU will no longer accept BorrowerPaidFees and will use PurchaseCreditSourceType of BorrowerPaidOutsideClosing in the loan application submission file.
4.0026 4.0027	IncomeType CurrentIncomeMonthlyTotalAmount		DU Spec v1.8.2 errata: Corrected Conditionality Statement for Government loans to remove reference to OwnershipInterestType and EmploymentBorrowerSelfEmployedIndicator = true.
3.0001	MortgageType	USDARuralDevelopment	USDARuralDevelopment will not be removed from DU and the DU Spec, as previously communicated.
4.0311 4.0312	DU:ForeignIncomeIndicator DU:SeasonalIncomeIndicator		DU Spec v1.8.2 errata: Removed reference to Self Employed Indicator in the Conditionality Statement.
5.0244	PurchaseCreditType		DU Spec v1.8.2 errata: Corrected Conditionality Statement: "IF PurchaseCreditAmount exists AND PurchaseCreditSourceType does not exist."
5.0270	PurchaseCreditSourceType	BorrowerPaidOutsideClosing BuilderDeveloper Other RealEstateAgent	New for DU Data Point and Enumerations DU will no longer accept PurchaseCreditTypeOtherDescription of BorrowerPaidFees and will use BorrowerPaidOutsideClosing in the loan application submission file. DU Spec v1.8.2 errata: Corrected Conditionality Statement: "IF PurchaseCreditAmount exists AND PurchaseCreditType does not exist" and removed related Implementation Notes.



13.0022	CommunitySecondsRepaymentType	DeferredFullyForgiven DeferredNotFullyForgiven NonDeferred	<p>DU Spec v1.8.2 errata: New Implementation Note:</p> <p>The Deferred options would only be used if the repayments are deferred for five years or more. NonDeferred would be used when any payment is required within the first five years.</p>
15.0010	PropertyUsageTypeOtherDescription		<p>DU Spec v1.8.2 errata: Conditionality Change: Conditionally Required if exists.</p> <p>These values are supported by DU and will be used in applicable calculations:</p> <p>Commercial Farm Land Multifamily</p> <p>When the property is commercial, multifamily, land, or a farm, enter the applicable description in the PropertyUsageTypeOtherDescription (i.e., commercial, multifamily, land, farm).</p>

Providing FIPS Code to DU

As a reminder, when providing the Federal Information Processing Standard (FIPS) code to DU, the FIPS code must include the state number as the first two digits, the county number as the next three digits, and the census tract number as the last six digits.

The following data points from the DU Spec 1.8.2 must be provided in order for a complete and valid FIPS code to be sent to DU.

Unique ID	MISMO v3.4 Data Point Name
16.0038	FIPSStateNumericCode
16.0039	FIPSCountyCode
16.0040	CensusTractIdentifier

Release Support

DU Version 11.0 September update will be implemented in the DU integration environment no later than Sept. 1, 2021. Integration partners will be notified via e-mail from Integration News (integration_news@fanniemae.com) after implementation.

If you have questions about the integration impact or if you require support specific to this release, contact [Integration Support](#). For more information about DU, visit the [DU & DO web page](#) and contact your Fannie Mae Technology Development Manager or your Digital Alliance Manager.