

# Desktop Underwriter/Desktop Originator Release Notes

## DU Version 11.1 July Update

May 29, 2024

During the **weekend of July 20, 2024**, Fannie Mae will update Desktop Underwriter® (DU®) Version 11.1, which will include the changes described below. Unless specified below, the changes in this release will apply to DU Version 11.1 loan casefiles **submitted or resubmitted** on or after the weekend of July 20, 2024.

The changes in this release include the following:

- Mission Index Information
- Duty to Serve Update
- Potential Red Flag Occupancy Message
- Loan Application Data Validation Updates
- Updates to Align with the *Selling Guide*

### Mission Index Information

In support of the [Mission Index](#) announced earlier this year, Fannie Mae is updating DU to help lenders identify potential mission-oriented opportunities.

DU will issue an Observation message identifying the preliminary Mission Index information for the loan, which is the sum of the three categories below:

- **Income:** This category will receive a 1 when the total qualifying income is 80% or less of the applicable area median income (AMI) for the subject property's location.

*Note: DU is not able to determine if the loan meets the Affordable Rental criterion as the rent per unit and the number of bedrooms per unit is not data that is available in the loan application.*

- **Borrower:** This category will receive a 1 when one of the following is met:
  - At least one borrower on the loan is a first-time homebuyer and the total qualifying income is 100% or less of the applicable AMI, or
  - the borrower currently resides in an underserved market.

*Note: For the underserved market criterion, DU will determine if the borrower's current address is in a High Poverty Area census tract, defined as any census tract with a poverty rate of at least 20% as measured by the five-year data series available from the American Community Survey.*

- **Property:** This category will receive a 1 when one of the following is met:
  - The property is in a high-needs rural area; or
  - the total qualifying income is 100% or less of the applicable AMI and at least one of these conditions is met:
    - the property is a manufactured home, or
    - the property is in a:
      - minority census tract,
      - low-income census tract, or
      - designated disaster area census tract.



The Mission Index is used to determine the eligibility of a loan for mission-related products or to disclose the Mission Criteria Share and Mission Density Score of a pool of loans and may help inform decisions regarding the best execution for secondary market sales. If information or circumstances change with respect to such mortgage loans, the final value used for the Mission Index may change.

**Note:** If DU is not able to determine the census tract in which the subject property is located, a preliminary Mission Index will not be provided. If a FIPS code is provided in the loan application data, it will not be used to determine the AMI or subject property information used in establishing the preliminary Mission Index. DU will issue a message that a census tract could not be determined.

## Duty to Serve Update

The Observation messages specifying that the loan casefile appears to meet the Duty to Serve eligibility requirements will no longer be issued on cash-out refinance loan casefiles. The messages will also be updated to remove the requirement for Special Feature Code 874 to be provided when the loan is sold to Fannie Mae as SFC 874 is now automatically derived at loan delivery.

## Potential Red Flag Occupancy Message

A new message will be issued reminding lenders to confirm the accuracy of the occupancy on the loan casefile. This message will be issued when the loan is submitted as an investment property and later changed to a primary residence.

## Loan Application Data Validation Updates

Data validations performed when a loan application is submitted to DU will be updated to better align with current error handling, and to help simplify parsing of error scenarios. Additional details are available in the [Data Validation Update Integration Impact Memo](#), published on April 17, 2024.

**Note:** These changes will apply to new loan casefiles created on or after July 20, 2024.

## Updates to Align with the Selling Guide

### Housing Choice Voucher Homeownership Program

*Selling Guide* Announcement SEL-2024-03 clarified Housing Choice Voucher Homeownership Program (more commonly known as Section 8) requirements. The DU message will be updated to reflect these clarifications.

### Appraiser Credential Requirements

DU will issue a new message on loan casefiles where the loan amount is \$1,000,000 or more, requiring that the lender confirm the appraiser credential is Certified Residential or higher.

### 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 Fannie Mae Business Account Management Solutions (BAMS) 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.