

# Desktop Underwriter/Desktop Originator Release Notes

## DU Version 12.0 May Update

March 19, 2025

During the **weekend of May 17, 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 May 17, 2025, except for the Condo Project Manager™ changes.

The changes in this release include the following updates:

- Condo Project Manager
- Value Acceptance
- Refinance of Fannie Mae Loans
- Area Median Income Limit Message
- Updates to Align with the *Selling Guide*

### Condo Project Manager

DU will now provide condo project information from Fannie Mae's Condo Project Manager (CPM™) in the Property and Appraisal Information section of the DU Underwriting Findings report. CPM is a free, web-based tool that enables lenders to quickly and easily determine if a condo project has a Fannie Mae status or delivery restriction. CPM must also be used to certify new and established condo projects under the lender-delegated Full Review process.

**Note:** The CPM information will only be provided on new DU V. 12.0 loan casefiles created on or after **June 23, 2025**.

### Project Matching

For DU to determine the project in which the property is located, either a CPM ID or a complete property address along with the project name must be provided. DU will provide the following messages based on the ability to match the property to a project in CPM.

- When a project match occurs using the project name and property address, a message will be issued specifying the project name and associated CPM ID.
- When the project match occurs using the CPM ID, a message will be issued specifying the project name.
- When the project match occurs based on the project name, and there are multiple projects with similar names in CPM, a message will be issued specifying the project name that is the closest match.
- DU will also issue a message when a match to a project cannot be found. This message will instruct the lender to request that the project be added to CPM, or to provide the CPM ID and resubmit the loan casefile to DU.

**Note:** When neither the CPM ID nor the complete address with a project name are provided, DU will not attempt to contact CPM. A message will be issued reminding the lender that for DU to determine the project in which the property is located, the CPM ID or the project name and complete property address must be provided.

### CPM Information

When a match to a project in CPM is found, DU will issue messaging regarding the status of the project in CPM, and the eligibility of the project and transaction based on information returned by CPM.



## Status Information

DU will return the following Fannie Mae status messages:

- **Approved by Fannie Mae:** The message will specify that the project has an Approved by Fannie Mae status and that the lender must validate that the project and unit have the required insurance coverage.

***Note:** Loans that receive a CPM Approved by Fannie Mae status message in DU will retain the Approved by Fannie Mae status up to the credit report expiration date specified on the DU Underwriting Findings report. If the lender changes the CPM ID, project name, address (state or zip code), or credit report in DU, the project eligibility status may change and result in the loss of the CPM Approved by Fannie Mae status message.*

- **PERS Required for new projects in Florida:** The message will specify that the project is required to be submitted for consideration under the Project Eligibility Review Service (PERS) process and must have a valid Approved by Fannie Mae status in CPM as of the note date.
- **Unavailable:** The message will list the specific reason(s) the project has an Unavailable status in CPM. This project status will cause DU to issue an Ineligible recommendation.

DU will return the following lender-specific status messages when there is no Fannie Mae decision in CPM:

- **Not Certified by Lender:** The message will indicate that a Full Review with a valid Certified by Lender status is required.
- **Certified by Lender:** The message will indicate that the lender currently has an active Certified by Lender status.
- **Guide Ineligible:** The message will indicate that the lender currently has a Guide Ineligible status for this project in CPM, and a Full Review with a valid Certified by Lender status is required.
- **Guide Ineligible and Certified by Lender:** The message will indicate that the lender currently has Certified by Lender and Guide Ineligible statuses for different phases in this project, and a Full Review with a valid Certified by Lender status for the project or subject phase is required.

## CPM Delivery Restrictions

CPM delivery restrictions will be specified in the DU Underwriting Findings report. Loan casefiles that do not meet the delivery restrictions in place on the project, specifically exclusions on occupancy types, loan purpose, or LTV/CLTV requirements, will receive an Ineligible recommendation. The message will specify the delivery restriction that is causing the Ineligible recommendation. For example, if loans in a project are limited to certain occupancy types or LTV ratios (e.g., principal residences only or maximum LTV ratios of 90%), the message will specify those limitations.

Other CPM delivery restrictions will not impact the DU recommendation but may require the lender to confirm the loan meets the specified restrictions for the loan to be eligible for sale to Fannie Mae. For example, if a project has a delivery restriction requiring a lender to confirm there are no damages to the project from a disaster, the lender must take steps to confirm that the project was either not impacted by the disaster or that any material damage was remediated.

## Value Acceptance

Currently when DU determines that a loan casefile is eligible for value acceptance, value acceptance + property data, or a hybrid appraisal, the Construction Loan Type in the loan application data is not taken into consideration. With this update, loan casefiles with a Construction Loan Type of Construction-to-Permanent will not be eligible for value acceptance, value acceptance + property data, or a hybrid appraisal. This will align DU with the *Selling Guide* where “proposed construction” is specified as ineligible for these property assessment and valuation options.



**Note:** Any DU loan casefile with a Construction Loan Type of Construction-to-Permanent that was eligible for value acceptance (appraisal waiver), value acceptance + property data, or a hybrid appraisal prior to May 17 will lose that eligibility if the loan casefile is resubmitted after the weekend of May 17.

## Refinance of Fannie Mae Loans

There are messages in DU that look for Fannie Mae as the Owner of Existing Mortgage, as provided in the loan application data. Messages regarding eligibility for sale to Fannie Mae are issued on limited cash-out refinance transactions with LTV ratios over 95%, and messages regarding project review requirements are issued on condo transactions.

When DU can identify that the borrower's existing mortgage loan is a Fannie Mae loan, the lender will no longer need to document that the loan being refinanced is currently owned by Fannie Mae for LTV ratios over 95% and certain condo transaction eligible for a waiver of the project eligibility review.

## Area Median Income Limit Message

The message that specifies the Area Median Income (AMI) for the area in which the property is located will be updated to also include the version of the AMI used by DU. For example, if the loan casefile was created on or after May 19, 2024, the 2024 AMI will be used and “2024” will be shown in the message; if created prior to May 19, 2024, “2023” will be shown in the message as the AMI file used.

## Updates to Align with the *Selling Guide*

### Temporary Interest Rate Buydowns

*Selling Guide* Announcement SEL-2024-05 clarified what is considered a moderate interest rate buydown. A new message will be issued on loan casefiles with temporary interest rate buydowns reminding lenders what is considered a moderate interest rate buydown, what is considered a significant interest rate buydown, and what Special Feature Code (SFC) should be provided at loan delivery in each case.

### Leasehold Provisions

*Selling Guide* Announcement SEL-2024-07 revised and clarified requirements for properties subject to leasehold estates. The message issued on loan casefile for leasehold estates will be updated to remind lenders to verify that the unexpired term of the ground lease exceeds the maturity date of the loan by five years or more.

### Manufactured Homes Project Review

*Selling Guide* Announcement SEL-2024-07 clarified policy to resolve inconsistencies related to when a manufactured home requires submission to Project Eligibility Review Service (PERS). The messages issued on single-width manufactured homes in a project will be updated to reflect these clarifications.

### Limited Cash-out Refinances

*Selling Guide* Announcement SEL-2024-08 added two exceptions to the requirement that at least one borrower is an owner (on title) of the subject property at the time of the initial application for a limited cash-out refinance. The message issued on limited cash-out refinance transactions will be updated to remind lenders to refer to the *Selling Guide* for these exceptions.

## Homeownership Education on Loans for Borrowers without Credit Scores

With DU V. 12.0 updates were made to the eligibility requirements for borrowers without credit scores. On these loans when at least one borrower has a minimum of one credit account or installment account reported on their credit report, the loan is



subject to standard eligibility guidelines. With DU V. 12.0 the message requiring homeownership education was no longer issued on loans where no borrowers had a credit score but one borrower had at least one account on their credit report.

DU will now issue the message requiring homeownership education for all purchase loan casefiles when no borrower on the loan has a credit score, regardless of any accounts reported on their credit report.

**Note:** Any purchase loan casefile where no borrower has a credit score resubmitted after the weekend of May 17 will include the message requiring homeownership education. Lenders must ensure that at least one borrower on the loan completes homeownership education prior to loan closing for purchase loans for borrowers without credit scores, even those submitted prior to May 17 and not resubmitted after the weekend of May 17. Refer to the *Selling Guide* for more information.

## Rental Income

The *Selling Guide* states that if the borrower does not own a principal residence and does not have a current housing expense, rental income from the subject property cannot be used, and rental income from a new non-subject property (new or newly placed in service less than a year) cannot be used.

The following updates will be made in DU to remind lenders of this requirement:

- The documentation messages for subject rental income and non-subject rental income will be updated.
- The message issued requiring the amount of the rental housing expense to be verified and documented will also be issued on 2- to 4-unit principal residence transactions.
- A new message will be issued when the borrower does not have a present housing expense disclosed on the loan application and subject property rental income provided on the loan application is used to qualify the borrower.

## Other Employment Income

The message issued when an employment income type of Other is provided on the loan application will now be issued anytime that income type is provided for the primary employment for a borrower who is not self-employed. This message will also be updated to remind lenders that if the other employment income is business income and the borrower's ownership share is less than 25%, the most recent two years of signed individual federal income tax returns and the most recent two years of IRS Schedule K-1 need to be obtained.

The messages issued on second jobs for borrowers who are not self-employed will also be updated with this same reminder.

**Note:** Any employer on the loan application where the borrower has indicated they are self-employed but the ownership share is less than 25% are not considered self-employed by DU.

## 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 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.