

# Desktop Underwriter/Desktop Originator Release Notes

## DU Version 12.1 June Update

April 29, 2026

Updated June 17, 2026

During the **evening of June 26, 2026**, Fannie Mae will implement an update to Desktop Underwriter® (DU®) Version 12.1, which will include the changes described below. Unless otherwise noted below, the changes in this release will apply to DU V. 12.1 loan casefiles submitted or resubmitted on or after the evening of June 26, 2026.

**Note:** Going forward, DU updates will move from Saturday evenings to Friday evenings. This shift is enabled by continued improvements in platform resiliency and supporting technology and allows our partners additional time to review updates and prepare their systems before normal business hours resume.

The changes in this release include the following updates:

- DU Risk and Eligibility Assessment (**added June 17, 2026**)
- Income Messaging
- Qualifying Interest Rate
- Updates to Align with the *Selling Guide*
- DU Validation Service

### DU Risk and Eligibility Assessment (**added June 17, 2026**)

As part of normal business operations and prudent risk management, we regularly review and update the DU risk assessment based on the latest market conditions and loan performance data. These updates are intended to ensure mortgages are safe and sustainable both for homeowners and for Fannie Mae; and enable us to continue to provide a steady and stable source of mortgage financing.

The DU risk and eligibility assessment will be updated, including a modification to DU's minimum credit risk standards. We anticipate that these changes will result in a moderate reduction in the number of loan casefiles that receive an Approve/Eligible recommendation.

**Note:** These updates will only apply to new loan casefiles created on or after **June 27, 2026**.

### Cash Flow Assessment

DU currently conducts a cash flow assessment, which positively supplements the credit risk assessment and satisfies the documentation requirement for nontraditional credit references for borrowers without a credit score. This cash flow assessment process will be updated to further improve DU's ability to identify and use a borrower's cash flow history to positively impact the DU risk assessment.

As a reminder, to be eligible for the cash flow assessment in DU:

- The lender must obtain an asset verification report with 12 months of bank data through an authorized DU validation service asset verification report vendor and confirm the borrower is an account holder.
- At the time of loan origination, the originating lender must have access to the full asset verification report containing the data covering the timeframe provided to DU for the cash flow assessment.



## Income Messaging

*Selling Guide* Announcement [SEL-2026-02](#) updated Chapter B3-3, Income Assessment of the *Selling Guide* to make it more consistent and easier to navigate. The updates introduced new policies, policy changes, and clarifications to improve clarity and consistency. The DU income messages will be updated to reflect the changes, including the removal of specific second job messages. Income documentation requirements will be based on each employment and income type, not on whether the employment is the borrower's primary or secondary employment.

## Equalization Payment Income

*Selling Guide* Announcement SEL-2026-02 also added requirements for Equalization Payments, which is being added as an income type in DU. To include an equalization payment as income, 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 Equalization Payment.

Income Source	Monthly Income
Other ▼	
Description	
Equalization Payment	

DU will include the monthly income provided in the total income and issue a verification message reminding the lender to verify the amount and continuity of the income.

## Qualifying Interest Rate

Currently DU calculates the qualifying rate for an ARM using the type of Generic ARM provided and the qualifying rate requirement specified in the *Selling Guide*. DU will only use the qualifying rate provided in the loan application data if the loan is being underwritten using a Lender ARM plan (an ARM plan number not recognized by DU as a Fannie Mae ARM plan).

As there are times when a lender may need to qualify the loan at a rate higher than what is specified in the *Selling Guide*, DU will now use the qualifying rate entered in the ARM Qualifying Rate field on Generic ARM plans when that rate is higher than the calculated qualifying rate specified in the *Selling Guide*.

**Note:** DU will continue to use the value entered in the ARM Qualifying Rate field when a Lender ARM Plan is provided, even if that value is lower than the value calculated by DU.

## Updates to Align with the *Selling Guide*

### Condo Project Messaging

Lender Letter [LL-2026-03](#) announced various updates to project standards policies. DU will be updated to reflect the changes, including the retirement of the limited project review message. Condo Project Manager™ messages issued in DU will also be updated to reflect these changes and to provide clarity and consistency where needed.

### First-time Homebuyer

When the loan application indicates that a borrower is a first-time homebuyer and there is information on the loan application that may contradict that declaration, DU will issue a new message. This message will specify that based on the loan application and/or credit report, the first-time homebuyer has been associated with a mortgage, HELOC, or another residential property, and



that the lender must confirm the accuracy of the borrower declarations and resubmit the loan casefile to DU if any changes are needed.

## Uniform Appraisal Dataset 3.6

As lenders must transition to Uniform Appraisal Dataset (UAD) 3.6 no later than Nov. 2, 2026, two new messages will be added referencing this transition. One message will be issued when no Doc File ID is provided, and the other will be issued when the Doc File ID provided is one associated with a UAD 2.6 appraisal. Both messages will remind lenders to begin the transition to UAD 3.6 as early as possible to take advantage of expanded eligibility guidelines only available using UAD 3.6, and to ensure compliance by the Nov. 2, 2026, mandate.

## Miscellaneous Message Text Changes

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

## DU Validation Service

Unless otherwise stated, the changes listed below will apply to new DU V. 12.1 loan casefiles created on or after the weekend of **June 27, 2026**.

## Income Validation for Borrowers with Multiple Employers

Currently, when a borrower reports multiple employers and an employment and income verification report, asset verification report, or tax return transcript is obtained by DU, DU evaluates the borrower's employment income by type on a combined basis across all employers. DU then issues messages indicating whether each income type has been validated.

For loan casefiles where a borrower reports multiple employers, DU will now attempt to validate reported income by income type for each employer individually. DU will continue to issue validation messages and will include both the employer name in DU and the employer name from the verification report.

## Employment and Income Validation using an Asset Verification Report

DU validation service will be updated to improve the evaluation of employment and income using information available in asset verification reports, as described below.

- When determining attributed gross monthly income, DU validation service considers factors such as recency, regularity, and the overall length of the income stream. It will now be updated to consider a shorter history of deposits to support validation of income.
- When an income stream is attributed to a borrower, DU validation service will now consider income earned in the most recent period and the length of time reflected in the available deposit history when calculating income.

In cases where DU validation service identifies an eligible income stream that cannot be matched to the borrower, the messaging will include the ACH description to support lender review.

## Enhanced Employer Name Matching

DU validation service will be updated to enhance the ability to match the employer name in the loan application to the employer name on the verification of employment or verification of income and employment report. As a reminder, when the employer name does not match, a message will specify the name of the active employer(s) observed in the verification report.

**Note:** This enhancement will apply to DU Version 12.1 loan casefiles and DU Version 12.0 loan casefiles submitted or resubmitted on or after the weekend of **June 27, 2026**.



## 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.