

Desktop Underwriter/Desktop Originator Release Notes

DU Version 12.1

Jan. 28, 2026

Updated Feb. 18, 2026

During the **weekend of March 21, 2026**, Fannie Mae will implement Desktop Underwriter® (DU®) Version 12.1, which will include the changes described below.

The changes in this release will apply to new loan casefiles submitted to DU on or after the weekend of March 21, 2026. Loan casefiles created in DU Version 12.0 and resubmitted after the weekend of March 21 will continue to be underwritten through DU Version 12.0.

The changes in this release include the following updates:

- Accessory Dwelling Units
- HomeStyle® Refresh
- HomeStyle® Renovation
- Manufactured Homes
- DU Validation Service (**added Feb. 18, 2026**)
- Updates to Align with the *Selling Guide*
- Retirement of DU Version 11.1

Accessory Dwelling Units

Selling Guide Announcement SEL-2025-08 amended our rental income policy to allow income from an accessory dwelling unit (ADU) to be considered towards qualifying income when specific requirements are met, and *Selling Guide* Announcement SEL-2025-10 expanded our ADU criteria.

DU will be updated to apply the updated requirements, specifically to allow ADU income on one-unit, principal residence, purchase and limited cash-out refinance transactions, including manufactured homes; and to determine if the amount of rental income used for qualifying purposes from the ADU exceeds 30% of the borrower's total qualifying income.

HomeStyle Refresh

Selling Guide Announcement SEL-2025-10 introduced HomeStyle Refresh, a rebranded version of the HomeStyle Energy mortgage. DU will determine that the loan casefile is a HomeStyle Refresh loan if “HomeStyle Refresh” is entered in the Product Description field.

When the loan casefile is underwritten as HomeStyle Refresh, DU will determine if the renovation costs exceed 15% of the appraised value using Line B. in L4. Qualifying the Borrower and/or the Energy Improvement Amount. DU will also issue messages reminding lenders to ensure the loan complies with specific HomeStyle Refresh guidelines and that the loan is delivered with Special Feature Code 892.

HomeStyle Renovation

Selling Guide Announcement SEL-2025-10 updated HomeStyle Renovation financing policies. These updates expanded eligible upfront disbursements, removed outdated cost caps for manufactured homes, and provided enhanced guidance on limited cash-out refinance transactions. DU will be updated to support these updated policies, specifically the removal of the \$50,000 cap on renovation costs for manufactured homes.



Manufactured Homes

Selling Guide Announcement SEL-2025-10 updated the following for lenders utilizing UAD 3.6 policy:

- Expanded manufactured housing eligibility to allow two- to four-unit and multi-story manufactured homes.
- Replaced the terms “single-width” and “multi-width” with the terms “single-section” and “multi-section.”

DU will be updated to reflect the terminology changes, and to include the following LTV ratios for purchase and limited cash-out refinance transactions:

MH Advantage® and Standard Manufactured Housing (including HomeReady®)

- MH Advantage 2- to 4-units: FRM/ARM 95% maximum LTV/CLTV/HCLTV (95% CLTV with Community Seconds loan)
- Manufactured Housing 2- to 4-units: FRM/ARM: 90% maximum LTV/CLTV/HCLTV (90% CLTV with Community Seconds loan)

MH Advantage and Standard Manufactured Housing High-Balance Mortgage Loans (including HomeReady®)

- 2-unit: FRM/ARM 85% maximum LTV/CLTV/HCLTV (85% CLTV with a Community Seconds loan)
- 3- to 4-units: FRM/ARM 75% maximum LTV/CLTV/HCLTV (75% CLTV with a Community Seconds loan)

Note: Two- to four-unit MH Advantage and manufactured homes will not be permitted on principal residence cash-out refinance transactions, second homes, or investment properties.

DU Validation Service **(added Feb. 18, 2026)**

The 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 DU 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 to DU Version 12.0 loan casefiles submitted or resubmitted to DU on or after the weekend of March 21, 2026.

Updates to Align with the *Selling Guide*

Rental Income

Selling Guide Announcement SEL-2025-08 aligned documentation requirements for loans with rental income reported on partnership or S corporation federal business tax returns using Form 8825 with those applicable to rental income reported on Schedule E of federal personal tax returns. The DU messages specifying the requirement for tax returns will be updated to reflect this alignment.

Adjustable-Rate Mortgage Update

Selling Guide Announcement SEL-2025-10 removed the 3% acceptability requirement for 7- and 10-Year ARMs. The DU ARM messages will be updated to reflect this change.

Housing Counseling

The DU message that informs the lender that the loan may be eligible for a Housing Counseling LLPA credit will be updated to clarify that the one-on-one housing counseling must be completed within 12 months prior to the loan closing date.



Base Income

The messages issued when base income is provided on the loan application will be updated to ensure those messages are not also issued when the borrower only provides Other Employment income as the Other Employment Income verification message informs the lender of the documentation needed to support that income.

Miscellaneous Message Text Changes

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

Retirement of DU Version 11.1

With the release of DU Version 12.1, DU Version 11.1 will be retired. Therefore, effective the weekend of March 21, 2026, customers will no longer be able to resubmit loan casefiles to DU Version 11.1. Customers will be able to view online loan applications and DU Underwriting Findings reports that were created under DU Version 11.1. To obtain an updated underwriting recommendation after the weekend of March 21, customers must create a new loan casefile and submit it to DU.

Note: *DU Version 11.1 loan casefiles would have been created prior to Jan. 11, 2025; therefore, those loan casefiles would have been created 14 months prior to the retirement of DU Version 11.1.*

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.