

Desktop Underwriter Validation Service Release Notes

March 6, 2024

On March 29, 2024, Fannie Mae will update the Desktop Underwriter® (DU®) validation service to allow for the digital validation of income and employment for casefiles submitted to DU which reference an eligible third-party asset verification report. This update will apply to new casefiles created on or after March 29, 2024.

Note: This enhancement is an option available to all lenders, though lenders must opt-in to be activated to have access to this functionality. DO lenders need their sponsoring lenders to opt in to receive this functionality.

Income and Employment Validation using Asset Verification Reports

The DU validation service is being updated to allow for income and employment validation using an asset verification report. This is the same asset verification report that can already be used to obtain asset validation and to enhance the credit risk assessment.

The new capability compares borrower income (wage and non-wage) and employment information in the loan application against deposits in an asset verification report’s transaction history. When a recurring deposit can be matched to a borrower’s income source, DU will validate the income when the income value calculated by DU supports the income provided by the lender on the loan application. Employment may also be validated when income can be calculated for the borrower’s wage income even if the calculated amount cannot be used to validate the lender provided income amount.

When income or employment is validated using an asset verification report, lenders receive relief from enforcement of related representations and warranties if the loan closes by the date specified in the DU messages and all other conditions of the DU validation service are met. The close-by-date in DU for income validation is equal to 4-months from the “current-as-of” date (the effective date of the report data) of the asset verification report. Similarly, the close-by-date for employment validation is equal to 15 calendar days.

Income Types Eligible for Validation from Authorized Providers

The following income types are eligible for income validation using an asset verification report obtained from an authorized provider. Wage income is also eligible for employment validation.

Wage Income & Employment	Non-Wage Income	Authorized Report Providers
<ul style="list-style-type: none"> ▪ Base ▪ Bonus ▪ Overtime ▪ Commission 	<ul style="list-style-type: none"> ▪ Alimony ▪ Child Support ▪ Disability ▪ Pension ▪ Social Security ▪ VA Benefit (Non-Education) 	<ul style="list-style-type: none"> ▪ AccountChek by Informative Research ▪ Blend ▪ Finicity, a Mastercard Company ▪ FinLocker ▪ Plaid ▪ PointServ

Employment Validation

A borrower’s employment may be validated when DU can attribute a direct deposit transaction history within the asset report data to a borrower’s employment income source entered in DU. When employment is validated, the validation satisfies the Selling Guide requirement for verbal verification of employment described in B3-3.1-07, *Verbal Verification of Employment*. If the loan will not close by the close-by date, employment validation can be updated if a lender obtains a more recent asset verification report and resubmits to DU for evaluation. If the updated asset data meets employment validation requirements, DU



will provide employment validation with an updated close-by-date 15-days from the current as of date of the new report. Note that this will result in a reevaluation of income validation based on the new asset verification report and could result in a new outcome such as the loss of income validation.

Alternatively, lenders can order a supplemental deposit-based verification report from the same report supplier that provided the initial report and manually confirm that evidence of the most recent deposit related to employment is present and that it matches the direct deposit description from the original asset verification report as referenced in the DU message. This manual employment confirmation process (outside of DU) will not result in relief from representations and warranties. For more information regarding *deposit-based verification reports*, a lender should contact their authorized report provider.

Any method described in in B3-3.1-07, *Verbal Verification of Employment* may be used to satisfy the Verbal Verification of Employment requirement in conjunction with validating income using the asset verification report.

Loan Eligibility

To be eligible for income and employment validation using asset verification reports, loans must meet the following criteria:

- Loan casefile must receive an Approve/Eligible recommendation from DU
- Loan casefile must have a debt-to-income ratio less than 45.000%

Opting in to the Capability

Income and employment validation using asset account data is being offered as an opt-in solution and is intended for lenders who leverage asset verification reports in their loan origination process and who can incorporate the validation achieved within their loan fulfillment process. In addition to the benefits achieved from digital validation (operational efficiencies), it is important for a lender to consider the following:

- **Data Provider Setup:** Participating lenders must have entered a contract for the services provided by an authorized report supplier or report distributor.
- **Data Requirements and Verification of Ownership:** Lender must request, from the report supplier, asset verification reports that contain a minimum of 12-months of account history for at least one borrower identified within the loan application.
- **Regulatory Compliance:** Lenders remain responsible for determining what documentation is needed to meet the lender's obligations under all applicable laws and regulations, including Ability to Repay and the Qualified Mortgage Rule. As with all loans, we provide no assurance to lenders that the loans meet these requirements, or any other obligation under applicable law.
- **Length of Asset Verification Report and Data Sent to DU:** A lender may receive the full asset verification report (including the entirety of the data provided to DU) or a shorter history (30- to 60-days), from their third-party data provider. In any case, lenders are required to have access to the larger data set referenced to DU at the time of origination.
- **Asset Verification Report Retention Requirements:** Lenders are responsible for retaining the asset verification report containing all data provided to DU in the loan origination file or meeting alternative requirements outlined in the Selling Guide for retaining access to the asset account data.
- **No Selective Application on Casefile Level:** If a lender opts in to the capability, then DU will attempt to evaluate all casefiles referencing an asset verification report for income and employment validation. A lender cannot selectively apply this feature on a casefile basis.



- **Activation Request:** Lenders are required to request activation to enable income and employment validation from asset account data. The activation request form can be found [here](#).

Referencing Asset Report Data to DU

Asset verification reports are referenced within the loan application submitted to DU as described within the DVS Reference Guide. There are no changes that a lender needs to make when referencing these reports to achieve verification of income or employment.

DU Messages

DU will return messages for each loan casefile where asset verification reports are referenced on the loan application and will inform the lender when these reports are used to support validation. The following table outlines the new and modified DU messages that may apply to income and employment validation when using an asset verification report.

New Messages		
Message ID	Lender Text	Parameters
3101	Asset account information may have been used to support the income and/or employment information provided on the online loan application.	(None, Fixed Type message)
3103	Income and/or employment cannot be supported using asset account information due to the following:	Reason
3107	The total income for this loan casefile of \$%a entered on the online loan application is supported using asset account information. The asset report from %a is acceptable documentation to support this income.	Total reported income on casefile Vendor
3489	DU observed that the submitted asset report(s) do not contain twelve months of transaction history. Therefore, this asset report(s) will be insufficient for employment-related income validation.	(None, Fixed Type message)
3735	Child support must be verified for %a with one of the following documents: divorce decree, separation agreement, court decree, any other legal agreement that describes the payment terms, or any applicable state law that requires such payments and specifies the conditions under which the payments must be made. The lender must verify the child support income will continue for at least three years. Refer to the Selling Guide for additional information.	Borrower



3737	Alimony must be verified for %a with one of the following documents: divorce decree, separation agreement, court decree, any other legal agreement that describes the payment terms, or any applicable state law that requires such payments and specifies the conditions under which the payments must be made. The lender must verify the alimony income will continue for at least three years. Refer to the Selling Guide for additional information.	Borrower
Modified Messages		
Message ID	Lender Text	Parameters
3299	DU received data from the vendor report(s) shown below.	Borrower Vendor and Rep Type Rep ID Rep Date Exp Date
3303	DU did not receive report data from the vendor(s) shown below.	Borrower Vendor and Rep Type Rep ID Reason
3305	DU validated borrower employment shown below. The specified report(s) is acceptable documentation to support this employment.	Borrower DU Employer Vendor and Rep Type Rep ID Employer Name in Rep Close-By Date
3307	DU could not validate borrower employment shown below for the reason provided.	Borrower DU Employer Vendor and Rep Type Rep ID Employer Name(s) in Rep Reason
3309	DU validated borrower income shown below. The specified report(s) is acceptable documentation to support this income.	Borrower DU Income Type Vendor and Rep Type Rep ID Income Source from Rep Validated Amount Close-By Date
3313	DU could not validate borrower income shown below for the reason provided.	Borrower DU Income Type Vendor and Rep Type Rep ID Income Source from Rep DU Reported Amount Reason
3319	DU matched vendor data to income source(s) based on the following components.	Borrower DU Income Type Vendor and Rep Type Rep ID DU Employer Employer Name in Rep Calculated Amount

Asset Data File Access

Lenders who have originated casefiles that are later delivered to Fannie Mae and for which an asset verification report was submitted to DU can utilize a Fannie Mae utility to download and retrieve the asset verification report data. This capability is offered to the lender whose casefile ID was used for the DU submission to assist them in support of their obligation to retain access to the asset account data if using an asset report to document income or employment. Access to this capability is available in Fannie Mae Connect through the *Asset Data File Access* report.

For More Information

For more information about the digital validation that is supported by asset verification reports, visit the DU validation service page for a complete listing of documents and materials available to lenders.