

Redesigned Form 1003 and Desktop Underwriter® (DU®) MISMO V3.4 Quick Guide

This quick guide is intended to answer common questions that lenders and brokers may have as they transition to the redesigned Form 1003 and DU MISMO v3.4. This document consolidates and clarifies information that has been previously communicated or provides steps for troubleshooting. There are no new requirements presented here. For policy questions, please refer to the Fannie Mae [Selling Guide](#).

We will update this guide periodically, so if you have more questions in the future, be sure to check back to see if your question has been added.

Contents

Access	2
a. Loan origination system users.....	2
b. Accessing DU/DO through the Fannie Mae website	2
c. Corporate/User Administrators	2
Common DU Errors	2
Covered topic(s): 118321 - subject property indicator, 118337 - subject property type, LOS import issue, 2%/\$2000 cash back messaging, non-occupant borrower/housing ratio, undrawn HELOC/CLTV, purchase price request on refinance, self-employed borrower - request for pay stub/W2	
File Formats.....	6
DU for Government	6
Covered topic(s): residual income calculations, entering tax data, DTI calculations, income/asset/credit/liability types, error when changing from VA to FHA/conventional loan	
URLA/Form 1003 Questions	8
Covered topic(s): Declaration 5a.A primary residence and ownership interest	
Mandate and Implementation Timeline	8
Help and Support	9

Access

1. How do I access DU to begin submitting the redesigned Form 1003/DU MISMO V3.4 file format?

a. Loan origination system users

If you use a loan origination system (LOS) to access DU/DO, you will continue to use your LOS to access DU to submit and review loans in the DU MISMO V3.4 file format. For further assistance with your specific LOS, please refer to your LOS vendor's instructions and/or contact your internal LOS administrator.

b. Accessing DU/DO through the Fannie Mae website

If you access DU/Desktop Originator® (DO®) through the user interface (UI) on www.fanniemae.com, loans using the legacy Form 1003 must be submitted and reviewed in the new DU UI.

What is the new DU UI? New DU is the application you will use to re-/submit and review loans using the redesigned Form 1003 and DU MISMO v3.4 format. It can be accessed by clicking the “Launch new DU interface” (or for brokers, “Launch new DO interface”) button on the [DU/DO page](#). You must have your own User ID to access the new DU; System IDs will not be accepted. If you are unsure whether the ID you currently use is a User ID or System ID, contact your Corporate Administrator or User Administrator for assistance.

What is the classic DU UI? Classic DU is the application you have always accessed by clicking the “Launch DU” (or for brokers, “Launch DO”) button on the [DU/DO page](#). It can now be accessed on the same page under “Classic user interfaces” by selecting “Launch DU” (or for brokers, “Launch DO”). This application is used for any re-/submissions or reviews of loans in the legacy Form 1003/DU file formats. You may use a System ID or User ID to access classic DU.

NOTE: *User IDs may **not** be shared. If someone attempts to log into DU using the same User ID, the original user will be logged out and their work will not be saved.*

For more assistance, refer to our [New DU Job Aids](#) and [Classic DU Job Aids](#)

c. Corporate/User Administrators

Please refer to our [Registering Users job aid](#) for more information. As a reminder, any time a lender or broker resets/updates the password for a User or System ID, they must also update their third-party vendor systems with the new credentials.

Common DU Errors

Quick Tip Don't use special characters (e.g., backslash \, accents á, ù, ê, ç, ï, ñ) when you enter your data. If you encounter an unexpected error, remove any special characters and try submitting again.

Not sure how to access the new DU user interface (UI) on FannieMae.com?

If you were a DU user prior to Nov. 1, 2020, you should be all set, but to find out:

- Launch the application from the [DU/DO page](#)
- Enter your existing DU credentials.
- If it works, great! You're in.

If you have trouble getting in, contact your Corporate/User Administrator to help you get a new User ID, change your password, or further troubleshoot.



2. I received the DU Underwriting checklist error **118321**: *At least one subject property indicator should be Yes*. What does this mean and how do I fix it?

This error is received for refinance transactions when the subject property has not been indicated under the appropriate data point in the asset structure or if more than one subject property has been indicated. The subject property indicator should be “Yes” only for one Owned Property, even if the borrower has declared multiple Owned Properties.

For users of the [New DU UI](#) on FannieMae.com, to correct this, review the Real Estate Owned information and make sure “This is the subject property” has been checked under the appropriate entry (see screenshot below).

For LOS users, the location of field(s) and the view you see will be different for each LOS. If you are unable to identify the correct location in your LOS, as a workaround, you may log into the [New DU UI](#) on a case-by-case basis and complete the step above to correct this. However, you should follow up with your internal LOS administrator to address any potential systemic issues in the LOS that may be causing this error.

For XIS users, the XML submission file shall include the *OwnedPropertySubjectIndicator* under the corresponding asset container for the subject property. The Boolean value shall be indicated as “true” along with other data points related to the subject property, please see the example below and consult the DU Spec for more information on the structure and data conditionality.

Example

```
<ASSET SequenceNumber="1" xlink:label="OWNED_PROPERTY_2">
  <OWNED_PROPERTY>
    <OWNED_PROPERTY_DETAIL>
      <OwnedPropertyDispositionStatusType>Retain</OwnedPropertyDispositionStatusType>
      <OwnedPropertyLienUPBAmount>98000.00</OwnedPropertyLienUPBAmount>
      <OwnedPropertyRentalIncomeGrossAmount>0</OwnedPropertyRentalIncomeGrossAmount>
      <OwnedPropertyRentalIncomeNetAmount>0</OwnedPropertyRentalIncomeNetAmount>
      <OwnedPropertySubjectIndicator>true</OwnedPropertySubjectIndicator>
    </OWNED_PROPERTY_DETAIL>
  </OWNED_PROPERTY>
  <PROPERTY>
    <ADDRESS>
      <AddressLineText>300 MAXSON HILL RD</AddressLineText>
      <CityName>Reston</CityName>
      <PostalCode>02804</PostalCode>
      <StateCode>RI</StateCode>
    </ADDRESS>
    <PROPERTY_DETAIL>
      <PropertyCurrentUsageType>PrimaryResidence</PropertyCurrentUsageType>
      <PropertyUsageType>PrimaryResidence</PropertyUsageType>
    </PROPERTY_DETAIL>
  </PROPERTY>
</ASSET>
```



3. I received the DU Underwriting checklist error **118337: Field LNC-040 (Subject Property Type Code) is missing from the 1003 file, or the property and/or project data element combinations are invalid in the MISMO 3.4 file. What does this mean and how do I fix it?**

You will receive this error if you have incomplete property type information or invalid property/project data combinations. DU uses the following fields in the MISMO V3.4 file to determine if the property is detached, attached, or a manufactured home; or in a condominium project, cooperative project, or planned unit development:

- AttachmentType: Attached or Detached
- ConstructionMethodType: Manufactured, Site Built, Other
- ConstructionMethodTypeOtherDescription: MH Advantage
- ProjectDesignType: High Rise Project
- PUDIndicator: False or True
- ProjectLegalStructureType: Condominium or Cooperative

When these fields are incomplete, or an invalid combination is provided (e.g., high-rise manufactured home), an Error will be issued, and DU will indicate that the property and/or project data element combinations are invalid in the MISMO 3.4 file.

Refer to the [Valid Property Type Combinations job aid](#) to see if your data will pass the DU check for valid combinations or for information about the location of these fields in the new DU UI. For LOS users, the location of field(s) and the view you see will be different for each LOS. If you are not sure where to find this information, contact your LOS provider for assistance.

4. When I try to export my loan casefile from the new DU UI and import it into my LOS, I receive an error. Why is this happening and how do I fix it?

When a user exports a loan casefile from the DU UI and imports it into their LOS, the import may fail due to a missing MISMO Reference Model Identifier value.

The workaround for this issue requires changes to the content of the XML file, as outlined below. This will need to be completed for each loan file. Complete the following steps to allow your LOS to import the file:

NOTE: *If you are unfamiliar with XML files, you may need assistance from your organization's support center to complete the steps below. If you need further assistance, contact your internal LOS administrator or LOS provider.*

1. Open the MISMO file and add the following line in the header section:

MISMOReferenceModelIdentifier="3.4.032420160128"

2. Save and import to your LOS. All files exported from DU UI will have the same header.

Example

```
<MESSAGE xmlns="http://www.mismo.org/residential/2009/schemas"
xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance"
xmlns:ULAD="http://www.datamodelextension.org/Schema/ULAD"
xmlns:DU="http://www.datamodelextension.org/Schema/DU"
MISMOReferenceModelIdentifier="3.4.032420160128" xmlns:xlink="http://www.w3.org/1999/xlink"
xsi:schemaLocation="http://www.mismo.org/residential/2009/schemas DU Wrapper 3.4.0 B324.xsd">
```

5. DU issued a message stating this case is ineligible because the amount of cash taken out of the subject property equity exceeds the limit of two percent of the loan amount or \$2,000 for limited



cash-out refinance. If the borrower is not receiving cash back with the transaction, what items on the loan application should I check for accuracy?

When this message is received, check the following, make any necessary updates, and resubmit the loan casefile to DU:

- Line D is not completed with the subject liens being paid off (only subject property liens being paid with the transaction can be included in line D).
- The mortgage(s) is being paid off with a transaction not marked paid by close.
- The mortgage(s) is being paid off with a transaction not associated to the subject.
- Line D and the balance of the mortgage(s) being paid off with the transaction must match.

6. I'm entering a loan with a non-occupant co-borrower and the housing ratio calculation is inaccurate. Why is this happening and how do I fix it?

The borrower and non-occupant borrower (NOB) both need to be considered primary borrowers in order for the NOB's housing expense to be taken into account in the housing-to-income (HTI) calculation (which is used in the risk assessment). When the borrowers are presented as borrower and co-borrower, DU makes the assumption that both borrowers share a housing expense. Therefore, the NOB's housing expense will not be used in the HTI calculation.

NOTE: *When both borrowers are primary borrower, individual (not joint) credit reports are required.*

7. Why is the undrawn home equity line of credit (HELOC) amount being included in the combined loan to value (CLTV)?

The following are potential causes for this issue:

- To calculate the undrawn amount, DU uses the HELOCMaximumBalanceAmount and the HELOCBalanceAmount from Section 3a for existing HELOCs and Section 4b for new HELOCs. If either amount is incorrect, this will impact the CLTV calculation. Review these amounts and correct them, as needed, to see if this resolves the issue.
- The TotalSubordinateFinancingAmount (which shows up in Line J of Section L4) is the amount of subordinate financing that will be used at closing and is included in the CLTV calculation. We have observed users providing the undrawn amount in this field, which is inaccurately inflating the CLTV. If you have done so, try removing the undrawn amount from this field to see if it resolves the issue.

8. I received a DU Underwriting checklist error 118309 that says "self-employed must be Y or N" for a specific borrower. Why is this error being issued and how do I get it cleared?

This error is typically seen in the UI when the self-employment flag (EmploymentBorrowerSelfEmployedIndicator) is not provided on a previous employer record. Complete the steps below to ensure that DU recognizes either a "Yes" or "No" response.

1. Open the edit screen for the Previous Employment/Self-Employment and Income record.
2. Click Yes or No for the "Check if you were the business owner or self-employed" radio buttons.
3. When finished, click "Save All Changes" and resubmit the loan for underwriting.



File Formats

9. Can I use the redesigned Form 1003 with the legacy DU file formats? Can I use the legacy Form 1003 with the DU MISMO V3.4 file format?

No. The Form 1003 version and DU file format must match. Lenders should continue to re-submit each loan casefile in the format in which it was originally submitted.

10. What if I discover on or after May 1, 2021, that I have a loan application using the legacy Form 1003 and DU file format that has not been submitted to DU?

Starting May 1, 2021, DU will not accept any new loan applications using the legacy Form 1003/DU file format. Lenders must recreate the application using the redesigned Form 1003 and DU MISMO v3.4 file format. This may require obtaining additional information from your borrower to ensure that you have all the data required by the redesigned Form 1003.

See the [Mandate and Implementation Timeline](#) section of this document for legacy DU file re-/submission deadlines.

11. When will DU stop underwriting FHA/VA loans that use the legacy Form 1003 and DU file formats?

See the [Mandate and Implementation Timeline](#) section of this document for legacy DU file re-/submission deadlines for both conventional and government loans.

12. Why is my LOS residual income amount different from what DU is calculating?

See next question.

13. Why am I only seeing Federal Tax included? Why aren't state/local/Social Security taxes being counted?

When entering tax data, you must add all the amounts for the various tax types and enter them as a total sum in the Federal Tax field. If you do not include them in the Federal Tax field, they will not be accounted for in the residual income calculated by DU.

New DU UI users

When entering the taxes on VA loans using the [New DU UI](#), add together the Federal Tax, State Tax, Local Income Tax, and Social Security Tax and enter as a combined sum in the Federal Tax field. All values entered in any other fields will not be used in underwriting the loan (see screenshot).

LOS users

For LOS users, the location of field(s) and the view you see will be different for each LOS. If you are unable to identify the correct location in your LOS, refer to your LOS-specific training or contact your internal LOS administrator. As a workaround, you may log into the

The screenshot shows a form titled "VA Only Loans - Ken C." with a table of tax fields. The fields are:

Taxes	Amount
Federal Tax	<input type="text"/>
State Tax	<input type="text"/>
Local Income Tax	<input type="text"/>
Social Security Tax	<input type="text"/>
Total Non-Taxable Income - Primary	<input type="text"/>
Total Non-Taxable Income - Other	<input type="text"/>
Total Taxable Income - Other	<input type="text"/>
Total Taxable Income - Primary	<input type="text"/>
Total Amount: \$0.00	

At the bottom of the form are buttons for "CLEAR ALL VALUES", "Cancel", and "Done".



[New DU UI](#) on a case-by-case basis to make this change. (See screenshot.)

For the submission file

All borrower taxes should be combined in the Loan Application Submission File as a total in the VAFederalTaxAmount (Unique ID 14.0002) data point for VA Loans.

14. Why is my debt-to-income (DTI) ratio off?

See next question.

15. I entered certain income/asset/credit/liability types on a VA/FHA loan I submitted to DU, and I don't see it being counted or shown on the findings. Why is this happening and how do I fix it?

The income, asset, credit, and liability types in Table 1 (below) will not be used on FHA or VA submissions to DU, and a warning message will be provided stating that the associated value was dropped. If lenders would like the associated values of these income, assets, credits, or liabilities to be included in the underwriting submission (in accordance with FHA and VA guidelines), a value of "Other" needs to be provided in the income, assets, credits, or liability section of the loan application.

Reminder

No new messaging specific to the new Form 1003 data fields will be issued at this time. Make sure you are following all FHA and VA guidelines, whether or not you receive a message from DU.

Table 1. Redesigned Form 1003 Fields Not Used in FHA/VA Submissions to DU

Form Component	Form Section	Form Field Name
Borrower Information	1b. Current Employment/Self Employment and Income	Gross Monthly Income, Contract Basis
	1e. Income from Other Sources	Housing or Parsonage Separate Maintenance
	2a. Assets – Bank Accounts, Retirement, and Other Accounts You Have	Individual Development Account Stock Options
	2b. Other Assets and Credits You Have	Assets <ul style="list-style-type: none"> • Proceeds from Sale of Non-Real Estate Asset • Unsecured Borrowed Funds Credits <ul style="list-style-type: none"> • Lot Equity • Trade Equity
	2c. Liabilities - Credit Cards, Other Debts, and Leases that You Owe	Account Type, Collections Judgments and Liens
Lender Loan Information	L3. Mortgage Loan Information	Proposed Monthly Payment for Property, Supplemental Property Insurance

URLA/Form 1003 Questions

16. Declaration 5a.A: How do I answer these questions about primary residence and ownership interest?

These questions are asked on the Borrower Information and Additional Borrower components to determine whether the borrower is a first-time home buyer. (For the definition of first-time home buyer, see Fannie Mae [Selling Guide E-3-06, Glossary of Fannie Mae Terms: F \(12/16/2020\)](#).) The first-time home buyer designation only applies to principal residence purchases, but 5a.A must be completed for both purchases and refinances.



If the borrower answers YES to the first question (*Will you occupy the property as your primary residence?*), they must answer the second question (*If YES, have you had an ownership interest in another property in the last three years?*) and questions (1) and (2), as applicable.

If the borrower answers NO to the first question, they may skip to question 5a.B.

Examples

If the borrower is a **first-time homebuyer**, they will answer YES to the first question, NO to the second question, and leave questions (1) and (2) blank. (See form illustration below.)

If the borrower is **refinancing and intends to occupy the property as their primary residence**, they would answer YES to the first question. If they have not had any ownership interest in any *other* property in the last three years, then they would answer NO to the second question and leave questions (1) and (2) blank. (See form illustration below.)

Section 5: Declarations. This section asks you specific questions about the property, your funding, and your past financial history.

5a. About this Property and Your Money for this Loan

<p>A. Will you occupy the property as your primary residence? If YES, have you had an ownership interest in another property in the last three years? If YES, complete (1) and (2) below: (1) What type of property did you own: primary residence (PR), FHA secondary residence (SR), second home (SH), or investment property (IP)? (2) How did you hold title to the property: by yourself (S), jointly with your spouse (SP), or jointly with another person (O)?</p>	<p><input type="radio"/> NO <input checked="" type="radio"/> YES <input checked="" type="radio"/> NO <input type="radio"/> YES</p> <p><input type="text"/> <input type="text"/></p> <p><input type="text"/> <input type="text"/></p>
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Mandate and Implementation Timeline

17. What are the differences between the March 1, 2021 mandate; the May 1, 2021 changes to DU; and the March 1, 2022 end of the Pipeline Loan Closing Period?

March 1, 2021: Mandate

The mandate for implementing the redesigned Form 1003 was March 1, 2021. All new loans started on or after March 1, 2021 were required to be submitted using the redesigned form and DU MISMO v3.4 file format. If a new loan was started in legacy format prior to March 1, 2021, but not submitted to DU by that date, Fannie Mae will allow lenders to keep the loan in legacy format provided these loans are submitted to DU by April 30, 2021.

May 1, 2021: DU messaging

Effective May 1, 2021, any new loans started in legacy formats were no longer accepted by DU. DU returns an “Out of Scope” recommendation on conventional loans and “Error” recommendation on FHA or VA loans submitted using the 1003 v3.2 or MISMO v2.3.1 format with a Casefile Create Date on or after May 1, 2021. (See [February 16 announcement](#).)

This two-month period between March 1, 2021, and May 1, 2021, was not a change to the mandate. Rather, it was provided to accommodate new loans started in the legacy format prior to March 1, 2021, but not submitted to DU by that date.

March 1, 2022: End of Pipeline Loan Closing Period

The Pipeline Loan Closing Period is designed for loans that take longer than average to close, such as new construction loans. Whether a legacy loan application must be submitted before May 1, 2021, or not is determined by the original submission date to DU:

- If a loan is started in legacy formats prior to March 1, 2021, but has not been submitted to DU before that date, the deadline for submitting the loan to DU is April 30, 2021. Following this initial submission, lenders may continue to re-submit the loan to DU in the legacy format, as needed, until Feb. 28, 2022. If a lender cannot complete the underwriting for these loans by Feb. 28, 2022, they should contact their account manager.



- If a loan is started in legacy formats prior to March 1, 2021, and is submitted to DU before that date, lenders have until Feb. 28, 2022, to re-submit that loan, as needed (*exception if loan casefile is subject to the DU archiving policy or retirement of a DU version*). If a lender cannot complete the underwriting for these loans by Feb. 28, 2022, they should contact their account manager.
- All loans in DU follow the DU Loan Casefile Archival Policy as outlined in [B3-2-01, General Information on DU \(05/05/2021\) \(fanniemae.com\)](#) of the Selling Guide.

For more information, view the latest [implementation timeline](#).

Help and Support

18. Where do I go for help if I have production questions or issues using DU?

For all production issues or inquiries, including test submissions, contact 1-800-2FANNIE (800-232-6643).

- Option 5 – Technology Support Center
- Option 9 – Desk-to-Desk lenders

For more information, visit our [Technology Support Center page](#).

19. What if I have more questions?

If you have further questions about the redesigned Form 1003, DU MISMO v3.4 file format, or supporting documents, please visit our [URLA webpage](#), check out our [complete FAQs](#), or contact your Fannie Mae representative.