

Applications & Technology

Frequently Asked Questions

Find answers to common questions from lenders and borrowers.

Desktop Underwriter

DU Validation Service

DU Validation Service Resource Center

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Frequently Asked Questions

General

Q1. What is the benefit of the validation service?

Fannie Mae recognizes the challenges lenders and borrowers encounter when originating loans – frustration with the length of time it takes to close a loan and the paper-intensive nature of gathering and processing borrower information. Fannie Mae also recognizes that lenders would like to retain their competitive advantage by reducing costs, increasing their processing efficiency, and enabling a superior borrower experience.

The DU validation service offers our lenders greater transparency and a more efficient mortgage origination process. By leveraging automation, analytics, and third-party data sources, Fannie Mae is able to provide Day 1 Certainty™ in the form of enforcement relief of certain representations and warranties for validated loan components.

For loan officers, the DU validation service can streamline the documentation process for borrowers and may provide process efficiencies throughout origination. By digitally validating a borrower’s asset, income, and employment information, loan officers can reduce the need to collect paper documents from their customers. The time saved by digital data validation may help reduce the overall loan cycle time, allowing borrowers to close on their home faster. This may free up resources, potentially allowing the loan officer to process more loans overall.

Q2. What is required to get Day 1 Certainty on validated loan components?

As long as the lender meets all DU validation service requirements described in the Selling Guide and complies with applicable DU messages, the lender receives Day 1 Certainty for validated components.

Q3. How does the DU validation service work?

The DU validation service uses information provided in third-party verification reports to validate borrowers’ income, employment, and asset data in DU. In most cases, the loan officer will not need to collect paper documents for validated income, employment, and/or asset data.

After activation (only required for Equifax), the following steps represent a general, high-level workflow:

- After obtaining borrower consent, the lender orders an eligible verification report from a vendor.
- The lender reviews the report and addresses any discrepancies with the borrower.
- The lender enters information into DU and submits.
- DU obtains a duplicate copy of the report from the vendor using loan number or reference number.
- DU performs its own income and asset calculations to arrive at a value that is compared to DU. Employment status can also be validated.
- DU returns specific messages related to the loan components that have been submitted for validation.
 - Income is validated on a per-borrower and per-income type basis.
 - Assets are validated on a loan-level basis.
 - Employment is validated on a per-borrower and per-employer basis.
- The lender can take advantage of processing and underwriting efficiencies for components that have been validated.
- The lender closes the loan and delivers to Fannie Mae.

Q4. Can lenders obtain details about the logic used by DU for validation purposes?

The DU Validation Service Reference Guide (requires DU, DO, or Fannie Mae Connect credentials) provides the details of the logic used by DU to validate income, employment, and assets. You can access this guide on our website, using your Fannie Mae login credentials for DU, Desktop Originator® (DO®), or Fannie Mae Connect™.

Q5. What types of loans are eligible for DU validation service?

The DU validation service is available only for conventional loans. Non-conforming or government loans (such as VA, FHA, and Rural Development) are *not eligible*. There may be additional restrictions for income types and other loan components. Refer to the Selling Guide and the DU Validation Service Reference Guide (requires DU, DO, or Fannie Mae Connect credentials) for more detail.

Q6. Fannie Mae allows lenders to use third-party data verification vendor reports to manually document income, employment, and assets. How is the DU validation service different?

The [Selling Guide](#) has for some time permitted use of verification reports from third-party data vendors to document and assess employment, income, and assets, but the lender remained accountable for the integrity of the information obtained from these sources.

The DU validation service extends this concept by using data from eligible verification reports, digitally assessing it in DU, and providing enforcement relief of certain representations and warranties when a loan component has been validated.

Refer to the [Selling Guide](#) for more details.

Q7. What is an “eligible verification report”?

Multiple industry vendors offer borrower verification services. To mitigate the risk that Fannie Mae assumes by offering representation and warranty relief on validated loan components, we have a structured process and guidelines for determining which reports will be accepted for verification. Refer to the [DU Validation Service Reference Guide](#) for the list of eligible report types for each Fannie Mae approved vendor.

Q8. Can lenders work with resellers of eligible verification reports?

Yes. Fannie Mae has an open platform for data vendor participation to provide choices to our customers. Lenders may participate in the DU validation service through relationships with vendors of their choice that can provide Day 1 Certainty verification reports accepted by Fannie Mae, including “resellers” of eligible reports. View the [Current Data Vendor List](#) for more information.

Q9. Does Fannie Mae plan to add more report providers?

Yes. We are in active discussions with other report providers. Fannie Mae has developed a structured process for adding eligible reports to the DU validation service. Vendors may provide their lender customers access to (1) the vendor’s own eligible reports, (2) eligible reports from other report providers, or both. View the [Data Vendor Process](#) for more information on how vendors can participate in the DU validation service. Access the [Current Data Vendor List](#) to view eligible report providers and report distributors.

Q10. Is the DU validation service available through DO?

Yes, the DU validation service is available through DO when the sponsoring lender has been activated for the service. DO loans in Preliminary Findings status are not eligible to be evaluated by the DU validation service.

Q11. Which loan origination system (LOS) providers currently participate?

Levels of integration with an LOS may vary across providers. Please contact your LOS provider directly for more information.

For those with custom loan origination systems, please reference the [DU Validation Service Integration and Testing Document](#) for more information.

Q12. Is there a cost associated with using the DU validation service?

Fannie Mae does not charge a fee for using the DU validation service. Lenders should contact the vendor(s) of their choice to discuss their product pricing. (See the [Current Data Vendor List](#) for report vendors.)

Q13. How do lenders participate?

No special approval is required from Fannie Mae for a lender to use the DU validation service.

To use the service, a lender must provide the information required for DU validation service to obtain the third-party verification report. For most vendor reports, loans will be assessed through the DU validation service if the lender provides the data in the DU submission to enable DU to obtain a copy of the vendor report.

Lenders must execute contracts with verification report vendor(s) (previous or existing contracts may require an amendment) related to the DU validation service. With the exception of Equifax/The Work Number and distributors of their reports, originators can then begin using the DU validation service immediately. For Equifax, an additional registration step is required:

Basic Process

Step 1

Complete contracts and activation with approved vendor.

Step 2

Start using the validation service by requesting verification reports

Note

The DU validation service will run and messages will be issued only when a vendor is selected from the drop down and a reference number is entered in the additional information field in DU.

Equifax/The Work Number) automated process

Step 1

Complete contracts and activation with Equifax (or their resellers).

Step 2

Submit Fannie Mae DU/DO setup form - allow up to 72 hours for activation.

Step 3

Start using the validation service by requesting verification reports

Note

The DU validation service messages (including verification report not found) will be issued as soon as Step 2 above has been completed.

Q14. Must a lender make use of all available validation types (income/asset/employment), or can lenders select which to utilize?

Lenders can select the service options in which they would like to participate. This is done by being activated with a verification report vendor or, in the case of the Equifax/ The Work Number automated process, by completing the Fannie Mae [DU Validation Service Setup Form](#).

Validation of wage income is coupled with employment validation. Non-wage income validation (such as pension and Social Security) and asset validation is performed separately. A lender could choose to participate in income/employment alone, assets alone, or all three.

Q15. Can a lender choose which loans run through the DU validation service?

In general, the DU validation service will run and messages will be issued for loans where a vendor is selected from the drop down and a reference number is entered in the additional information field in DU. If a lender is set up to use the automated Equifax/The Work Number process, the DU validation service logic will apply and corresponding DU messages (including verification report not found) will be issued to all loans submitted to DU for the registered institutions.

Q16. What if a component is not validated by DU? Can that information continue to be used for qualifying purposes?

Yes. If a component has not been validated by DU, the lender can continue to use the information, i.e., income or assets, to qualify the borrower provided it is documented in accordance with the Selling Guide. When a component is not validated by DU, the DU message will outline the documentation that must be obtained to support the information input by the lender in DU. If a component is not validated, it is not eligible for enforcement relief of the applicable representations and warranties.

Q17. Can a lender utilize any vendor for the DU validation service?

A number of vendor options are available to lenders, but only vendors who are able to provide eligible verification reports accepted by Fannie Mae may be used for the DU validation service. View the [Current Vendor List](#) for more information.

Q18. What documentation is required for components that have been validated?

Specific messaging will be issued by the DU validation service regarding the documentation required to support the particular loan component (e.g., income, assets, and/or employment). When a component has been validated, the vendor report may be sufficient documentation.

Q19. Is there any lender-level reporting available for DU validation service loan casefiles?

Lenders can access both Day 1 Certainty Pre-Delivery and Post-Delivery reports in [Fannie Mae Connect™](#). The reports show loans that are eligible for representations and warranties enforcement relief on validated loan components and provide a lender-level and responsible party dashboard of Day 1 Certainty activity, as well as loan-level details for the DU validation service. The reports can be found in the Management section of the Report Center in Fannie Mae Connect.

Third-Party Originator	▼
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Income & Employment Validation	▼
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Quality Control	▼
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Need more information?

Contact your account team or call 1-800-2FANNIE (1-800-232-6643)and press option 1 for technology support

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