DU Validation Service Vendor Information

The Desktop Underwriter® (DU®) validation service uses third-party data vendors to independently validate borrower income, assets, and employment data, providing our lenders Day 1 Certainty™ on validated loan components.

Fannie Mae has an open platform for data vendor participation to provide choices to our customers.

Vendors may participate by becoming eligible report suppliers or by becoming report distributors through relationships with suppliers of Day 1 Certainty verification reports accepted by Fannie Mae.

To mitigate the risk that Fannie Mae is assuming by offering representation and warranty relief on loan components validated by the vendors, we have a structured process and guidelines for adding verification report suppliers to the DU validation service. Fannie Mae plans to add additional report suppliers in 2017.

Vendor Participation

Verification Report Distributors

To use the DU validation service, lenders may choose to work with a report distributor that has a relationship with an eligible verification report supplier. Report distributors are not directly integrated to the DU validation service but rather obtain verification reports from an eligible report supplier. Because the report data comes from a verification report supplier, validated loan components are eligible for rep and warrant enforcement relief.

Verification Report Suppliers

Becoming an approved verification report supplier for the DU validation service involves a pre-qualification discussion, technical on-boarding, a pilot, and ultimately production roll-out. Prospective report suppliers undergo a third-party risk review and data accuracy tests, and participate in a pilot phase before being approved for production (see details on page 2).
**Process to Become a Verification Report Supplier**

This diagram provides a high-level overview of the process to become a report supplier for the DU validation service. Once a report supplier has completed the pre-qualification phase and executed an agreement with Fannie Mae, additional details will be provided.

<table>
<thead>
<tr>
<th>Pre-Qualification</th>
<th>On-Boarding</th>
<th>Pilot</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Share engagement model, coverage, business, and technology requirements</td>
<td>• Execute agreement with Fannie Mae</td>
<td>• Test service-level agreement performance, security controls, data collection, and validation</td>
<td>• Develop and implement communications, go-to-market plan, and industry announcements</td>
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<td>• Provide product demo and sample reports</td>
<td>• Receive integration package</td>
<td>• Set up pilot customers and engage throughout pilot</td>
<td>• Conduct production readiness (training, operations, and customer support)</td>
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<tr>
<td>• Develop implementation plan, timeline, and requirements</td>
<td>• Receive technical support and deployment guidance</td>
<td>• Learn from pilot and adjust</td>
<td>• Engage in post-production monitoring and reviews</td>
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**Verification Report Supplier Eligibility Criteria**

To help vendors determine what information Fannie Mae will be collecting as part of the report supplier onboarding process, outlined below is a list of the minimum eligibility criteria and documentation needed.

- Ability to integrate with the DU validation service platform *(per Fannie Mae DU Validation Service integration guide)*
- External audited, certified financials *(must provide)*
- Business and technical processes and controls for data quality and accuracy *(must provide evidence)*
- External network security penetration test and application security test completed within the past 12 months *(must provide results and remediation status, if applicable)*
- Documentation evidencing independent assessment of vendor’s processes and information systems controls that are relevant to security, availability, processing integrity, confidentiality, and privacy (e.g., Service Organization Controls [SOC] 2 Report or similar) completed within the past 12 months (*must provide results*)

- Documented business continuity plan and disaster recovery plan, and the most recent completed tests within the past 12 months (*must provide results and remediation status, if applicable*)

- Ability to scale to accommodate anticipated increase in validations performed

- Ability to reissue the validation report upon Fannie Mae request

- The necessary dedicated resources (project management, technical, risk, networking, legal, and marketing) to help support the on-boarding activities, integration to DU validation service platform, pilot activities and pre-and post-production release

- Ability to provide IRS Form 4506-T (Request for Tax Transcript) in the XML schema structure

- Ability to provide list of integrated loan origination system (LOS) vendors and if there is an indirect vendor offering, who are the vendors/providers

**Additional Information**

Data vendors may contact [Data Vendor Inquiries](#) for more information.

**Related Resources**

- [Day 1 Certainty™](#)
- [DU Validation Service](#)