



## Desktop Underwriter Potential Red Flag Messages

This document is intended to provide greater clarity around what causes Desktop Underwriter® (DU®) to return each potential red flag message and our recommended approach for reviewing information when each of these messages is received. The appearance of these messages does not affect the underwriting recommendation from DU, but are designed to help lenders detect inconsistencies and potentially fraudulent transactions. The absence of any of the following messages does not indicate or imply Fannie Mae’s acceptance of the accuracy of the data submitted to DU. Lenders continue to be responsible for the accuracy of the data entered.

Potential Red Flag	Message Text	What Causes DU to Return This Message?	We Recommend Review of the Following
<b>Frozen credit report</b>	<p>Based on the credit data received, a borrower has frozen their account with one of the credit repositories. No data from that repository was used in underwriting the loan casefile. The lender remains responsible for preventing fraud, which includes, but is not limited to, ensuring the borrower’s identity has been verified. In addition, the lender must continue to investigate any liabilities or derogatory credit that is disclosed by the borrower but not reflected on the credit report.</p> <p><b>NOTE:</b> <i>For borrowers without a credit score, a similar message will be issued that will also state there is no data available from the other two repositories.</i></p>	When credit for one of the borrower is frozen at one of the three credit repositories (Equifax, Experian, or TransUnion).	<p><b>Borrower’s identity</b> to help prevent fraud.</p> <p><b>Online loan application and file documentation</b> to review and investigate any liabilities or derogatory credit disclosed by the borrower.</p>
<b>Potential Casefile ID Reuse</b>	Based on information provided on a prior submission, it appears that the subject property address and/or Doc File ID have been modified. As a reminder, the DU loan casefile ID is unique to an individual mortgage loan. The same casefile ID may not be used to underwrite more than one mortgage loan in DU. If a new loan is being originated, a new loan casefile must be created and the data in the existing loan casefile must be updated to reflect the final terms of the loan it was originally used to underwrite.	When the subject property address or the Doc File ID is changed from the previous submission. Once the message is issued, it will continue to be issued on all resubmissions, even if the information is changed back to the original values.	<b>Current submission data</b> to ensure only data for the specific loan is included in the loan casefile, and <b>previous submission data</b> to ensure no other loans were delivered with that casefile ID.



Potential Red Flag	Message Text	What Causes DU to Return This Message?	We Recommend Review of the Following
<b>Excessive resubmissions</b>	This loan has experienced an unusually high number of submissions. Excessive submissions can indicate improper manipulation of loan application data. We recommend that you review the loan application to ensure accuracy.	An unusually high number of submissions on the loan transaction in combination with changes to certain data elements.	<b>Appraisal</b> to ensure that an accurate value has been provided. <b>Credit documents</b> to check the accuracy and integrity of the borrower's asset and income data.
<b>Liabilities comparison</b>	According to the credit report, the total payments and balances declared on the 1003 differ by more than expected tolerances. Verify that all liabilities belonging to the borrowers are disclosed on the 1003 and that the balances and payments are accurate.	Total liabilities and payments reported on the credit report differ from those declared on the online loan application by more than expected tolerances.	<b>Online loan application:</b> <ul style="list-style-type: none"> <li>▪ to ensure that all liabilities and payments are being accurately reflected from the credit report;</li> <li>▪ to determine if one or more liabilities has been removed from the online loan application verses omitted from the total expense calculation.</li> </ul>
<b>Manufactured home caution</b>	Desktop Underwriter has identified this property as a manufactured home in Fannie Mae's property database. However, the property type was not identified as a manufactured home in the loan application. The lender should research the subject property type. If the property is a manufactured home, the property type on the loan application must be corrected to accurately reflect manufactured home as the property type and the loan must be resubmitted for underwriting.	The subject property address appears to be a manufactured home, yet Manufactured Home was not selected as the property type on the online loan application.	<b>Appraisal</b> to see if the property type is identified as a manufactured home. If there is uncertainty, confirmation from the appraiser may be required <b>Online loan application</b> to see whether the subject property address and the property type were entered correctly.