

# Product Support Bulletin



Information for Correspondent Lenders of SunTrust Mortgage, Inc.  
April 17, 2015 • COR15-021

Alert

Update

Reminder

Clarification

Training  
Information

Preview

## DU 9.2 and Property Inspection Waiver Revisions

SunTrust Mortgage, Inc. announces the release of updates to Fannie Mae's Desktop Underwriter (DU) Version 9.2. With this DU 9.2 release, Fannie Mae provides new and clarified DU messages. Additionally, we announce revisions to Fannie Mae's Property Inspection Waiver (PIW) guidelines.

### Intended Audience

Origination  
Processing

Secondary  
Marketing

Underwriting

Closing  
Delivery  
Funding

Compliance  
Legal

Other

### Effective Dates

#### Saturday, April 18, 2015

PIW specific updates are effective for new loan applications on or after this date.

Disputed tradeline updates are effective for DU 9.2 loan casefiles submitted or resubmitted to DU on or after this date.

### Background Information

This weekend, Fannie Mae will release updates to their DU Version 9.2 that includes new and clarified DU messages and revisions to Property Inspection Waiver (PIW) guidelines. In response to this DU Release update, we are implementing revisions to align with Fannie Mae requirements. We also are taking this opportunity to alert you of guidance we will not be embracing at this time.

Additionally, we continue to provide Agency overlay relief and guideline simplification to be competitive and to offer market contemporary terms.

### Bulletin Details

#### DU Messaging Updates

A summary of the DU messaging updates are as follows:

- **Collateral Underwriter (CU) Messages:** With the DU Version 9.2 April Update, new messaging will appear after the DU Underwriting Findings Report in a new section titled CU Findings. The new CU and Uniform Collateral Data Portal (UCDP) messages, developed by Fannie Mae, support the proactive management of appraisal quality and risk assessment of appraisals submitted to the UCDP. Loans submitted for purchase with CU messaging will be acceptable. At this time, SunTrust Mortgage is not requiring the use of the Collateral Underwriter system or the evaluation of the CU Findings.

### Action Required

**Origination, Processing, Secondary Marketing, Underwriting, Closing, Delivery, Funding, Compliance, and Legal**

#### Starting April 18, 2015

Apply the guidelines outlined in this bulletin and related Before-and-After Matrix.

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## Bulletin Details, continued

### DU Messaging Updates, continued

- **Disputed Tradeline Message:** Fannie Mae updates their DU disputed tradeline message.
  - DU will now issue the disputed tradeline message when a disputed tradeline is identified and that tradeline contains derogatory payment information (a 30-day or more delinquency) reported within two years prior to the credit report date. When DU issues this message, the message will list the disputed tradeline with a reported derogatory payment within the last two years, and state that the lender must confirm the accuracy and completeness of the information reported on the borrower's credit report for the disputed tradeline. If it is determined that the disputed tradeline information is accurate and complete, the lender must ensure the disputed tradelines are considered in the credit risk assessment by either obtaining a new credit report with the tradeline no longer reported as disputed and resubmitting the loan casefile to DU, or submitting the loan to SunTrust Mortgage for a manual underwrite.

**Note:** If SunTrust Mortgage manually underwrites the loan file, the Fannie Mae DU underwriting findings may not be used and the entire file must meet all non-AUS guidelines.

- If DU does not issue the disputed tradeline message, the lender is not required to further investigate the disputed tradelines on the credit report, obtain an updated credit report (with the undisputed tradeline), or submit the loan to SunTrust Mortgage for a manual underwrite. However, the payment for the tradeline, if any, must be included in the debt-to-income ratio if the account does belong to the borrower.

**Note:** Tradelines reported as medical debt (Account Type Code of MD or Remarks Code of E0166) are not shown in the disputed tradeline message if also reported as disputed, and lenders are not required to investigate the disputed medical tradeline.

At this time, SunTrust Mortgage guidelines do not reflect this new disputed tradeline enhancement. However, we will update our guidelines to reflect this enhancement on next Friday, April 24, 2015. Until that time, follow your DU findings for disputed tradeline guidance.

### Property Inspection Waiver (PIW) Guideline Updates

For DU loans, we align with Fannie Mae by updating our guidelines to reflect that a PIW offer may not be exercised if you obtain an appraisal for the transaction.

In addition, we are removing overlays that previously prohibited a PIW on the following property/transaction types:

- Properties with resale/deed restrictions
- Mixed-use properties
- New construction, not previously occupied
- Current transactions that are a result of a short sale or deed-in-lieu of foreclosure

We also align our PIW guidance for foreclosed properties with Fannie Mae's requirements.

All other updates made were in support of our guideline improvements initiative (i.e., adopting Agency specific language, eliminating redundancies, and underlining overlays in the updated topics).

### Before and After Matrix

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the PIW updates effective immediately for new loan applications on or after April 18, 2015.

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## Bulletin Details, continued

### Impact of Updates to our Agency Overlays and Agency Overlays Matrix

With the release of the above referenced PIW updates, we removed six Agency overlays!

We updated the Agency Overlays Matrix to reflect the overlays we have maintained (that are related to the topics addressed in this bulletin and related Before-and-After Matrix) that previously existed; however, not previously reflected on the overlay matrix. We will continue to evaluate opportunities to remove overlays throughout the year.

### Revised Materials

Click [Agency Loan Programs](#), [Appraisal Guidelines](#), [Compliance Overview](#), [Resale/Deed Restrictions](#), [Short Sale and Restructured Mortgage Loans](#), and [Correspondent Agency Overlay Matrix](#) to review the revised product materials.

## Former Guidelines

### Disputed Tradelines

When DU issues a message stating that DU identified a disputed tradeline and that tradeline was not included in the credit risk assessment, the lender must confirm the accuracy of disputed tradelines reported on the borrower's credit report. If it is determined that the disputed tradeline information is accurate, lenders must ensure the disputed tradelines are considered in the credit risk assessment by either obtaining a new credit report with the tradeline no longer reported as disputed and resubmitting the loan casefile to DU, or submitting the loan to SunTrust Mortgage for a manual underwrite.

### Property Inspection Waiver

See the before-and-after matrix provided in the Bulletin Details section to access the former guidelines.

## Other Resources

Support Group	Description and Contact Information:
Correspondent Relations Coordinator	Specific questions on applying this procedure to specific loan files. Direct contact information for each correspondent relations coordinator is located in General Section 1.01: The Correspondent Division.
Emerging Banker Account Executive	Specific questions on applying this procedure to specific loan files. Direct contact information for each account executive is located in General Section 1.01: The Correspondent Division.
Product Support	Provides phone and email support on products, policies, and procedures as well as new product rollout and existing product enhancement. Contact Product Support at 800.382.2111, option 4.

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