

Product Support Bulletin



Information for Correspondent Lenders of SunTrust Mortgage, Inc.
August 14, 2015 • COR15-039

Alert

Update

Reminder

Clarification

Training
Information

Preview

DU 9.2 Release and Other Agency Revisions

SunTrust Mortgage, Inc. announces the release of updates to Fannie Mae's Desktop Underwriter (DU) Version 9.2. Additionally, other revisions to Agency guidelines are also included.

Intended Audience

Origination Processing	Secondary Marketing	Underwriting	Closing Delivery Funding	Compliance Legal	Other
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Effective Dates

Friday, August 14, 2015

Effective for new and existing loan applications on or after this date.

Background Information

This weekend, Fannie Mae will release updates to their DU Version 9.2 that includes messaging updates. Additionally, Fannie Mae published announcements SEL-2015-06 and SEL-2015-07 outlining updates as well as clarifications to underwriting guidelines. In response to these investor publications, we identified opportunities to implement revisions to align with Fannie Mae and Freddie Mac requirements.

Furthermore, we continue to provide guideline simplification and remove overlays to be competitive and to offer market contemporary terms.

Bulletin Details

DU 9.2 Updates

Fannie Mae updates DU Version 9.2 verification messaging to align with guideline changes outlined in this bulletin and the revolving debt updates previously published in bulletin [COR 15-033](#) on July 3, 2015

Cash Requirements Guideline Revisions

For non-AUS and DU loans:

- Clarified general asset documentation requirements to more clearly state that copies of bank statements or investment portfolio statements must show account activity for the most recent full two-month period. Additionally, we more clearly defined acceptable and unacceptable asset sources.

Action Required

Origination, Processing, Underwriting, Closing, Delivery, and Funding Starting August 14, 2015

Apply revised guidelines outlined in this bulletin and related Before-and-After matrix.

Product Support Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.
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Bulletin Details, continued

Cash Requirements Guideline Revisions, continued

- Government Bonds, Mutual Funds, Stocks, Stock Options, and Bonds
 - Aligned documentation guidelines and value determination with Fannie Mae
 - Use 100% of the value of the asset when used for reserves. The standard reduction in value is no longer required.
 - If the value of the asset is at least 20% more than the amount of funds needed for down payment and closing, documenting the borrower's actual receipt of funds is not required.
- Retirement Funds
 - If using retirement funds for closing costs, confirm that the retirement funds are vested and allows withdrawals regardless of current employment status.
 - If the retirement asset is in the form of stocks, bond, or mutual funds, the requirements for determining the value of that asset type and whether documentation of the borrower's actual receipt of funds from that specific asset type must be met. Discounting the retirement asset to account for market volatility or withdrawal penalty is no longer required.
- If the borrower's current primary residence is pending sale or converted to a second home or investment property, the following additional requirements no longer apply:
 - Determine percentage of equity in the previous home
 - Additional reserves

Note: Follow standard Rental Income, Cash Reserve Requirements and/or Maximum Number of Financed Properties and Borrower Exposure guidelines when the borrower has an existing second home or investment property or converts their current primary residence to a second home or investment.

Project Review for Condominiums in Florida

- For non-AUS and DU loans:
Based on the type of project review performed, clarified the maximum allowable LTV, TLTV, and HTLTV ratios for loans secured by a unit in a condominium project in Florida.

Income Documentation Revisions

- For non-AUS and DU loans:
 - When federal income tax information is used for qualifying the borrower, an IRS "Wage and Income Transcript" (W-2 transcript) may be used in lieu of obtaining the actual W-2 form from the client.
 - Clarified what fields on the Verification of Employment (Form 1005 or Form 1005 (S)) are optional when a VOE is used to document income for a salaried or commissioned borrower. Continue to complete all other remaining fields on the VOE as applicable to the borrower.

Other Guideline Revisions

- For non-AUS and DU loans:
 - Updated qualifying ratio guidelines to identify monthly obligations not considered a borrower liability and not included as a debt or deducted from the borrower's gross income when calculating the borrowers debt-to-income (DTI) ratio.
 - Updated sales proceeds guidelines to include guidance regarding corporate relocation plans.

Product Support Bulletin

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Bulletin Details, continued

Other Guideline Revisions, continued

- For non-AUS, DU and LP loans: Secondary Financing (new or existing) which could impose a prepayment penalty is an acceptable subordinate financing type without any additional restrictions.
- For LP loans: A non-occupant co-borrower may be an interested party to the transaction.
- It is acceptable to use a Fannie Mae DU property inspection waiver (PIW) for auction properties; an appraisal is no longer required.

Before-and-After Matrix

[Click here](#) to see the Before-and-After matrix that provides a detailed overview of the guideline updates.

Revised Materials

Click [Agency Loan Programs](#), [Agency Plus Loan Program](#), [Condominium and PUD Approval Requirements, Properties Purchased at Auction](#), and [Correspondent Agency Overlay Matrix](#) to review the revised product materials.

Former Guidelines

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.
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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