

Product Support Bulletin



Information for Correspondent Lenders of SunTrust Mortgage, Inc.
December 4, 2015 • COR15-052

Alert

Update

Reminder

Clarification

Training
Information

Preview

DU[®] Version 9.3 Release and Upcoming Agency Plus Enhancements

Fannie Mae releases Desktop Underwriter (DU) Version 9.3 the weekend of December 12, 2015. With this new version comes various Agency DU enhancements, including LTV/TLTV/HTLTVs up to 95% for the Agency Plus loan program.

In early 2016, SunTrust Mortgage, Inc. will begin offering the Agency Plus LTV/TLTV/HTLTV enhancements (being made available as a part of the DU 9.3 release) and other **great** Agency Plus guideline alignment updates, including the addition of a Freddie Mac Loan Prospector[®] (LP[®]) underwriting option. We embrace all other Agency Plus enhancements included in the DU 9.3 release on December 12, 2015, as outlined in this bulletin.

Also with the DU Version 9.3 release, Fannie Mae introduces the new HomeReady[™] Mortgage. We also fully anticipate to begin offering the Fannie Mae HomeReady Mortgage **and** the Freddie Mac Home Possible[®] Mortgage in early 2016. See page three for more details.

Full details on the early 2016 enhancements will be provided in a future communication bulletin.

Intended Audience

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

Friday, December 11, 2015

All DU 9.1 loans must have final submission to DU 9.1 by this date.

Certain updates are effective immediately for new applications only and others for both existing and new loan applications on or after this date. See the applicable Before-and-After Matrix provided in the Bulletin Details section for additional information.

Saturday, December 12, 2015

Fannie Mae retires DU Version 9.1. Fannie Mae implements DU Version 9.3.

Certain updates are effective for new loan casefiles submitted to DU on or after the weekend of December 12, 2015. See the applicable Before-and-After Matrix provided in the Bulletin Details section for additional information.

Background Information

In Desktop Originator/Desktop Underwriter Release Notes DU Version 9.3 and SEL-2015-10, Fannie Mae announced the upcoming release of DU Version 9.3 and other updates impacting Agency guidelines. We reviewed these upcoming guideline changes and identified opportunities to align more closely with Fannie Mae requirements, while managing risk to our business.

Additionally, in support of our guideline improvement initiative, we continue to modify the presentation of our guidelines to more closely reflect the Agencies' language.

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Bulletin Details

Fannie Mae DU Version 9.3 Updates

A summary of the upcoming DU Version 9.3 release updates are as follows:

- For Agency Plus DU transactions:
 - For one-unit primary residence transactions with LTV ratios greater than 80%, removing the 5% minimum borrower contribution requirement and allowing all borrowers to be eligible to use gifts, grants, and Community Seconds[®] to fund all required down payment and closing costs
 - Revising appraisal requirements to no longer require two comparable sales from outside of the subject project when the loan is secured by a condominium
 - Aligning the LTV/TLTV/HTLTV ratio maximums for borrowers with five to six financed properties with standard Agency requirements (for borrowers with five to six financed properties)
- For standard Agency and Agency Plus DU transactions:
 - Revising non-occupant co-borrower guidance to permit DU to consider the income and liabilities of **all** borrowers on all primary residence mortgage transactions, including two- to four-unit properties; a separate calculation of the DTI ratio for the occupying borrower will no longer be required, as the DTI ratio calculation will now be based on the income and liabilities of all borrowers on the mortgage loan
 - With DU Version 9.3, lenders will now see an option to obtain only personal and business tax returns covering the most recent one-year period for certain loan casefiles for self-employed borrowers
- Various DU messaging updates, such as, but not limited to the following:
 - DU project review message updates to reflect the revised LTV/TLTV/HTLTV ratio requirements for attached condo units in established projects under the limited review process for primary residence transactions, previously announced in [COR 15-043](#)
 - Significant derogatory credit message updates to clearly state that a shorter waiting period may be applied if extenuating circumstances can be confirmed with an explanation from the borrower and documents to either confirm the event, or illustrate factors that lead to the event as specified in the Agency guidelines
 - Message change for mortgage accounts not reported on credit report

Action Required

Origination, Processing, Secondary Marketing, Underwriting, Closing, Delivery, Funding, Compliance, and Legal By December 11, 2015

Review existing pipeline of DU Version 9.1 loans and complete final submission to DU 9.1 by this date.

Apply the guidelines that are effective immediately as outlined in this bulletin and related Before-and-After Matrix.

Starting December 12, 2015

Apply the guidelines that are effective for new casefiles submitted to DU on or after this date as outlined in this bulletin and related Before-and-After Matrix.

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Bulletin Details, continued

Fannie Mae DU Version 9.3 Updates, continued

- Preliminary Underwriting Findings Report Updates:
 - The Preliminary Underwriting Findings option in DO allows an originator to submit a loan casefile for underwriting before choosing a sponsoring lender. The weekend of December 12, the three messages in the first section of the Preliminary Underwriting Findings report stating the report was created through Preliminary Findings will be combined into one message. The section headings will also be updated to remove "Special Notice" from the first section and "Preliminary" from the other sections. "Preliminary Underwriting Findings" will remain the title of the report.

Other Agency Updates / Guideline Improvements

A summary of other upcoming Agency updates and guideline improvements are as follows:

- For standard Agency non-AUS transactions in which borrowers rely solely on nontraditional credit, revising homeownership education and housing counseling requirements
- For all Agency loan transactions (non-AUS, DU and LP), clarifying LTV/TLTV/HTLTV calculation and qualifying rate guidelines

SunTrust Mortgage's Delay in Releasing the HomeReady Mortgage, Upcoming Home Possible Mortgage Release and Currently Available Affordable Lending Product Offerings

With the release of DU Version 9.3, Fannie Mae is introducing a new HomeReady Mortgage to help serve creditworthy, low- to moderate-income borrowers. We are excited to announce that we are currently assessing Fannie Mae's HomeReady as well as Freddie Mac's Home Possible affordable mortgage products! We fully anticipate to begin offering the HomeReady Mortgage **and** Home Possible Mortgage in early 2016.

With our continued focus on supporting sustainable homeownership, we take this opportunity to remind you of the FHA 96.5% LTV "affordable" product option, which at this time, is often the best option for borrowers needing a low down payment.

We will provide additional information on our release of the HomeReady Mortgage and Home Possible Mortgage products in a future communication bulletin. For more information on these upcoming product offerings, see the following additional resources: [Fannie Mae HomeReady](#) and [Freddie Mac Home Possible](#).

Retirement of DU Version 9.1

With the release of DU Version 9.3, Fannie Mae is retiring DU Version 9.1, which went into production the weekend of November 16, 2013. Complete final submissions of all DU Version 9.1 loans (to DU version 9.1) on or before December 11, 2015 or obtain an updated underwriting recommendation by submitting a **new** loan casefile to DU Version 9.3 on or after the weekend of December 12, 2015.

Note: Loan casefiles created in DU Version 9.2 and resubmitted after the weekend of December 12 will continue to be underwritten through DU Version 9.2.

Before and After Matrices

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the upcoming guideline updates effective immediately for existing and new loan applications on or after December 11, 2015.

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the upcoming guideline updates effective immediately for new loan applications on or after December 11, 2015.

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the upcoming guideline updates effective for new loan casefiles submitted to DU on or after the weekend of December 12, 2015.

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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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