

Product Support Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.
December 16, 2016 • COR16-042



Alert

Update

Reminder

Clarification

Training
Information

Preview

Fannie Mae DU[®] Validation Service and Agency Plus 2017 Loan Limits

For loans underwritten by the Correspondent lender, SunTrust Mortgage revises Agency product guidelines to align with Fannie Mae's DU validation service for income, assets, and employment as part of their Day 1 Certainty™ initiative. Through this service, Fannie Mae provides tools to reduce risk and improve efficiency, resulting in an enhanced mortgage experience.

Additionally, with this communication, we remind Correspondent lenders of our upcoming December 19, 2016 implementation of the 2017 Agency Plus maximum high-cost area loan limits.

Intended Audience

Origination
Processing

Secondary
Marketing

Underwriting

Closing
Delivery
Funding

Compliance
Legal

Other

Effective Dates

Friday, December 16, 2016

The DU Validation service is effective immediately for participating lenders.

Monday, December 19, 2016

The 2017 Agency Plus maximum high-cost area loan limits are effective for loans locked on or after this date.

Background Information

Fannie Mae recently announced the launch of Day 1 Certainty, a new initiative to provide lenders with freedom from representations and warranties on key aspects of the mortgage origination process. The details of Day 1 Certainty were included in Fannie Mae's DU Version 10.0 December Release Notes, SEL-2016-08, and SEL-2016-09. In response to these publications, we reviewed impacted guidelines and identified opportunities to align with Fannie Mae's DU validation service requirements.

Correspondent Bulletin [COR16-039](#), published December 7, 2016, provided a preview of the Agency Plus 2017 maximum high-cost area loan limits.

Bulletin Details

DU Validation Service

A summary of the updates are as follows:

- The DU validation service offers lenders an opportunity to deliver loans with more certainty. Certain components of the loan file, such as income, assets and employment are eligible for validation by DU using electronic vendor reports obtained from designated vendors. When DU validates a component of the loan, the loan may be eligible for representation and warranty enforcement relief related to that component.
- The validation service is an optional service available only for conventional loans underwritten through DU. Lenders are not required to participate in the DU validation service in order for a loan to be underwritten through DU.

Action Required

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

Starting December 16, 2016

Apply the guidelines that are effective immediately, for loans underwritten by the Correspondent lender, as outlined in this bulletin and related Before-and-After Matrix.

Starting December 19, 2016

Begin using the applicable 2017 maximum high-cost area loan limits for Agency Plus (including DU Refi Plus™ Agency Plus) transactions locked on or after this date.

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Bulletin Details, continued

DU Validation Service, Continued

- Lenders must obtain borrower authorization to receive the information from a supported vendor.
- When the DU validation service assesses a component of the loan file, three results are possible: validated, not validated, or unable to validate. DU issues a message providing the validation results, as follows:
 - Validated
 - DU has determined that the information provided on the vendor report supports the information entered into DU for the component being validated.
 - The DU message(s) will indicate that the vendor report is acceptable documentation to support the component being validated.
 - Not Validated
 - DU has determined that the information provided on the vendor report does not fully support the information entered into DU for the component of the loan file eligible for validation.
 - The DU message(s) will indicate what documentation, in addition to the vendor report, is required.
 - Unable to Validate
 - DU is unable to validate the information entered into DU for the component eligible for validation. This could be due to an inability to access the vendor report, or due to the information obtained from the vendor report not being sufficient for DU to validate the component.
 - The DU message(s) will indicate what documentation is required.
 - Regardless of the validation result, DU will continue to use the information provided by the lender in determining the DU underwriting recommendation. The results of the validation service do not override, impact, or alter any information submitted by the lender.

Note: Lenders remain responsible for reviewing all documentation in the file to identify and resolve potential inconsistent or contradictory information, and updating DU if necessary.

- Income Validation
 - The designated vendors and types of income that can be validated are as follows:
 - The Work Number[®] from Equifax[®] validates income from base, bonus, overtime, and commission income that is less than 25% of the total income.
 - Tax transcripts obtained from the Equifax 4506-T Tax Transcript Service and information obtained from the Work Number validates commission income equal to or greater than 25% of the total income.
 - Tax transcripts obtained from the Equifax 4506-T Tax Transcript Service validates income information for Social Security income, pension/retirement income, and self-employment income for sole proprietorships (as reported on IRS Form 1040, Schedule C or C-EZ).
- Asset Validation
 - AccountChek[™] by FormFree validates asset information from the borrower's checking accounts, savings accounts, certificates of deposit, money market accounts, stocks, mutual funds, and retirement accounts.
- Employment Validation
 - The Work Number validates employment associated with the following non-military income types: base, bonus, overtime, and commission income.
 - When DU validates employment, the validation satisfies the requirement for verbal verification of employment if your loan closes by the "Close by Date" (10 days from the date that The Work Number is obtained), stated in the DU employment validation message.

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Bulletin Details, continued

[Agency Plus 2017 Maximum High-Cost Area Loan Limits Available for Locks Starting Monday](#)

As previously announced in Correspondent Bulletin [COR 16-039](#), SunTrust Mortgage implements the 2017 maximum high-cost area loan limits for Agency Plus (including DU Refi Plus Agency Plus) transactions, effective for loans locked on or after Monday, December 19, 2016. All impacted product materials reflecting the revised loan limits (that will be effective on December 19, 2016) are available today in the *Correspondent Seller Guide*.

[Before and After Matrix](#)

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the guideline updates effective immediately for existing and new loan applications on or after December 16, 2016.

[Revised Materials](#)

Click [Agency Loan Programs](#), [DU Refi Plus™ Loan Program](#), and [Underwriting](#) 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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