

Product Support Bulletin



Information for Correspondent Lenders of SunTrust Mortgage, Inc.
July 21, 2017 • COR17-025

Alert

Update

Reminder

Clarification

Training
Information

Preview

DU[®] 10.1 Release and Other Agency Revisions

SunTrust Mortgage, Inc. announces the upcoming release of Fannie Mae's Desktop Underwriter[®] (DU) Version 10.1, scheduled for the weekend of July 29, 2017. The changes in the DU Version 10.1 release will include:

- updates to the DU credit risk assessment and eligibility requirements, including:
 - for debt-to-income (DTI) ratios greater than 45% up to 50%, DU will no longer require additional compensating factors
 - enhancing the criteria that determines the documentation required to verify self-employment income
- simplifying the risk assessment and messaging for loan casefiles with disputed tradelines
- revising the multiple financed properties reserve calculation for other financed properties (not the subject property)
- treating all timeshare loans as installment loans rather than mortgage loans
- various messaging updates
- the retirement of DU Version 9.3

When Fannie Mae provides *Selling Guide* updates in support of the DU Version 10.1 enhancements, we will provide a future communication bulletin, which may include minor revisions to align with Fannie Mae's presentation. Additionally, we will fully align maximum allowable LTV/TLTV/HTLTV ratios for adjustable rate mortgages with fixed rate mortgages and employment offers and contracts guidance in a future communication bulletin.

We also revise Agency appraisal guidelines to align with recently announced Freddie Mac appraisal related updates.

Intended Audience

Origination Processing	Secondary Marketing	Underwriting	Closing Delivery Funding	Compliance Legal	Other
---------------------------	------------------------	--------------	--------------------------------	---------------------	-------

Effective Dates

Friday, July 28, 2017

All DU 9.3 loans must have final submission to DU 9.3 by this date.

Appraisal related updates are effective immediately for new and existing loan applications on or after this date.

Saturday, July 29, 2017

Fannie Mae retires DU Version 9.3.

DU 10.1 and messaging updates are effective for new loan casefiles submitted to DU on or after the weekend of July 29, 2017.

Background Information

In Desktop Originator/Desktop Underwriter Release Notes DU Version 10.1, Fannie Mae announced the upcoming release of DU Version 10.1 and related updates. Additionally, Freddie Mac announced updates impacting appraisal guidelines in Bulletin 2017-3. In response to these publications, we reviewed impacted guidelines and identified opportunities to implement revisions to more closely align with Fannie Mae and Freddie Mac requirements.

Product Support Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.
July 21, 2017 • COR17-025



Bulletin Details

Fannie Mae DU Version 10.1 Updates

A summary of the upcoming DU Version 10.1 release updates are as follows:

- Enhancing to the DU credit risk assessment and eligibility requirements, including:
 - For standard Agency and Agency Plus DU transactions, aligning DTI enhancements as follows:
 - Allowing a maximum DTI ratio of 50% for loan casefiles that receive an “Approve/Eligible” recommendation
 - Removing the requirement for additional compensating factors for loans with DTIs greater than 45% up to 50%
 - Eliminating specific HomeReady[®] compensating factors used to allow DTIs greater than 45% up to 50% (non-borrower household income and completion of housing counseling)
- Note:** If a DU Version 10.0 casefile receives a DU “Approve/Ineligible” recommendation, with the only reason for the ineligible recommendation being a DTI greater than 45% but less than 50%, you may create a brand new DU 10.1 casefile and submit to DU.
- Updating the criteria that determines the documentation required to verify self-employment income for DU loans, which is expected to increase the number of DU loan casefiles eligible for one year of tax return documentation
- Simplifying the risk assessment and messaging for DU loans with disputed tradelines by first assessing the loan casefile considering any disputed tradelines
 - If DU issues an “Approve/Eligible” recommendation using the disputed tradelines in the risk assessment, a new message will display indicating that no further documentation is required
 - When the loan casefile does not receive an “Approve/Eligible” recommendation, the risk will then be assessed with the disputed tradeline excluded. Then, the lender must determine if the disputed account belongs to the borrower and confirm the accuracy and completeness of the information on the tradeline. If the borrower is not responsible for the account or the information on the tradeline does not accurately and completely report the account, no further action is necessary regarding the disputed tradeline. If the borrower is responsible for the account and the tradeline information accurately and completely reports the account, the lender may manually underwrite the loan if the transaction is eligible for manual underwriting.

Action Required

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

Starting July 28, 2017

Review existing pipeline of DU Version 9.3 loans and complete final submission to DU 9.3 by this date.

Starting July 28, 2017

Apply the guidelines that are effective immediately for new and existing loan applications, as outlined in this bulletin and related Before and After Matrix.

Starting July 29, 2017

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

Product Support Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.
July 21, 2017 • COR17-025



Bulletin Details, continued

Fannie Mae DU Version 10.1 Updates, continued

- Revising the multiple financed properties reserve calculation in DU to:
 - No longer include the unpaid principal balance of the credit report mortgages and HELOCs that are not disclosed on the loan application
 - Instead, DU will issue a message that lists these credit report mortgages or HELOCs so lenders can ensure that all open/active mortgages are entered on the loan application and that the minimum reserve requirement for other financed properties is accurately calculated
- Treating all timeshare loans as installment loans rather than mortgage loans in DU, regardless of whether the timeshare loan is reported as a mortgage debt on the credit report
- Various DU 10.1 messaging updates, such as, but not limited to the following:
 - Revising the Property Inspection Waiver (PIW) message to remind lenders that if the transaction is one identified as ineligible but DU is not able to identify the ineligible criteria, the PIW may not be exercised
 - Modifying the project review message issued on detached condominiums to state that if the property is a site condo, a review is not required
 - Updating the homebuyer education messages to take into account information provided in the Homebuyer Education Completion Indicator
 - Revising the multiple financed properties messaging to include the dollar amount of reserves required
 - Other various messaging updates to provide clarity and consistency with existing guidelines

Retirement of DU Version 9.3

With the release of DU Version 10.1, Fannie Mae is retiring DU Version 9.3, which went into production the weekend of December 12, 2015. Complete final submissions of all DU Version 9.3 loans (to DU version 9.3) on or before July 28, 2017 or obtain an updated underwriting recommendation by submitting a new loan casefile to DU Version 10.1 on or after the weekend of July 29, 2017.

Note: Loan casefiles created in DU Version 10.0 and resubmitted after the weekend of July 29 will continue to be underwritten through DU Version 10.0.

Other Guideline Revisions

For Loan Product Advisor[®] (LPA[®]) loans, aligned with Freddie Mac by:

- Updating the comparable sales requirements for properties located in new subdivisions, PUDs, or condo projects to:
 - Clarify that the required comparable sale from inside the new subject subdivision or project can be a sale by the builder or developer of the subject property
 - Permit the use of pending sales from the subject subdivision or project when there are no closed sales available within the subject subdivision or project to establish marketability

Note: This is in addition to the requirement that three comparable sales must be settled or closed sales.

- Simplifying the completion of certain appraisal form fields by removing supplementary appraisal reporting requirements for units in PUDs

For non-AUS and DU loans, aligned with Fannie Mae by clarifying that a supervisory appraiser does not need to physically inspect the subject property or comparables, but must sign the right side of the appraisal report

Before and After Matrices

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the upcoming appraisal related guideline updates effective immediately for new and existing loan application on or after July 28, 2017.

[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 July 29, 2017.

Product Support Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.
July 21, 2017 • COR17-025



Former Guidelines

See the before-and-after matrices 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.

This information is for use by mortgage professionals only and should not be distributed to or used by consumers or other third parties. This is not for solicitation of sales. Information is accurate as of date of posting and is subject to change without current product details and lending procedure. SunTrust Mortgage, Inc. does not guarantee or assume liability for any third-party products or services. ©2017 SunTrust Banks, Inc. SunTrust, and SunTrust Mortgage are federally registered service marks of SunTrust Banks, Inc.