

Product Release

Information for Correspondent Lenders of SunTrust Bank
November 30, 2018 • COR18-056



Alert

Update

Reminder

Clarification

Training
Information

Preview

DU[®] Version 10.3 Release

SunTrust Bank (SunTrust) announces the upcoming release of Fannie Mae's Desktop Underwriter[®] (DU) Version 10.3 and retirement of DU 10.1, scheduled for the weekend of December 8, 2018. We align with Fannie Mae on the upcoming changes in the DU 10.3 release, which include:

- DU credit risk assessment updates, including a reserve requirement for cash-out refinance loan casefiles with debt-to-income (DTI) ratios greater than 45%
- appraisal waiver-related updates for properties located in disaster impacted areas
- a new rural high-needs appraisal waiver option

Effective Dates

- All DU Version 10.1 loan casefiles must have final submission to DU 10.1 by December 7, 2018.
- The appraisal waiver-related updates for properties located in disaster impacted areas and the new rural high-needs appraisal waiver are effective for DU Version 10.2 and 10.3 loan casefiles submitted or resubmitted to DU on or after the weekend of December 8, 2018.
- The retirement of DU Version 10.1 and all other DU 10.3 updates are effective for new loan casefiles submitted to DU on or after the weekend of December 8, 2018.

Background Information

In Desktop Underwriter/Desktop Originator Release Notes DU Version 10.3 and SEL-2018-07, Fannie Mae announced the upcoming release of DU Version 10.3 and related updates.

Bulletin Details

Fannie Mae DU Version 10.3 Updates

A summary of the DU Version 10.3 release updates are as follows:

- Revising the DU credit risk assessment as follows:
 - Cash-out refinance transactions for borrowers with a DTI ratio exceeding 45% must have at least six months reserves
 - When a loan casefile is submitted to DU for a borrower with a credit score, but only medical tradelines are reported on the credit report, the loan casefile will receive an Out of Scope recommendation. The lender must manually underwrite the loan casefile.
- Adding a new DU appraisal waiver-related message for properties located in disaster impacted areas
 - If the loan casefile received an appraisal waiver offer prior to the disaster, and upon resubmission to DU continues to meet all other appraisal waiver eligibility requirements, DU will continue to offer the appraisal waiver and issue a new message. This message will indicate that the lender may accept the appraisal waiver but must:
 - take prudent and reasonable actions to determine if the condition of the property has been materially impacted by the disaster, and
 - comply with the property eligibility requirements that pertain to properties affected by a disaster.
- Introducing a new DU appraisal waiver option for certain standard Agency, Agency Plus, and HomeReady[®] purchase transactions in designated rural high-needs areas. The rural high-needs appraisal waiver is for low- to moderate-income borrowers purchasing homes in targeted rural areas. Appraisal waiver offers for eligible transactions are contingent on obtaining a home inspection.

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Bulletin Details, continued

Fannie Mae DU Version 10.3 Updates, continued

The lender must review the home inspection report and follow Fannie Mae's property condition guidelines to confirm safety, soundness, and structural integrity. This waiver will be considered for the following transactions only:

- Loan casefiles that receive an "Approve/Eligible" recommendation
- Purchase transactions
- One-unit primary residence properties located in a designated rural high-needs area, as defined by Fannie Mae's Duty to Serve obligations

Reference: [Click here](#) to access an interactive version of the High-Needs Rural Areas Map (on the Federal Housing Finance Agency's website) that shows the eligible counties.

- Borrowers with income at or below 100% of the area median income
- LTV ratios up to 97% and TLTV ratios up to 105% with a Community Seconds[®]

Note: Special feature code (SFC) 801 is required to identify loans where the lender elects to exercise a DU appraisal waiver. SFC 801 will be automatically generated (on SunTrust internal systems) based on the selection of the appropriate appraisal type. The "appraisal waiver" naming convention has not yet been adopted on SunTrust internal systems. For this reason, select **Property Inspection Waiver** as the appraisal type on SunTrust internal systems for transactions originated with a rural high-needs appraisal waiver.

Retirement of DU Version 10.1

With the release of DU Version 10.3, Fannie Mae retires DU Version 10.1, which went into production the weekend of July 29, 2017. Complete final submissions of all DU 10.1 loans (to DU 10.1) on or before December 7, 2018 or obtain an updated underwriting recommendation by submitting a new loan casefile to DU 10.3 on or after the weekend of December 8, 2018.

Note: Loan casefiles created in DU Version 10.2 and resubmitted after the weekend of December 8 will continue to be underwritten through DU 10.2.

Before and After Matrices

- [Click here](#) to see the before-and-after matrix that provides a detailed overview of the upcoming appraisal waiver-related guideline updates, including the new rural high-needs appraisal waiver, effective for DU Version 10.2 and 10.3 loan casefiles submitted or resubmitted to DU on or after December 8, 2018.
- [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 December 8, 2018.

Former Guidelines

See the before and after matrices provided in the Bulletin Details section of this bulletin to access the former guidelines.

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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 3.

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