

Product Release

Information for Correspondent Lenders of SunTrust now Truist Bank
May 15, 2020 • COR20-017



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Preview

Retirement Income Validation in the DU Validation Service

SunTrust now Truist Bank (Truist) announces the release of an update to Fannie Mae's Desktop Underwriter® (DU®) validation service to enable DU to validate income using 2019 tax transcripts. After this update, lenders can use 2019 tax transcripts to validate retirement income from pension and annuities with the DU validation service, but retirement income from individual retirement account (IRA) distributions will no longer be eligible for income validation by DU.

Effective Dates

This update is effective for DU Version 10.3 loan casefiles submitted or resubmitted to DU on or after the weekend of May 16, 2020.

Background Information

Fannie Mae's DU Version 10.3 May Update Release Notes announced the upcoming update related to 2019 tax transcripts and retirement income validation in the DU validation service. In response to this publication, we reviewed impacted guidelines and identified the need to implement revisions to align with Fannie Mae requirements.

Bulletin Details

Retirement Income Validation in the DU Validation Service

Currently, the DU validation service can validate retirement income in the form of pension, annuities, and IRA distributions because these income types are grouped together in one line on the 2018 tax return and tax transcript data used by the DU validation service. If retirement income entered into DU includes IRA distributions, then the DU validation service issues a message requiring lenders to document evidence of enough assets to support a three-year continuance.

The Internal Revenue Service (IRS) changed the 2019 tax returns to separate IRA distributions from pension and annuity income; therefore, these fields are now separated on the tax transcript data used by the DU validation service. As a result, retirement income from IRA distributions will no longer be eligible for income validation. The DU validation service will no longer include a requirement to document evidence of enough assets to support a three-year continuance since only retirement income from pension and annuities will continue to be eligible for validation.

Revised Material

Click [Agency Loan Programs](#) to review the revised product material.

Former Guidelines

The DU validation service could validate retirement income in the form of pension, annuities, and IRA distributions.

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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. Contact Correspondent Relations Coordinators at 800.382.2111, Option 1.
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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