

Alert

Update

Reminder

Clarification

Training
Information

Preview

DU Version 11.0 Release, Including Updates to Risk Assessment

Truist Bank (Truist) announces the release of Fannie Mae's Desktop Underwriter® (DU®) Version 11.0, scheduled for this weekend, March 13, 2021. The changes in this release will include the following:

- retirement of DU Version 10.2
- DU risk assessment update
- updates to align DU with currently published guidelines related to:
 - appraisal waivers
 - gifts of equity
- retirement income message update

Effective Dates

- Fannie Mae retires DU Version 10.2 on March 13, 2021.
- Fannie Mae implements DU Version 11.0 effective for new loan casefiles submitted to DU on or after the weekend of March 13, 2021. *(Loan casefiles created in DU Version 10.3 and resubmitted after the weekend of March 13, 2021 will continue to be underwritten through DU 10.3.)*

Background Information

In Desktop Underwriter/Desktop Originator Release Notes DU Version 11.0 and SEL-2021-02, Fannie Mae announced the release of DU Version 11.0 and related updates.

Bulletin Details

Retirement of DU Version 10.2

With the release of DU Version 11.0, Fannie Mae retires DU Version 10.2. Complete final submissions of all DU Version 10.2 loans (to DU Version 10.2) before March 13, 2021 or obtain an updated underwriting recommendation by submitting a new loan casefile to DU Version 11.0 on or after the weekend of March 13, 2021.

DU Risk Assessment Update

DU Version 11.0 will include an updated risk assessment that will fine-tune DU's ability to assess risk. DU will continue to use multiple factors to perform a comprehensive risk assessment; however, the risk factors specified in the table below will be updated.

Risk Factor	Update
Debt-to-Income Ratio/Debt Composition	<p>DU will continue to view loan casefiles as having lower associated risk when the borrower's debt-to-income ratio is low. DU will also evaluate the composition of the borrower's debt, specifically looking at how revolving debts and student loan debts make up the borrower's total monthly expenses.</p> <p>Borrowers whose revolving debt makes up a smaller percentage of their monthly expense will represent less risk, and borrowers with student loan debt will represent less risk than those with only revolving debt.</p>
Self-Employment/Variable Income	<p>DU will no longer view self-employment as representing increased risk but will now evaluate the composition of borrower income.</p> <p>DU will view borrowers whose total annual income is made up of a higher percentage of variable income (i.e., bonus, overtime, commission, and miscellaneous) as representing increased risk</p>

Note: No changes will be made to the other risk factors outlined in our "Risk Factors Evaluated by DU" guidelines. See the attached Before and After Matrix for additional details.

Product Release

Information for Correspondent Lenders of Truist Bank
March 12, 2021 • COR21-012



Bulletin Details, continued

Appraisal Waivers

DU guidelines currently indicate that a lender may not exercise an appraisal waiver offer and must order an appraisal if rental income from the subject property is being used to qualify the borrower. This includes income from an accessory unit. With the release of DU Version 11.0, DU will no longer evaluate a loan casefile for appraisal waiver eligibility when accessory unit income is provided on the loan application for use in qualifying.

Gifts of Equity

For loan casefiles using the redesigned *Uniform Residential Loan Application* (Form 1003), when a gift of equity is being used, DU will also check the source of the gift of equity. With the release of DU Version 11.0, when the source of the gift of equity is one that is **not** a relative or unmarried partner, the loan casefile will receive an “Ineligible” recommendation.

Retirement Income Message

Product Release [COR21-007](#) announced updates to DU requirements related to the use of retirement, government annuity, and pension income. With the release of DU Version 11.0, Fannie Mae is updating the DU retirement income message to align with these previously announced changes.

Before and After Matrix

[Click here](#) to see the before and after matrix that provides a detailed overview of updates related to the DU debt-to-income/debt composition and self-employment/variable income risk factor updates.

Revised Material

We will update the *Section 2.01: Agency Loan Programs* product description on next Friday, March 19, 2021 to reflect the DU risk factor updates outlined in this bulletin. Until that time, refer to the above referenced Before and After Matrix for guidance.

Former Guidelines

See the before and after matrix provided in the Bulletin Details section of this bulletin 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. 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.

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. Truist Bank does not guarantee or assume liability for any third-party products or services. Truist Bank is an Equal Housing Lender. ©2020 Truist Financial Corporation. SunTrust, Truist, and the BB&T|SunTrust now Truist logo are service marks of Truist Financial Corporation. All rights reserved.