

# Product Support Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.  
December 5, 2014 • COR14-111



Alert

Update

Reminder

Clarification

Training  
Information

Preview

## Coming Soon: Fannie Mae DU Version 9.2

SunTrust Mortgage, Inc. announces the upcoming release of Fannie Mae's Desktop Underwriter (DU) Version 9.2 during the weekend of December 13, 2014. The revisions impact Agency loan programs processed using DU. Additional Agency updates also apply for non-automated underwriting system (non-AUS) and Freddie Mac Loan Prospector (LP) processed transactions.

### Intended Audience

Origination Processing	Secondary Marketing	Underwriting	Closing Delivery Funding	Compliance Legal	Other
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### Effective Dates

#### Friday, December 12, 2014

All DU Version 9.0 loans must be closed and funded by this date.

#### Saturday, December 13, 2014

Fannie Mae retires DU Version 9.0.

Effective for loan applications on or after this date the revised Life Insurance Cash Value guidelines apply for manually underwritten Agency loans. For DU processed Agency loans, the new Insurance Cash Value guidelines are effective for loan casefiles submitted to DU version 9.2 on or after this date.

#### Monday, December 15, 2014

Effective with locks on or after this date the new maximum LTV/TLTV/HTLTV for 1-unit, Primary Residence, Fully Amortizing Fixed Rate, Cash-Out refinance transactions apply for manually underwritten and DU processed Agency loans.

### Background Information

On October 14, 2014, Fannie Mae announced the upcoming release of DU Version 9.2. In response to this release, review of Agency guidelines identified opportunities to be judicious while aligning more closely with investor requirements.

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## Bulletin Details

### Reduced Maximum LTV/TLTV/HTLTV

For Primary Residence, 1-Unit, Fully Amortizing Fixed Rate, Cash-Out Refinance Transactions, the maximum LTV/TLTV/HTLTV for non-AUS transactions and DU processed transactions is reduced to 80%/80%/80%.

### Life Insurance Cash Value Asset Revision

Revised Asset Guidelines for Life Insurance Cash Value

- SunTrust Mortgage adopts Fannie Mae investor specific guidelines for non-AUS underwriting and DU processed transactions, including the following DU version 9.2 revisions:
  - If an insurance company payout is used for the down payment or closing costs, the borrower's receipt of the funds from the insurance company must be documented.
  - If the cash-value of the life insurance is being used for reserves, the cash-value must be documented, but does not need to be liquidated and received by the borrower.
  - With DU Version 9.2, the amount entered in the Cash Value field in the Life Insurance section of the online loan application will be included in the borrower's Total Available Assets.
- Additionally, SunTrust Mortgage replicates Freddie Mac investor specific guidelines for LP processed transactions to ensure clear alignment and avoid unintentional differences.

### DU Messaging

With the release of DU version 9.2, new and revised DU messages will appear that will not impact SunTrust Mortgage guidelines. New and revised DU messages include but are not limited to the following:

- Revised Maximum Number of Financed Properties Message
- New Pending Sale Property Message
- Modified Excessive Value Message
- Updated message related to liabilities with no payment included

### Retirement of DU Version 9.0

DU Version 9.0, which went into production the weekend of October 20, 2012, will be retired when DU Version 9.2 is released the weekend of December 13, 2014. Close and fund your DU Version 9.0 loan casefiles by December 12, 2014 or obtain an updated underwriting recommendation after the weekend of December 13 using DU version 9.2.

DU casefiles created in DU Version 9.1 and resubmitted after the weekend of December 13, 2014 will continue to be underwritten through DU version 9.1.

**Important Note:** After the weekend of December 13, 2014, DU casefiles created in DU Version 9.0 and resubmitted to DU will no longer be underwritten through DU version 9.0.

## Action Required

**Origination, Processing, Secondary Marketing, Underwriting, Closing, Delivery, and Funding**

### Starting December 5, 2014

Review these updates thoroughly for awareness of the guideline revisions being implemented on or after December 13, 2014.

### By December 12, 2014

Review existing pipeline of non-AUS and DU Agency Primary Residence, 1-Unit, Fully Amortizing, Fixed Rate, Cash-Out Refinance transactions to ensure they are locked by this date.

Close and fund all DU Version 9.0 loans by this date

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## Bulletin Details, continued

### Changes to the DU Underwriting Findings Report

- The Summary Section of the DU version 9.1 and DU version 9.2 of the DU Underwriting Findings Report and the DU Underwriting Analysis Report will now include indicators for clarity. [Click here](#) to view a screenshot of the DU Underwriting Findings which identifies the new indicators in red.

## Former Guidelines

The maximum LTV/TLTV/HTLTV for non-AUS transactions and DU processed transactions was 85%/85%/85%.

Previously, SunTrust Mortgage Asset Guidelines for Life Insurance Cash Value read as follows:

### Conventional Non-AUS

- Cash value of life insurance is generally a “non-liquid” asset.
- If the borrower is using funds from cash value of a life insurance policy for closing, documentation of the cash value and withdrawal of funds is required.
- Cash value of a vested life insurance policy may be used as a source of cash reserves. Funds that have not been vested or that cannot be withdrawn under circumstances other than the account owner’s retirement, death, or employment termination should not be counted as a source of cash reserves.

### Fannie Mae DU

Conventional Non-AUS guidelines apply

### Freddie Mac LP

- Conventional non-AUS guidelines apply with the following exceptions:
  - Provide verification of the cash value life insurance which includes the following:
    - a computer-generated or typed statement from the insurance company,
    - identifies the life insurance company,
    - identifies the policy owner(s),
    - shows the period covered and ending cash value, and
    - shows any outstanding loans.

## 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.
Emerging Banker Account Executive	Specific questions on applying this procedure to specific loan files. Direct contact information for each account executive 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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