

# Product Support Bulletin



Information for Correspondent Lenders of SunTrust Mortgage, Inc.  
December 2, 2016 • COR16-037

Alert

Update

Reminder

Clarification

Training  
Information

Preview

## DU<sup>®</sup> 10.0 Release, Day 1 Certainty<sup>™</sup>, and Other Agency Revisions

SunTrust Mortgage, Inc. announces the upcoming release of revisions to Fannie Mae's Desktop Underwriter (DU) Version 10.0, scheduled for the weekend of December 10, 2016. Effective with this DU release, we fully align with Fannie Mae on the following:

- Day 1 Certainty initiatives
  - Property Inspection Waiver (PIW) eligibility
  - Property Value Representations and Warranties for loans underwritten by the Correspondent lender
- Co-borrower self-employment income evaluation
- Garnishment updates
- DU messaging updates

**For loans underwritten by the Correspondent Lender, later this month**, SunTrust Mortgage will further align and begin accepting loans documented using the DU validation service (for income, assets, and employment) as part of Fannie Mae's Day 1 Certainty initiative. Additional details will be provided in a future communication bulletin.

**For loans underwritten by SunTrust Mortgage**, we are currently evaluating the ability to expand the Day 1 Certainty initiative to include the DU validation service offerings and the property value representations and warranties.

We also announce the extension of the Fannie Mae DU Refi Plus<sup>™</sup> loan program. Alignment with site condominium updates and accessory unit clarifications, recently announced by Fannie Mae, will be provided in a future communication bulletin.

### Intended Audience

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

##### Friday, December 9, 2016

Co-borrower self-employment income evaluation, garnishment, and DU Refi Plus extension updates are effective immediately for existing and new loan applications on or after this date.

##### Saturday, December 10, 2016

PIW specific updates are effective for new loan casefiles created in DU on or after this date.

Property value representations and warranties and DU messaging updates are effective for DU 10.0 loan casefiles submitted or resubmitted after this date.

#### Background Information

Fannie Mae recently announced the launch of their ground-breaking Day 1 Certainty<sup>™</sup>, a new initiative to provide lenders with freedom from representations and warranties on key aspects of the mortgage origination process. The details of Day 1 Certainty were included in Fannie Mae's DU Version 10.0 December Release Notes and SEL-2016-08.

Additionally, in SEL-2016-08, Fannie Mae announced updates to co-borrower self-employment income evaluation, garnishments, and the extension of Fannie Mae's DU Refi Plus loan program to September 30, 2017. In response to these publications, we are implementing revisions to align with these Fannie Mae requirements.

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## Bulletin Details

### Summary of the Fannie Mae DU Version 10.0 Updates

A summary of the upcoming DU Version 10.0 release updates are as follows:

- For DU loans, we are aligning our PIW guidance with Fannie Mae, as follows:
  - In order for a PIW to be considered, a prior appraisal must be found for the subject property in Fannie Mae's Collateral Underwriter (CU) data, and that appraisal must be associated with one of the borrowers on the loan casefile
  - Certain refinance transactions only are now eligible
  - A \$75.00 fee will continue to be charged at this time for each exercised waiver

**Note:** Additional details will be provided in the near future regarding the elimination of this fee.

- For DU loans underwritten by Correspondent lenders, we are embracing enhanced representations and warranties relief related to the property value for certain loan casefiles secured by a one-unit detached, attached, or condominium property.
  - The following fields must be provided in DU in order for eligibility for the enforcement relief to be determined in CU:
    - The Actual vs. Estimated Appraised Value Indicator must be sent as Actual,
    - Documents File Identifier (Doc File ID), and
    - Property Appraised Value and Property Zip Code
- Various DU 10.0 messaging updates, such as, but not limited to the following:
  - Modifying the message issued when a loan casefile is eligible for the PIW to include the condominium appraisal requirement, *Individual Condominium Unit Appraisal Report* (Fannie Mae Form 1073)
  - Adding messages, in a new **Representations and Warranties** section of the DU Underwriting Findings report, when a loan casefile is eligible or ineligible for enforcement relief related to property value based on the DU risk assessment and CU results
  - Retiring the excessive value "Potential Red Flags" messages
  - New and updated lender and seller contribution messages
  - Other various messaging updates to provide clarity and consistency with existing guidelines

## Action Required

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

### Starting December 9, 2016

Apply the guidelines that are effective immediately, as outlined in this bulletin and related Before-and-After Matrix.

### Starting December 10, 2016

Apply the guidelines that are effective on this date, as outlined in this bulletin and related Before-and-After Matrix.

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## Bulletin Details, continued

### Other Guideline Revisions

A summary of the other upcoming Agency updates are as follows:

- For non-AUS and DU loans, we are aligning with Fannie Mae by:
  - Removing the requirement to document or evaluate a co-borrower's self-employment income or loss when the self-employment income is not used for qualifying purposes

**Note:** Any business debt on which the borrower is personally obligated must be included in the total monthly obligations when calculating the debt-to-income ratio

  - Adding guidance to reflect garnishments with more than ten months remaining must be included in the borrower's recurring monthly debt obligations

**Note:** Garnishments will no longer be required to be paid off at or prior to closing
- Incorporating the loan application date requirement to reflect the extension of the Fannie Mae DU Refi Plus™ loan program to September 30, 2017

### Before and After Matrices

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the upcoming guideline updates effective immediately for existing and new loan applications on or after December 9, 2016.

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the upcoming PIW guideline updates effective for new loan casefiles submitted to DU on or after December 10, 2016.

## 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.

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