

Product Release

Information for Correspondent Lenders of SunTrust Bank
July 19, 2019 • COR19-031



Alert

Update

Reminder

Clarification

Training
Information

Preview

DU Version 10.3 and Other Agency Revisions

SunTrust Bank (SunTrust) announces the release of updates to Fannie Mae's Desktop Underwriter® (DU®) Version 10.3, scheduled for the weekend of July 20, 2019. The changes in this release will include the following:

- HomeReady® income limits revisions, including:
 - limiting the borrower's total annual qualifying income to 80% of the area median income (AMI) for the property's location
 - implementing the 2019 HomeReady income limits
- DU validation service retirement income enhancement
- DU eligibility assessment update when multiple high-risk factors are present
- DU risk assessment update regarding delinquencies on accounts impacted by a natural disaster
- various DU messaging updates to provide clarity and consistency with Fannie Mae's *Selling Guide*

Additionally, in support of our guideline improvement initiative, we remove a SunTrust clarification and align our guidelines with Fannie Mae for sale of real property/sales proceeds needed for down payment and closing costs guidance.

Effective Dates

- The HomeReady income limits and DU eligibility assessment updates are effective for new loan casefiles submitted to DU on or after the weekend of July 20, 2019. For non-AUS loans, the HomeReady income limits revisions are effective for new loan applications taken on or after July 20, 2019.
- The DU validation service, DU risk assessment, and messaging updates are effective for DU 10.3 loan casefiles submitted or resubmitted to DU on or after the weekend of July 20, 2019.
- The sale of real property/sales proceeds needed for down payment and closing costs guideline clarification is effective immediately for existing and new loan applications.

Background Information

Fannie Mae's DU Version 10.3 July Update Release Notes and Lender Letter LL-2019-06 announced the release of updates to DU Version 10.3 and related revisions. In response to these publications, we reviewed impacted guidelines and identified the opportunity to implement revisions to align with Fannie Mae requirements. Additionally, in support of our guideline improvement initiative, we revise sale of real property/sales proceeds needed for funds to close guidelines to align with Fannie Mae's language and/or presentation of guidance.

Bulletin Details

HomeReady Income Limits Revisions

For non-AUS and DU loans, we align with Fannie Mae's HomeReady income limits revisions by:

- Updating the income limit requirements to state that the borrower's total annual qualifying income must not exceed 80% of the AMI for the property's location. This change will apply to all HomeReady mortgages, including those secured by properties in low-income census tracts.
- Embracing the 2019 AMI limits
 - Fannie Mae will implement the 2019 HomeReady AMI limits in DU and update the [Income Eligibility by Census Tract Lookup](#) tool on July 20, 2019. For DU loan casefiles created prior to July 20th, DU will continue to apply the 2018 AMI limits.

Note: No negative impact will occur to the existing pipeline of HomeReady loans due to the 80% of AMI limit and 2019 AMIs applying to new DU casefiles/new applications only.

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Bulletin Details, continued

DU Validation Service Retirement Income Enhancement

For loans utilizing the DU validation service, we align with Fannie Mae and permit all retirement income to be eligible for validation. DU will issue a message requiring lenders to determine the source of the retirement income, as additional documentation may be required depending on the type of retirement income.

DU Eligibility Assessment Update

As a result of a recent review, Fannie Mae is updating their DU eligibility assessment. As a result, certain new loan casefiles submitted to DU on or after July 20, 2019 will receive an ineligible recommendation when multiple high-risk factors are present.

DU Risk Assessment Update

The DU credit risk assessment will no longer consider delinquencies reported on a credit report when the tradeline is reported with a Remarks Code indicating "Affected by a natural disaster". DU will issue a message listing the accounts and specifying that delinquencies were not used in the credit risk assessment as the tradelines were reported as being impacted by a natural disaster.

Sale of Real Property/Sales Proceeds Needed for Down Payment and Closing Costs Guideline Clarification

For non-AUS and DU loans, we align sale of real property/sales proceeds needed for down payment and closing costs guidelines with Fannie Mae and remove a SunTrust clarification requiring signatures on the Settlement/Closing Disclosure Statement.

Before and After Matrices

- [Click here](#) to see the before and after matrix that provides a detailed overview of the HomeReady income limits guideline updates.
- [Click here](#) to see the before and after matrix that provides a detailed overview of the DU validation service and DU risk assessment guideline updates.
- [Click here](#) to see the before and after matrix that provides a detailed overview of the sale of real property/sales proceeds needed for down payment and closing costs guideline clarification.

Revised Materials

Click [Agency Loan Programs](#) and [Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages](#) to review the revised product materials.

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. 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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