

Product Release

Information for Correspondent Lenders of SunTrust Bank
March 22, 2019 • COR19-011



Alert

Update

Reminder

Clarification

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Preview

DU Version 10.3 Revisions

Fannie Mae releases updates to Desktop Underwriter® (DU®) Version 10.3, this weekend, March 23, 2019, as previously announced in Product Release [COR19-010](#). The changes in this release will include the following:

- DU validation service enhancements
- HomeReady® area median income (AMI) determination revisions
- Disaster message change
- Other DU messaging updates to align with and/or support previously published and/or announced guideline updates/requirements

NEW: Additionally, we align with Fannie Mae and **revise** the previously communicated effective dates for the following:

- DU validation service update regarding commission income validation
- **Reserves Required to be Verified** field value changes

See **Effective Dates** below for additional details.

Effective Dates

- The following changes are effective for loan casefiles created on or after the weekend of March 23, 2019
 - DU validation service enhancements for the following:
 - Income and employment message consolidation changes
 - Income calculation updates (to identify inconsistencies between “Rate of Pay” and “Year-to-Date Income”)
 - **Reserves Required to be Verified** field value change
- All other changes in this release (including the DU validation service update regarding commission income validation) will apply to DU Version 10.3 loan casefiles submitted or resubmitted to DU on or after the weekend of March 23, 2019

Background Information

Fannie Mae’s DU Version 10.3 March Update Release Notes announced the upcoming changes to DU version 10.3. Fannie Mae updated these release notes to reflect revised effective dates for the commission income validation and **Reserves Required to be Verified** field value changes.

Bulletin Details

[Fannie Mae DU Version 10.3 Revisions](#)

See Product Release [COR19-010](#) for details regarding the DU Version 10.3 revisions.

Important Notes:

- Disregard the effective dates for the DU validation service update regarding commission income validation and the **Reserves Required to be Verified** field value change previously announced in Product Release bulletins [COR 19-009](#) and [COR19-010](#) and comply with the **revised** effective dates communicated in this product release bulletin.

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Bulletin Details, continued

Important Notes, continued:

- **Commission Income Validation:** The DU validation service will be updated to remove the different treatment of commission income based on the percentage of employment income. Currently, when a borrower receives commission income that is 25% or more of total employment income, the DU validation service requires the lender to obtain both a verification of income (VOI)/verification of employment (VOE) report and tax transcripts to validate the borrower's income. Tax transcripts will no longer be required, and commission income will be treated in the same manner as other wage income and will only require a VOI/VOE report. This update will apply to DU Version 10.3 loan casefiles submitted or resubmitted to DU on or after the weekend of March 23, 2019
- **Reserves Required to be Verified:** As previously announced in [COR 18-056](#), cash-out refinance transactions for borrowers with a DTI ratio exceeding 45% must have at least six months reserves. For loan casefiles created on or after the weekend of March 23, 2019, the value reflected in **Reserves Required to be Verified** on the DU Underwriting Findings report will be updated to include this amount, at a minimum.

Before and After Matrix

For consistency, we also revised the effective date on the before and after matrix (previously provided in the Bulletin Details section of [COR 19-009](#)) with a detailed overview of the DU validation service commission income validation updates. [Click here](#) to see the revised matrix.

Revised Material

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

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. 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 3.

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