

# Product Release

Information for Correspondent Lenders of Truist Bank  
March 18, 2022 • COR22-009



Alert

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Reminder

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## DU Version 11.0 Updates, Appraisals, and Other Agency Guideline Revisions

Truist Bank (Truist) announces that Fannie Mae will implement updates to Desktop Underwriter® (DU®) Version 11.0 this weekend, March 19, 2022. Changes in the DU release will include the following:

- new desktop appraisal option
- new high-balance loan level price adjustment (LLPA) waiver message
- asset documentation flexibility for certain refinance transactions
- unemployment benefits message updates

**Except as outlined below**, Truist will align with these DU Version 11.0 updates.

- At this time, due to current operational and technology constraints to support, Truist is **not currently aligning with** the High-Balance LLPA Waiver (*see Bulletin Details for additional information*). This applies to CorrAdvantage loans as well.

We revise Agency non-AUS and DU guidelines to align with recently announced Fannie Mae updates. With these updates, we:

- revise appraisal requirements related to standard requirements for measuring, calculating, and reporting gross living area
- refresh various other appraisal requirements to more closely align with Fannie Mae's language and/or presentation of guidance (*guideline intent remains the same*)
- revise requirements for credit reports related to public records
- relocate and clarify guidance related to income from unemployment benefits

Additionally, in support of our guideline improvement initiative, we:

- add appraisal requirements related to lender responsibilities and unacceptable appraisal practices (for all underwriting methods)
- remove outdated references to the ineligibility of investment property transactions

### Effective Dates

- The DU desktop appraisal option and asset documentation flexibility for certain refinance transactions updates are effective for DU Version 11.0 loan casefiles submitted or resubmitted to DU on or after the weekend of March 19, 2022.
- Truist will begin accepting loans with appraisals using the revised standard for measuring gross living area immediately, but compliance is required for all applicable appraisals with an effective date on or after April 1, 2022.
- The remaining appraisal related, credit report, income from unemployment benefits, and investment property guideline updates are effective immediately for existing and new loan applications on or after March 18, 2022.

### Background Information

Fannie Mae SEL-2021-10, 2021-11, and 2022-01 announced updates related to various appraisal, credit report, and income from unemployment benefits requirements. In Desktop Underwriter/Desktop Originator Release Notes DU Version 11.0 March Update, Fannie Mae announced DU Version 11.0 related updates. In response to these publications, we reviewed impacted guidelines and identified the updates we are currently able to implement to align with Fannie Mae requirements.

### Bulletin Details

#### Guideline Updates

Highlights of the guideline updates are outlined in the table below:

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## Bulletin Details, continued

### Guideline Updates, continued

Topic	Update
DU Desktop Appraisal Option	<ul style="list-style-type: none"> <li>DU loan casefiles meeting the following requirements will receive the option to obtain a desktop appraisal reported on Fannie Mae Form 1004 Desktop, <i>Uniform Residential Appraisal Report (Desktop)</i>:                             <ul style="list-style-type: none"> <li>includes a complete subject property address</li> <li>is a purchase transaction</li> <li>the loan is secured by a one-unit primary residence</li> <li>the loan-to-value (LTV) ratio is less than or equal to 90%</li> </ul> </li> </ul> <p><b>Note:</b> DU will determine LTV eligibility for the desktop appraisal using the sales price entered into DU as the baseline. When DU has offered and the lender has obtained the desktop appraisal, the loan will remain eligible for delivery with the desktop appraisal if the loan amount does not increase and all other requirements continue to be met, even if the LTV ratio increases to a value over 90% due to the value returned on the desktop appraisal.</p> <ul style="list-style-type: none"> <li>the loan casefile receives an “Approve/Eligible” recommendation</li> <li>The following transactions are not eligible for a desktop appraisal:                             <ul style="list-style-type: none"> <li>condo units</li> <li>construction-to-permanent loans (single-close and two-close)</li> <li>HomeReady, HomeStyle Renovation, and HomeStyle Energy loans</li> </ul> </li> <li>When the loan casefile is eligible for the desktop appraisal option, DU will issue a message informing the lender the loan casefile is eligible for the desktop appraisal, and if a desktop appraisal is selected the appraiser must include a floor plan exhibit in addition to all other required exhibits.</li> </ul> <p><b>Note:</b> When the desktop appraisal option message is issued, DU will continue to issue messages regarding eligibility for an appraisal waiver and the requirement for an interior and exterior property inspection on the traditional Form 1004. This will ensure lenders are aware of all applicable appraisal options.</p>
High-Balance LLPA Waiver	<ul style="list-style-type: none"> <li>To further support efforts with affordable housing financing, Fannie Mae will no longer charge a high-balance LLPA for loans to first-time homebuyers with income less than or equal to 100% of area median income. Freddie Mac is also implementing this change for high-balance loans meeting this same criteria. The LLPA waiver will go in effect for high-balance loans delivered to Fannie Mae and Freddie Mac on or after April 1, 2022.</li> <li>Truist technology and operational updates are needed to support the implementation of this LLPA waiver. Until those updates are made, Truist will not be able to take advantage of this waiver for eligible high-balance (i.e., Agency Plus, Agency Plus Select, CorrAdvantage, HomeReady high-balance, and Home Possible high-balance) DU and LPA loan transactions.</li> <li>On March 19, 2022, DU will begin issuing a message on loan casefiles that are eligible for this LLPA waiver. <b>Disregard this new messaging at this time.</b> At this time, Freddie Mac has not announced that LPA will be issuing any messaging on casefiles eligible for this waiver.</li> </ul>
Appraisal Guidelines for Measuring Gross Living Area	<p>For non-AUS and DU loans, we revised requirements for measuring, calculating, and reporting gross living area and non-gross living areas (basement, additional structures, etc.) by adopting a standard established by the American National Standards Institute® (ANSI® Z765-2021). ANSI is generally the standard used by most appraisers today; however, this change will drive adoption of the standard across the valuation industry and establish a consistent, repeatable process. Appraisals requiring interior and exterior inspections must follow this standard; appraisals of this type performed without using this standard will not be acceptable.</p> <p><b>Note:</b> Appraisal guideline subtopics impacted by this update include the following: “Appraisal Report Forms and Exhibits (Building footprint sketch or floor plan and calculations)” and “Improvement Sections of the Appraisal Report.”</p>
Other Appraisal Related Updates	<ul style="list-style-type: none"> <li>For non-AUS, DU, and LPA loans, we added appraisal requirements related to lender responsibilities and unacceptable appraisal practices</li> <li>For non-AUS and DU loans, we refreshed various appraisal requirements under the following subtopics to more closely align with Fannie Mae’s language and/or presentation of guidance (<i>guideline intent remained the same</i>):                             <ul style="list-style-type: none"> <li>Appraiser Selection Criteria</li> <li>Uniform Appraisal Dataset (UAD) and the Uniform Collateral Data Portal (UCDP)</li> <li>Appraisal Report Forms and Exhibits</li> </ul> </li> </ul>

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## Bulletin Details, continued

### Guideline Updates, continued

Topic	Update
Asset Documentation Flexibility for Certain Refinance Transactions	We updated documentation requirements for the verification of assets for certain refinance transactions underwritten in DU. Assets will not have to be documented when the funds required to be verified are \$500 or less. On refinance transactions eligible for this flexibility, DU will issue a message specifying that assets do not need to be verified for the transaction. <b>Note:</b> This update does not apply to manually underwritten (i.e., non-AUS) loans.
Credit Reports	For non-AUS and DU loans, we removed the credit report requirement that public records information must be obtained from two sources. As a reminder, the report must continue to include all available public records information, identify the sources of the public records information, and disclose whether any judgments, foreclosures, tax liens, or bankruptcies were discovered.
Income from Unemployment Benefits	For non-AUS and DU loans, we: <ul style="list-style-type: none"><li>• moved income from unemployment benefits guidance from the “Seasonal Income/Seasonal Unemployment” subtopic to the “Public Assistance Income” subtopic to align with Fannie Mae’s presentation of this guidance</li><li>• clarified guidelines to include the following additional way to consider unemployment income:<ul style="list-style-type: none"><li>• The income from unemployment benefits can be used in the calculation of financial resources that are required under the “Paystub Not Obtained Before Loan Delivery” option outlined in the “Employment Offers or Contracts” guidelines.</li></ul></li></ul> <b>Note:</b> Fannie Mae is updating the DU unemployment benefits messages to align with these changes this weekend, March 19, 2022.
Investment Properties	We removed outdated references to the ineligibility of investment property transactions from Section 1.05 Underwriting and Section 1.35 Compliance Overview of the <i>Correspondent Seller Guide</i> .

### Before and After Matrix

[Click here](#) to see the before and after matrix that provides a detailed overview of all guideline revisions.

### Revised Materials

Click [Underwriting](#), [Appraisal Guidelines](#), [Compliance Overview](#), [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 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.

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