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Preview

DU Value Acceptance + Property Data and DU Hybrid Appraisal Offerings are Now Eligible

Truist Bank (Truist) revises Agency Desktop Underwriter® (DU®) requirements to permit transactions originated with a DU value acceptance + property data offer or hybrid appraisal.

Notes:

- The DU value acceptance + property data offer is a new option that utilizes property data collection by a trained and vetted third party (i.e., a property data collector) who conducts interior and exterior data collection on the subject property. When this option is used, an appraisal is not required.
- A hybrid appraisal will only be permitted for certain transactions where DU value acceptance + property data was initially started, but changes in the loan characteristics (after the property data collection (PDC) was obtained) results in the transaction no longer being eligible for the offer.
- All DU loans originated with a value acceptance + property data offer or hybrid appraisal must be underwritten by the Correspondent lender (approved by Truist for delegated underwriting authority). This includes CorrAdvantage loans. Due to operational constraints to support, DU loans submitted to Truist for underwriting are not eligible for the value acceptance + property data and hybrid appraisal offerings. We are currently evaluating the opportunity to lift this restriction in the future.

We also align with Fannie Mae's new Property Data Collector Independence Requirements (PDCIR). The PDCIR are designed to protect the integrity of the data collection process and provide similar protections for the property data collection process as the Appraiser Independence Requirements (AIR) do for the appraisal process.

Effective Dates

- DU value acceptance + property data and DU hybrid appraisal eligibility are effective immediately for existing and new loan applications on or after October 13, 2023.
- The new PDCIR are effective for loans with application dates on or after November 1, 2023.

Background Information

Fannie Mae SEL-2023-02 announced the release of the DU value acceptance + property data offer, including the acceptability of hybrid appraisals. Fannie Mae SEL-2023-07 introduced the new PDCIR. In response to these publications, we reviewed impacted Truist technology and operational processes and identified the opportunity to implement revisions to more closely align with these new Fannie Mae offerings.

Bulletin Details

DU Value Acceptance + Property Data and Hybrid Appraisal Offerings

Highlights of the DU value acceptance + property data and hybrid appraisal eligibility requirements are outlined in the table below.

Topic	DU Value Acceptance + Property Data Requirements
Underwriting	DU loans originated with a value acceptance + property data offer or hybrid appraisal must be underwritten by the Correspondent lender (approved by Truist for delegated underwriting authority). This includes CorrAdvantage loans.
Property/Occupancy/Transaction Types	<p>The following property/occupancy/transaction types will be considered for a value acceptance + property data offer:</p> <ul style="list-style-type: none"> • 1-unit properties only, including a unit in a PUD (excluding condominiums and leasehold estates) • primary residence, second home, and investment properties • purchase, limited cash-out, and cash-out refinances <p>Note: Additional transaction restrictions apply. See the list of “Ineligible Transactions” in the DU value acceptance + property data requirements presented in today’s revised product materials for additional details.</p>
Maximum LTV/TLTV Ratios	Determined by DU
DU Messaging	<p>The following messages will be displayed in the DU Underwriting Findings report when a loan receives a value acceptance + property data offer:</p> <ul style="list-style-type: none"> • Initial (i.e., Value Acceptance + Property Data - Eligible) message: <ul style="list-style-type: none"> • “DU accepts the value submitted by the lender for this subject property. This loan is eligible for value acceptance + property data with representation and warranty relief on the value and marketability of the subject property contingent upon the submission of property data to the Fannie Mae Property Data API and the inclusion of the Casefile ID and Special Feature Code 774 in the loan delivery file. Note that DU does not identify all value acceptance + property data ineligible transactions, including Texas Section 50(a)(6) mortgages; always refer to the Selling Guide to verify eligibility.” • Final (i.e., Value Acceptance + Property Data - Complete) message (received after the submission of property data report to the Fannie Mae Property Data API and resubmission of the loan to DU): <ul style="list-style-type: none"> • “DU accepts the property data and value submitted for this subject property. This loan is eligible for value acceptance + property data with representation and warranty relief on the value and marketability of the subject property upon inclusion of the Casefile ID and Special Feature Code 774 in the loan delivery file. If an appraisal was obtained for this property, the loan cannot be sold with Special Feature code 774. Instead, the lender must use the value provided on the appraisal and follow all appraisal requirements. Note that DU does not identify all value acceptance + property data ineligible transactions, including Texas Section 50(a)(6) mortgages; always refer to the Selling Guide to verify eligibility.”
Property Data Collection	<p>The lender is responsible for:</p> <ul style="list-style-type: none"> • compliance with the Property Data Collector Independence Requirements (PDCIR), • selection of the property data collector, • successful submission of the data to Fannie Mae’s Property Data Application Programming Interface (API) prior to loan delivery, and • continually evaluating the property data collector’s work through the quality control process.

Bulletin Details, continued

Topic	DU Value Acceptance + Property Data Offer
Exercising Value Acceptance + Property Data	<p>A lender may only exercise a value acceptance + property data offer when:</p> <ul style="list-style-type: none"> the final submission of the loan casefile to DU resulted in an eligibility message for value acceptance + property data, property data collection is obtained after the initial DU offer and prior to the note date, property data collection is submitted to the Property Data API prior to the note date, an appraisal is not obtained for the transaction, and the offer is not more than four months old on the date of the note and mortgage (<i>if the offer is more than four months old on the date of the note and mortgage, a resubmission to DU is required to determine ongoing value acceptance + property data eligibility</i>).
Hybrid Appraisal	<p>A hybrid appraisal reported on the <i>Uniform Residential Appraisal Report (Hybrid)</i> (Form 1004 Hybrid), is only permitted when all of these preconditions are met in this sequence:</p> <ol style="list-style-type: none"> DU determines the loan is eligible for value acceptance + property data. The lender obtains property data and submits it to the API. The property data confirms that the property type is residential and not on the Ineligible Transactions list. The loan loses eligibility in DU for value acceptance + property data due to a change in qualifying loan characteristics. The lender provides the property data collection to an appraiser to perform a hybrid appraisal assignment. <p>Notes:</p> <ul style="list-style-type: none"> A hybrid appraisal is based on interior and exterior property data collection by a vetted and trained third party that is provided to an appraiser to inform the appraisal. If the transaction does not meet hybrid appraisal requirements, alternatively, the lender may obtain a desktop or traditional appraisal report as specified by DU.
Special Feature Code (SFC) Requirements	Use SFC 774 to identify a mortgage originated with a value acceptance + property data offer.

Before and After Matrix

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

Revised Materials

Click [Underwriting Standard](#), [Appraisal Standard](#), [Subordination of Truist Second Mortgage Loans Standard](#), [Agency Loan Standard](#), [Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Standard](#), [Texas Section \[50\(a\)\(6\)\] Mortgages Standard](#), [CorrAdvantage Standard](#), and [Agency Overlay Matrix](#) to review the revised product materials.

Former Standards

See the before and after matrix provided in the Bulletin Details section of this bulletin to access the former standards.

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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