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## DU Version 11.1 Updates

Truist Bank (Truist) announces that Fannie Mae will implement updates to Desktop Underwriter® (DU®) Version 11.1 this weekend, November 18, 2023. Changes in the DU release will include the following:

- increased LTV, TLTV, and HTLTV ratios for 2-4-unit, primary residence, purchase, and limited cash-out refinance transactions to 95% for Standard Agency DU and HomeReady DU general loan limits transactions only (for both fixed rate and adjustable-rate mortgages [ARMs])

**Note:** Due to current technology constraints to support, Truist is **delaying our alignment** with this Fannie Mae LTV/TLTV/HTLTV increase. This applies to CorrAdvantage loans as well. We anticipate to align with this update in the future.

- DU risk and eligibility assessment update related to the number of borrowers on a loan
- HomeStyle® Energy mortgage update
- liability payment includes taxes and insurance indicator
- social security number message retirement
- messaging updates to align with previously announced updates related to the following:
  - DU Value Acceptance + Property Data offer
  - limited cash-out refinance transactions
  - trust income

### Effective Dates

- The DU risk and eligibility assessment update is effective for DU Version 11.1 loan casefiles created on or after November 20, 2023.
- All other DU release related changes will apply to DU Version 11.1 loan casefiles submitted or resubmitted to DU on or after the weekend of November 18, 2023.

### Background Information

In Desktop Underwriter/Desktop Originator Release Notes DU Version 11.1 November Update, Fannie Mae announced DU Version 11.1 related updates. In response to this publication, we reviewed impacted standard documents and identified the updates we are currently able to implement to align with Fannie Mae requirements, as well as our CorrAdvantage execution requirements.

## Bulletin Details

### Truist Delays Alignment with LTV/TLTV/HTLTV Increase for DU 2-4-Unit Primary Residence Transactions

As a part of the DU updates being made this weekend, November 18, 2023, Fannie Mae is increasing the maximum LTV, TLTV, and HTLTV ratios for 2-4-unit primary residence, purchase, and limited cash-out refinance transactions to 95% for Standard Agency DU and HomeReady DU general loan limits transactions (for both fixed rate and ARMs). This change will not apply for high-balance loans (i.e., Agency Plus and HomeReady Plus) and loans that are manually underwritten (i.e., non-AUS loans).

Due to current technology constraints to support, Truist is **delaying our alignment** with this Fannie Mae LTV/TLTV/HTLTV increase. As a result, Truist's currently published maximum LTV/TLTV/HTLTV requirements for the above referenced general loan limit transactions continue to apply and are now reflected as overlays in our impacted Agency product standard documents and in the Agency Overlay Matrix. DU LTV/TLTV/HTLTV restrictions for certain 2-4 unit transactions have also been added to the CorrAdvantage product standard document. We anticipate to align with this update in the future.

**Note:** In today's revised product standard documents, LTV/TLTV/HTLTV requirements for HomeReady general loan limits transactions and HomeReady high-balance loan limits transactions are presented in two separate sections. We separated the LTV/TLTV/HTLTV requirements to clearly document the new overlays that now apply for HomeReady general loan limit transactions. The underwriting method, LTV/TLTV/HTLTV requirements, and associated footnotes for HomeReady high-balance mortgage loans remain the same.

### DU Risk and Eligibility Assessment Update

DU will be updated to no longer consider the number of borrowers as a factor in the DU risk assessment. This change supports Fannie Mae's efforts to provide prudent and sustainable homeownership to credit worthy borrowers, including single-person households. Fannie Mae anticipates that this change may yield a slight increase in loan casefiles receiving an "Approve/Eligible" recommendation.

### HomeStyle Energy Mortgage Update

DU will be updated to identify HomeStyle Energy loan casefiles using the "Mortgage loan will finance energy-related improvements" indicator when the loan is also a HomeStyle Renovation loan. This will allow lenders to include the amount of the energy improvements in Line B of Qualifying the Borrower, instead of requiring an amount to be provided in the "Energy improvements included in transaction" field.

### Liability Payment Includes Taxes and Insurance Indicator

In conjunction with the redesigned Uniform Residential Loan Application (URLA) form 1003, a new indicator was added to specify when a disclosed liability payment also includes the taxes and insurance for the property. When the indicator is provided as "true," the monthly insurance, taxes, association dues, etc. provided separately on the loan application will no longer be included in the total monthly expenses for the property.

## Bulletin Details, continued

### Liability Payment Includes Taxes and Insurance Indicator, continued

**Note:** Using the DO/DU User Interface, this indicator is provided to DU using the “Total includes taxes and/or insurance” checkbox on the **Mortgage Loans on Property** screen in the **Real Estate Owned** section of the loan application.

### Social Security Number Message Retirement

In 2011 the Social Security Administration changed the way social security numbers (SSN) are issued by implementing a process known as "randomization." The DU message that stated that the SSN “has not been issued or was recently issued” was moved to an Observation message in 2019. Since more time has passed using randomization to issue SSNs, and more SSNs have been issued using randomization, Fannie Mae is now retiring this DU message. Though this specific DU message will no longer be issued, lenders remain responsible for the accuracy of the borrower’s SSN.

### DU Message Updates

- **DU Value Acceptance + Property Data:** The DU message issued when the loan is eligible for value acceptance + property data will be updated to clarify that the Property Data Collection (PDC) must be completed and submitted to the Fannie Mae Property Data API prior to the note date when exercising the value acceptance + property data option and that DU resubmission is required after the property data is submitted to the API (*as previously announced in Product Release [COR23-072](#)*). The revised DU messaging is outlined in today’s revised product materials.
- **Limited Cash-Out Refinance Transactions:** The message issued on all limited cash-out refinance transactions will be updated to remind lenders that at least one borrower on the new loan must be a current owner of the subject property (on title) at the time of the initial loan application (*as previously announced in Product Release [COR23-063](#)*). The updated message will also remind lenders that if the property is currently listed for sale, it must be taken off the market on or before the disbursement date of the new mortgage loan.
- **Trust Income:** Product Release [COR23-077](#) announced updated requirements related to trust income. The DU message issued when trust income is used will be updated to refer lenders to Fannie Mae’s *Selling Guide* to confirm how the income must be calculated and documented.

### Before and After Matrix

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

**Bulletin Details, continued**

**Revised Materials**

Click [Agency Loan Standard](#), [Fannie Mae HomeReady®](#) and [Freddie Mac Home Possible® 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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