

Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

January 10, 2014 • COR14-005



Alert

Update

Reminder

Clarification

Training
Information

Preview

New CFPB Requirements Effective January 10, 2014

SunTrust Mortgage, Inc. will not knowingly purchase a loan transaction that does not meet Qualified Mortgage status with an application date on or after January 10, 2014.

This bulletin includes requirements Correspondent lenders must comply with related to the new Qualified Mortgage Points and Fees Test, Section 32 Test changes, and the new homeownership counseling disclosure.

Intended Audience

Origination Processing	Secondary Marketing	Underwriting	Closing Delivery Funding	Compliance Legal	Other
------------------------	---------------------	--------------	--------------------------	------------------	-------

Effective Dates

Friday, January 10, 2014
The new regulatory requirements are effective with applications dated on or after this date.

Background Information

On January 10, 2013 the CFPB issued its final regulations for a new Qualified Mortgage Points and Fees Test, Section 32 Test changes, and a new homeownership counseling disclosure.

As the result of regulatory changes issued by the Consumer Financial Protection Bureau (CFPB), SunTrust Mortgage, Inc. issues new lending guideline requirements effective with loan applications dated on or after January 10, 2014.

Bulletin Details

Qualified Mortgage Points and Fees Test

All loan applications dated on or after January 10, 2014 must pass a new Qualified Mortgage Points and Fees Test in order to be considered a qualified mortgage. Loans covered under the test are purchase money, refinance, and equity loans secured by the owner's primary residence or second home. There are loans amounts and maximum total of points and fees that a loan cannot exceed.

SunTrust Mortgage, Inc. will not knowingly purchase a loan that fails the Qualified Mortgage Points and Fees Test.

Action Required

Origination, Processing, Underwriting, Closing, Delivery, Funding, Compliance, and Legal Starting January 10, 2014

Review this bulletin thoroughly for awareness of the changes resulting from the new CFPB regulations and apply to all applicable loan applications on and after January 10, 2014.

Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

January 10, 2014 • COR14-005



Bulletin Details, continued

Section 32 Test

Section 32 loan transactions are expanding to include purchase money loans, refinances, home equity lines of credit, and equity loans secured by the owner's primary residence. In addition, for the annual percentage rate (APR) test, the triggers are now based on the average prime offer rate (APOR). The points and fees test maximum percentages are based on loan amount thresholds.

SunTrust Mortgage will include all discount points in our initial high-cost loan test. If a loan fails the high-cost test, Correspondent lenders will be asked to provide documentation that discount points are bona fide. If documentation can be provided to show discount points are bona fide, they will be excluded from the high-cost loan test.

SunTrust Mortgage, Inc. will not knowingly purchase a loan that fails the Section 32 Test.

Homeownership Counseling Disclosure

For federally-related mortgages, Correspondent lenders must provide the consumer with a written disclosure containing a list of homeownership counseling agencies. Include a copy of the homeownership counseling disclosure in your loan file submitted for purchase by SunTrust Mortgage.

Disclaimer

Information contained in this bulletin should not be deemed to constitute the provision of legal/compliance advice by SunTrust Mortgage. Correspondent lenders are urged to consult with their legal/compliance departments for information, interpretation, and/or additional requirements related to these regulations.

Revised Material

Click [SunTrust Compliance Overview](#) to review the revised material.

Former Guideline

Requirements-Section 32

A loan is subject to Section 32 if any of the following are true:

- For all loan programs, except Agency, a high cost loan is defined as a loan, where the APR exceeds the Treasury yield on a bond of comparable maturity by more than eight (8) percentage points on the first lien or ten (10) points on the subordinate lien; or
- The total points and fees payable by the borrower are more than 8% of the total loan amount or an annually adjusted figure set by the Federal Reserve (e.g. \$592 for 2011; \$611 for 2012), whichever is greater. The total loan amount is approximately the amount financed on the TIL.
- For Agency loan transactions, a "high cost-high fee" mortgage is a purchase, rate/term or cash-out refinance loan secured by the consumer's primary residence, second home or investment property which has either:
 - APR that exceeds the Treasury rate on a bond of comparable maturity by more than 8 percentage points for first liens and 10 percentage points for second liens, or
 - Points and fees that exceed the greater of 5% of the loan amount or a maximum dollar amount of \$1000.

Qualified Mortgage Points and Fees

No previous guidance.

Homeownership Counseling Disclosure

No previous guidance.

Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

January 10, 2014 • COR14-005



Other Resources

Support Group	Description and Contact Information:
Account Manager or Correspondent Relations Coordinator	Specific questions on applying this procedure to specific loan files. Direct contact information for each account manager or correspondent relations coordinator is located in General Section 1.01: The Correspondent Division
Resource Center	Provides phone and email support on products, policies, and procedures as well as new product rollout and existing product enhancement. Contact the Resource Center at 800.382.2111, Option 1, Option 2.

This information is for use by mortgage professionals only and should not be distributed to or used by consumers or other third parties. This is not for solicitation of sales. Information is accurate as of date of posting and is subject to change without current product details and lending procedure. SunTrust Mortgage, Inc. does not guarantee or assume liability for any third-party products or services. ©2011 SunTrust Banks, Inc. SunTrust, SunTrust Mortgage and Live Solid. Bank Solid. are federally registered service marks of SunTrust Banks, Inc.