

Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

February 7, 2014 • COR14-019



Alert

Update

Reminder

Clarification

Training
Information

Preview

Clarifications to Appraisal Guidelines for Conventional Loans

This bulletin provides clarifications to our appraisal guidelines for conventional loans.

Intended Audience

Origination
Processing

Secondary Marketing

Underwriting

Closing
Delivery
Funding

Compliance
Legal

Other

Effective Dates

Friday, February 7, 2014
Effective for new and existing applications for conventional loans on or after this date.

Background Information

SunTrust Mortgage identified an opportunity to clarify our appraisal guidelines for conventional loans. These clarifications create efficiencies in the process of reviewing conventional appraisals.

Bulletin Details

Appraisal Clarifications

Floor Plan/Building Sketch Requirements

All transactions require a floor plan/building sketch with exterior dimensions.

If the floor plan is atypical or functionally obsolete, thus limiting the market appeal for the property in comparison to competitive properties in the neighborhood, the appraisal requires a detailed floor plan sketch showing interior walls, doors, and interior dimensions.

Analyzing Information from the Sales Contract on the Appraisal

The contract price and date must match the sales contract for the subject property and must match the sales price information in the Sales Comparison Approach section of the appraisal as of the effective date of the appraisal. Please note that changes to the sales contract after the effective date of the appraisal may not require appraisal updates.

Action Required

Underwriting/Appraisal Review Starting February 7, 2014

Review the clarifications in this bulletin regarding conventional appraisal guidelines.

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Bulletin Details, continued

[Appraisal Clarifications, continued](#)

Operating Income Statement (Fannie Mae form 216/ Freddie Mac Form 98)

Non AUS Guidelines

An Operating Income Statement is required for investment property, including a 2-4 unit in which the applicant occupies one unit as a principal residence, regardless of whether the income is being used to qualify.

The applicant or appraiser may prepare the form, provided the following:

- when the applicant prepares the Operating Income Statement, it must include the appraiser's comments on the reasonableness of the projected operating income
- when the appraiser prepares the Operating Income Statement, the applicant must supply the necessary expense related statements (mortgage insurance premiums, homeowners association (HOA) dues, leasehold payments, any subordinate financing payments, and any other pertinent information related to the property) for the appraiser.

[Revised Material](#)

Click [Appraisal Guidelines](#), [Reviewing Sales Contracts](#), and [Agency](#) to review the revised material.

Former Guideline

Previously, our appraisal guidelines for conventional loans:

- were not clear in conveying that an internal floor plan is only required if the floor plan is atypical or functionally obsolete, thus limiting the market appeal for the property in comparison to competitive properties in the neighborhood
- did not convey that the sales contract/sales price information in the appraisal must match the sales contract as of the effective date of the appraisal
- did not include the following information in the non-AUS guidelines for the Operating Income Statement:
 - the Operating Income Statement is required for investment properties regardless of whether the income is being used to qualify
 - the applicant may complete the Operating Income Statement as long as it includes the appraiser's comments on the reasonableness of the projected income

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.

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