

# Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

April 18, 2014 • COR14-042



Alert

Update

Reminder

Clarification

Training  
Information

Preview

## Revisions to Various Asset, Credit, and Income Guidelines for the Key Loan Program and Jumbo Solution Second Mortgage Program

SunTrust Mortgage, Inc. announces revisions to the Key Loan Program and Jumbo Solution underwriting guidelines for secured loans, collections, judgments, garnishments, liens, and charge-offs, consumer credit counseling, past due accounts, and short sales. We also announce changes to Key Loan Program and Jumbo Solution guidelines regarding income from capital gains and retained earnings.

### Intended Audience

Origination Processing	Secondary Marketing	Underwriting	Closing Delivery Funding	Compliance Legal	Other
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### Effective Dates

**Friday, April 18, 2014**  
Effective for new applications dated on or after this date.

### Background Information

SunTrust Mortgage recently conducted a review of our Key Loan Program asset, credit, and income guidelines and we identified opportunities to strengthen some of these underwriting guidelines.

### Bulletin Details

#### Asset Guideline Changes—Secured Loans

For secured loans used for asset purposes, document proof of the value and ownership of the asset used to secure the loan in the mortgage loan file.

#### Collections, Judgments, Garnishments, Liens, and Charge-offs

No more than \$2,000 in aggregated balance(s) in judgment, collection, and/or charge-offs may remain unpaid after closing and not more than \$1,000 in aggregated balance(s) that are revolving or installment debt may remain unpaid after closing. No accounts may be paid down to meet this guideline, they must be paid off.

### Action Required

#### Origination, Processing, Underwriting, Closing, Delivery, and Funding Starting April 18, 2014

Apply these guidelines to loans with applications dated on or after this date.

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## Bulletin Details, continued

### Consumer Credit Counseling (CCC)

Borrowers that have been in CCC are ineligible for financing for five years from their completion date.

### Past Due Accounts

- All past due accounts must be brought current at or prior to closing.
- Additional underwriter review and consideration is required when there are past due accounts reported in the last 24 months.

### Short Sales

A minimum of five years must have elapsed since the short sale occurred.

### Unacceptable Sources of Income

Capital gains and retained earnings are unacceptable sources of income.

### Tax Exempt Income

- If the borrower(s) is not required to file Federal Tax Returns, the borrower(s) non-taxable income may be grossed up by 25%, provided a three year continuance can be documented.
  - Documentation must evidence a two year history of receipt and a three year continuance from the date of the loan application.
  - Documentation must disclose the amount, frequency, and duration of the benefit or income.
  - Include documentation to verify that the particular source of income is non-taxable such as: must recent complete signed federal tax returns, award letters, policy agreements, account statements, or any other documents that address the non-taxable status of the income.

### Revised Materials

Click [Key Loan Program](#) and [Short Sale and Restructured Mortgage Loans](#) to review the revised materials.

## Former Guideline

[Click here](#) to access the Before and After matrix that provides a detailed overview of the guideline changes effective with loan applications dated on or after April 18, 2014.

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## 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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