

Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

April 18, 2014 • COR14-046



Alert

Update

Reminder

Clarification

Training
Information

Preview

Multiple FHA Guideline Changes for Manually Underwritten Transactions

SunTrust Mortgage, Inc. adopts HUD's guidance for manually underwritten loans announced in Mortgagee Letter (ML) 2014-02.

Intended Audience

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

Monday, April 21, 2014
Effective for case numbers assigned on or after this date.

Background Information

The Department of Housing and Urban Development (HUD) published ML 2014-02 on January 21, 2014 outlining multiple guideline changes for manually underwritten FHA transactions. Lenders should continue to be aware of SunTrust Mortgage's government loan requirements in addition to the guidance published in this ML.

Bulletin Details

Highlights of FHA Manually Underwritten Guideline Changes

SunTrust Mortgage updates our FHA Non-Automated Underwriting System (AUS) guidelines to align with ML 2014-02. Highlights of the changes are:

- Establishing new compensating factors (including the use of Residual Income as a compensating factor)
 - Attach a residual income worksheet to the FHA Loan Underwriting and Transmittal Summary (Form HUD-92900-LT) reflecting the calculation of residual income when used as a compensating factor.
- Establishing new qualifying ratio categories for compensating factors with new requirements for exceeding standard qualifying ratios
- Introducing the new 1 month cash reserve requirement on all 1-2 unit properties

Click [here](#) for a before-and-after matrix of all the changes to our FHA guidelines.

Revised Materials

Click [FHA](#), [Underwriting](#), [Correspondent Government Credit Overlay Matrix](#) and [FHA Jumbo Eligibility Checklist \(COR 0331\)](#) to view the revised materials.

Action Required

Origination, Processing, Underwriting, Closing, Delivery, and Funding As of April 21, 2014

Follow the guidelines outlined in this bulletin for manually underwritten FHA loan transactions.

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Former Guidelines

See the before-and-after matrix provided in the Bulletin Details section to access the former guidelines.

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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