

Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

June 20, 2014 • COR14-067



Alert

Update

Reminder

Clarification

Training
Information

Preview

Agency Enhancements are Now Available

SunTrust Mortgage, Inc. announces several Agency loan program enhancements. In addition, we clarify certain rental income requirements.

Intended Audience

Origination
Processing

Secondary
Marketing

Underwriting

Closing
Delivery
Funding

Compliance
Legal

Other

Effective Dates

Friday, June 20, 2014

All updates and clarifications are effective immediately for existing and new loan applications on or after this date.

Background Information

On a periodic basis, SunTrust Mortgage reviews our product guidelines to confirm alignment with investor guidelines. Our recent review identified opportunities to clarify existing guidelines and to implement revisions to align more closely with investor requirements for better client experience.

Bulletin Details

Impacted Loan Programs

Updates outlined in this bulletin impact the following loan programs:

- Standard Agency
- Agency Plus
- DU Refi Plus™ transactions where guidance currently reverts to standard Agency guidelines
- Texas Cash-Out Refinance [50(a)(6)] First Mortgages

Notes:

- Review the before-and-after matrix subsequently presented in this bulletin for a detailed overview of the impacted loan programs per update and underwriting method.
- Guidelines remain unchanged for the Key and Jumbo Solution Second loan programs.

Action Required

Origination, Processing, Secondary Marketing, Underwriting, Closing, Delivery, Funding, Compliance, and Legal Starting June 20, 2014

Apply the new guidelines outlined in the Bulletin Details and related before-and-after matrix.

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Bulletin Details, continued

Guideline Updates

A summary of the updates are as follows:

- As it pertains to property flipping, we no longer require field review appraisals (for non-AUS transactions) or a full CoreLogic report (for DU and LP transactions) for properties resold 90 days or less following the date of acquisition by the seller where the sales price has increased by the higher of 20% or \$20,000.
- For non-AUS transactions, we now permit the use of authorized user accounts to meet minimum tradeline requirements. Additional restrictions apply.
- Revised bankruptcy, foreclosure, deed-in-lieu of foreclosure, and short sale guidance:
 - For non-AUS transactions, we consider the borrower's credit re-established after a bankruptcy, foreclosure, deed-in-lieu of foreclosure, or short sale if all of the following are met:
 - The borrower meets the waiting period and the related LTV and occupancy requirements.
 - The borrower meets all other credit requirements outlined in the product guidelines.
 - The borrower has traditional credit. Non-traditional credit or "thin files" are not acceptable.
 - For LP transactions, if the transaction receives an "Accept/Eligible" recommendation, no further evaluation of the bankruptcy, foreclosure, or deed-in-lieu of foreclosure is required.
 - We revised LP short sale guidelines to align more closely with Freddie Mac requirements.
- Revised condominium guidance:
 - For non-AUS, DU, and LP transactions:
 - Removed the minimum 600 square footage condominium restriction.
 - Clarified the eligibility of new and newly converted condominium projects located in the state of Florida. The use of Fannie Mae's Project Eligibility Review Service (PERS) is mandatory.
 - Florida Special Designation Condominium Approvals (non-AUS and DU transactions only):
 - Clarified that Agency and Agency Plus loan programs are eligible
 - Cash-out refinances of existing Fannie Mae-owned or -securitized mortgage loans are now eligible
 - We removed LTV/TLTV/HTLTV and occupancy restrictions. LTV/TLTV/HTLTV and occupancy restrictions now follow the applicable Agency first mortgage program guidelines.
- For non-AUS, DU, and LP transactions:
 - Added the eligibility of new PUD project conversions located in the state of Florida.
 - Revised "Mortgage Payments on Previous Home" guidance
 - Revised and clarified "Employment Related Assets as Income" guidance.
 - Added the eligibility of foreign income to qualify on investment property transactions.
 - Added investment properties as an eligible occupancy type under our non-arm's length/conflict of interest guidelines. Additional restrictions apply.
 - Eliminated privately held mortgage guidelines. Privately held mortgages now follow standard mortgage history requirement guidelines.
 - Eliminated the requirement for an executed arm's length affidavit on short sale property purchase transactions.
 - Removed all 100-mile radius investment property restrictions
 - Removed the following investment property restrictions for properties purchased at auction:
 - Minimum 740 credit score
 - 24 month management history within the last five years
 - Reduced LTV by 5%
 - Ineligibility of condominiums
- For standard Agency non-AUS transactions, added the eligibility of a non-traditional credit history.

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Guideline Updates, continued

- For LP transactions, revised stocks and bonds guidelines:
 - Increased the percentage of account value that may be used towards reserves from 70% to 100%
- Note:** Stocks issued by a privately held company are not eligible to be used towards reserves
- Revised documentation requirements
 - For non-AUS, DU, and LP transactions with affordable housing resale/deed restrictions, we removed the 30% restriction on the number of restricted units in the subdivision.

Before-and-After Matrix

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

Rental Income Guideline Clarification

For non-AUS and DU transactions, we revised our “Partial or No Rental History on Tax Returns” guidelines to clarify that the guidance applies when a property is acquired **or converted** into an investment property.

Revised Materials

Click [Agency Loan Programs](#), [Underwriting](#), [Condominium and PUD Approval Requirements](#), [Resale/Deed Restrictions](#), [Non-Permanent Resident Alien Requirements](#), [Properties Purchased at Auction](#), [Credit Vendor and Reporting Guidelines](#), [Short Sale and Restructured Mortgage Loans](#), [Non-Arm's Length/Conflict of Interest](#), and [Correspondent Agency Credit Overlay Matrix](#) to review the revised product materials.

Former Guideline

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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