

Product Support Bulletin



Information for Correspondent Lenders of SunTrust Mortgage, Inc.
June 26, 2015 • COR15-032

Alert

Update

Reminder

Clarification

Training
Information

Preview

Agency Texas Section 50(a)(6) Guidelines Improved!

SunTrust Mortgage, Inc., provides improved guidelines for Agency Texas Section 50(a)(6) cash-out refinances. This includes an improvement to allow underwriting submissions from our non-delegated lenders.

Intended Audience

Origination
Processing

Secondary
Marketing

Underwriting

Closing
Delivery
Funding

Compliance
Legal

Other

Effective Dates

Friday, June 26, 2015
Effective for new and existing applications on or after this date.

Background Information

As part of an on-going initiative to provide Agency overlay relief and simplify our guidelines, we identified opportunities to implement revisions to our guidelines Agency Texas Section 50(a)(6) cash-out refinances.

Bulletin Details

Guideline Updates and Improvements

A summary of updates and guidelines improvements for Agency Texas Section 50(a)(6) cash-out refinances are as follows:

- We now accept underwriting submissions from non-delegated lenders
- Leasehold properties are now eligible
- We removed the declining market restriction for refinance of an existing 50(a)(6) mortgage which stated the borrower can only refinance the existing balance owed, rounded up to nearest \$100
- We removed a closing requirement that stated the appraisal must be attached to the signed *Affidavit of Fair Market Value of Homestead Property*
- We simplified our guidelines by focusing on product-specific requirements and reducing Texas state law guidance

Note: Correspondent lenders must adhere to the legal requirements of these transactions under the provisions of Article XVI, Section 50(a)(6), of the Texas Constitution, which allow a borrower to take equity out of a homestead property under certain conditions. Lenders must also adhere to the lender eligibility criteria specified in the Texas Constitution.

Action Required

Origination, Processing, Secondary Marketing, Underwriting, Closing, Delivery, Funding, Compliance, and Legal Starting June 26, 2015

Follow the guidance in this bulletin for new and existing applications on or after this date.

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Bulletin Details, continued

Revised Material

Click [Texas Cash-Out \[50\(a\)\(6\)\] Refinance First Mortgages](#), [Agency Loan Programs](#), [Eligible Mortgage Loans](#), [Leasehold Estate Guidelines](#), [Loan Delivery and Purchase Review](#), [Loan Closing Documentation](#), and [Agency Credit Overlay Matrix](#) to review the revised material.

Former Guidelines

Previously, our guidelines for Agency Texas Section 50(a)(6) cash-out refinances:

- Indicated that only delegated lenders were eligible
- Indicated that leasehold properties were ineligible
- Included a declining market restriction for refinance of an existing 50(a)(6) mortgage which stated the borrower can only refinance the existing balance owed, rounded up to nearest \$100
- Required the appraisal to be attached to the signed *Affidavit of Fair Market Value of Homestead Property*
- Included a greater amount of Texas state law guidance

Other Resources

Support Group	Description and Contact Information:
Correspondent Relations Coordinator	Specific questions on applying this procedure to specific loan files. Direct contact information for each correspondent relations coordinator is located in General Section 1.01: The Correspondent Division
Emerging Banker Account Executive	Specific questions on applying this procedure to specific loan files. Direct contact information for each account executive is located in General Section 1.01: The Correspondent Division.
Product Support	Provides phone and email support on products, policies, and procedures as well as new product rollout and existing product enhancement. Contact Product Support at 800.382.2111, option 4.

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