

Product Support Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.
June 20, 2017 • COR17-022



Alert

Update

Reminder

Clarification

Training
Information

Preview

Debt Paid by Others LPA Clarification

SunTrust Mortgage, Inc. corrects the debt paid by others / contingent liabilities guidelines by incorporating Freddie Mac Loan Product Advisor® (LPA®) guidelines that were inadvertently removed.

Intended Audience

Origination
Processing

Secondary
Marketing

Underwriting

Closing
Delivery
Funding

Compliance
Legal

Other

Effective Dates

There is no new effective date. All information outlined in this bulletin reflects guidelines currently in effect.

Background Information

SunTrust Mortgage reviewed our debt paid by others / contingent liabilities guidelines and discovered that we inadvertently omitted LPA requirements during a previous update.

In Correspondent Bulletin [COR17-020](#), published June 9, 2017, we relocated our non-AUS and Desktop Underwriter® (DU®) Co-Signed Debt subtopic to a new Debt Paid by Others / Contingent Liabilities subtopic to align with Fannie Mae updates announced in SEL-2017-04.

Bulletin Details

Debt Paid by Others / Contingent Liabilities

The following LPA guidance applies:

- If the borrower is a cosigner/guarantor on a debt (which includes mortgage debt) for another person, the lender must determine who actually makes the payments on the debt when deciding whether the contingent liability needs to be included in debts submitted to Loan Product Advisor.
- The lender must obtain evidence that timely payments are being made by someone other than the borrower and document that someone other than the borrower makes the payments by obtaining copies of canceled checks or a statement from the lender. The lender may document that timely payments are being made through a reference on the borrower's credit report or by obtaining a payment reference from the lender. If someone other than the borrower has been making the payments for the most recent 12 months and the payments have been timely for the most recent 12 months, the contingent liability may be excluded.
- If the payments on the contingent liability have not been timely over the most recent 12 months or if the lender is unable to document that someone other than the borrower made the payments for the most recent 12 months, the liability must be included in the data submitted to Loan Product Advisor.

Action Required

Origination, Processing, Secondary Marketing, Underwriting, Closing, Delivery, Funding, Compliance, and Legal Starting June 20, 2017

Continue to follow published guidelines.

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Bulletin Details, continued

Revised Material

Click [Agency Loan Programs](#) to review the revised material.

Former Guidelines

Previously, our LPA debt paid by others / contingent liabilities guidelines were located in the Co-Signed Debt subtopic.

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
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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