

Product Release

Information for Correspondent Lenders of SunTrust Bank
November 16, 2018 • COR18-055



Alert

Update

Reminder

Clarification

Training
Information

Preview

Agency Guideline Revisions

SunTrust Bank (SunTrust) revises Agency product guidelines to align with recently announced Fannie Mae and Freddie Mac updates. With these updates we:

- replace the terms Property Inspection Waiver (PIW) and Property Fieldwork Waiver (PFW) with “appraisal waiver”
- revise requirements for liability and fidelity/crime insurance for non-AUS and DU condominium project transactions
- clarify Loan Product Advisor® (LPA®) lender credit requirements and permit excess lender credit as a principal curtailment toward the mortgage
- streamline LPA leasehold estate requirements
- revise LPA documentation requirements for excluding mortgage debt paid by a party other than our borrower from the monthly debt-to-income (DTI) ratio

Effective Dates

All updates are effective immediately for new and existing loan applications on or after November 16, 2018.

Background Information

Fannie Mae SEL-2018-07 and Freddie Mac Bulletin 2018-12 announced updates impacting several Agency guidelines. In response to these publications, we reviewed impacted guidelines and identified opportunities to implement revisions to align with Fannie Mae and Freddie Mac requirements.

Bulletin Details

Renaming of PIWs and PFWs to Appraisal Waivers

We align with Fannie Mae and replace the terms property inspection waiver (PIW) and property fieldwork waiver (PFW) with “appraisal waivers” in our guideline documents. Adopting the term appraisal waiver aligns with industry terminology and provides greater clarity and transparency about waiver offers.

Note: At this time, SunTrust internal systems continue to reflect Property Inspection Waiver (PIW) and Property Fieldwork Waiver (PFW).

Revised Liability and Fidelity/Crime Insurance Requirements for Non-AUS and DU Condominium Project Transactions

We revise liability and fidelity/crime insurance requirements for non-AUS and DU condominium project transactions to reflect the following updates:

- liability and fidelity/crime coverage is not required for projects that meet the criteria for a waiver of project review
- both liability and fidelity/crime insurance policies no longer need to provide a provision for the notification to the condo association when a policy is substantially modified; however, ten days’ notification is still required when the policies are being cancelled

LPA Lender Credit Revisions

We revise lender credit requirements for LPA loans to reflect the following updates:

- In the event the lender credit exceeds the amount of the borrower’s closing costs:
 - The lender credit must be reduced so it does not exceed the amount of the borrower's closing costs, or

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Bulletin Details, continued

LPA Lender Credit Revisions, continued

- The amount of the lender credit that exceeds the borrower's closing costs must be applied as a principal curtailment to the mortgage, and must be clearly reflected on the Settlement/Closing Disclosure Statement.
- Specify the following requirements:
 - The amount of lender credit must not be derived from an increase in the interest rate (i.e., premium pricing), or be funded directly by the lender
 - The lender credit must not require repayment
 - The lender must not use funds from a third party to provide a lender credit

LPA Leasehold Estates Revisions

For LPA loans, we revise leasehold estate requirements. Updates include:

- Eliminating requirements specific to nondisturbance and attornment agreements
- Removing some elements of the lenders review of the lease provisions for determining increases in the basic rents and amount due under the lease such as taxes, insurance and utilities, and use fees and operating expenses

LPA Contingent Liabilities Revisions

For LPA loans, we update requirements for excluding mortgage debt from the monthly DTI ratio when a party other than our borrower has been making timely payments, to no longer require documentation confirming that the borrower is not on title for the mortgaged property.

Before and After Matrices

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

Revised Materials

Click [Automated Underwriting](#), [Condominium and PUD Approval Requirements](#), [Appraisal Guidelines](#), [Subordination of SunTrust Second Mortgage Loans](#), [Subordinations for DU Refi Plus™](#), [Short Sale and Restructured Mortgage Loans](#), [Agency Loan Programs](#), [Texas Cash-Out Refinance First Mortgages](#), [DU Refi Plus™ Loan Program](#), [Key Loan Program](#), and Correspondent Underwriting Submission Checklist ([COR 0005](#)) to review the revised product materials.

Former Guidelines

See the before and after matrices provided in the Bulletin Details section of this bulletin to access the former guidelines.

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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 3.

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