

Product Release

Information for Correspondent Lenders of SunTrust Bank
August 23, 2019 • COR19-037



Alert

Update

Reminder

Clarification

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Preview

Agency Guideline Revisions

SunTrust Bank (SunTrust) revises Agency non-AUS and Desktop Underwriter[®] (DU[®]) product guidelines as a result of recently announced Fannie Mae updates. With these updates, we:

- revise signature requirements for the initial loan application (Form 1003)
- update general income information (related to analyzing individual and business tax returns) and rental income guidelines to incorporate updates resulting from recent tax reform legislation changes
- revise HomeStyle Renovation LIBOR ARM loans work completion and loan delivery timeframe requirements
- refresh guideline requirements for the following topics:
 - lender contributions/lender credit
 - private transfer fee covenants

We also refresh Loan Product Advisor[®] (LPA[®]) loan application (Form 65) guidelines and announce an update to Fannie Mae's *Cash Flow Analysis* (Form 1084).

Effective Dates

All updates are effective immediately for existing and new loan applications on or after August 23, 2019.

Background Information

Fannie Mae SEL-2019-05 announced updates impacting various guideline requirements. In response to this publication, we reviewed impacted guidelines and identified the opportunity to implement revisions to align with Fannie Mae requirements.

In support of our guideline improvement initiative, we reviewed LPA loan application requirements and identified opportunities to refresh our guidelines to align with Freddie Mac requirements and presentation of guidance.

Bulletin Details

Uniform Residential Loan Application (Fannie Mae Form 1003/Freddie Mac Form 65)

- For non-AUS and DU loans, we align with Fannie Mae and remove the requirement that the initial loan application (Form 1003) be signed by the borrower and retained in the loan file
 - The exception that previously applied when a power of attorney is used to sign the loan documents remains and has been expanded further. The final signed version of the Form 1003 continues to be required.
- For LPA loans, we refresh loan application (Form 65) guidelines to align with Freddie Mac's requirements and presentation of guidance

Income Guideline and Fannie Mae Cash Flow Analysis (Form 1084) Revisions

For non-AUS and DU loans, we align with Fannie Mae and revise general income information (related to analyzing individual and business tax returns) and rental income guidelines to incorporate changes made to 2018 Internal Revenue Service (IRS) forms as a result of the Tax Cuts and Jobs Act. This includes new references to Schedule 1, filed as part of IRS Form 1040, effective with reporting of 2018 income for tax filing purposes. In addition, we remove references to the adjusted gross income approach, as it no longer serves to provide guidance in the completion of Fannie Mae's *Cash Flow Analysis* ([Form 1084](#)).

Fannie Mae also updated their *Cash Flow Analysis* ([Form 1084](#)) to remove a reference to "entertainment" to align with changes to the 2018 IRS tax forms.

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Bulletin Details, continued

Income Guideline and Fannie Mae *Cash Flow Analysis* (Form 1084) Revisions, continued

Reminder: For non-AUS and DU loans, when preparing a written evaluation of the analysis of income related to self-employment, lenders may use Fannie Mae's *Cash Flow Analysis* ([Form 1084](#)) **or** any other type of cash flow analysis that applies the same principles as Fannie Mae's form.

HomeStyle Renovation LIBOR ARM Loans

In light of the eventual discontinuance of the LIBOR index, Fannie Mae announced that all LIBOR ARM loans must be purchased or securitized by them no later than six months from the first payment date of the loan.

To ensure SunTrust's compliance with this revised Fannie Mae delivery requirement for LIBOR ARM loans, we update guidelines related to HomeStyle Renovation LIBOR ARM loans as follows:

- All HomeStyle Renovation LIBOR ARM loans must be delivered to SunTrust for purchase within 5 months of the date of the mortgage note. Additionally, all renovation work must be completed when the loan is delivered to SunTrust for purchase.

Other Guideline Improvement Updates

We revise the guideline topics outlined below to more closely reflect Fannie Mae's language and/or presentation of guidance. For these guideline improvement revisions, guideline intent remains the same.

- Lender Contributions/Lender Credit
- Private Transfer Fee Covenants

Before and After Matrix

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

Revised Materials

Click [Loan Delivery and Purchase Review](#), [Agency Loan Programs](#), and [Correspondent Agency Overlay Matrix](#) to review the revised product materials.

Former Guidelines

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

Other Resources

Support Group	Description and Contact Information:
Correspondent Relations Coordinator	Specific questions on applying this procedure to specific loan files. Contact Correspondent Relations Coordinators at 800.382.2111, Option 1.
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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