

Section 1.08 – Loan Delivery and Purchase Review

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Overview

General

- The information and topics contained within this sellers guide is not to be deemed to constitute the provision of legal advice by SunTrust Bank.
 - Correspondent Lenders must be a member of Mortgage Electronic Registration System (MERS) in good standing.
 - The Mortgage File must include all documents necessary to foreclose in the state in which the Mortgaged Property is located.
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Related Bulletins

General

Related bulletins are provided below in PDF format. To view the list of published bulletins, select the applicable year below.

- [2019](#)
 - [2018](#)
 - [2017](#)
 - [2016](#)
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Delivery of a Closed Loan File

General

- The closed loan must be delivered to SunTrust by 11:59 p.m. Eastern Time on the date of lock-in expiration to avoid re-pricing.
- If the closing file is not delivered by 11:59 p.m. Eastern Time on the date of the lock-in expiration, the loan will be subject to re-pricing.

Reference: See [Section 1.03: Loan Registration and Lock-in Procedures](#), in the *Correspondent Seller Guide* for additional information.

- The *Correspondent Closing Checklist (COR 0013)* is required on all SunTrust loans being submitted for purchase. The Lender must include all applicable documentation as outlined in the form. Items not provided as indicated on the form, may cause a delay in the review and subsequent purchase of the loan.
- The Lenders closing instructions must be provided in the loan file, unless the lender does not have the capability of furnishing this document. In this case, the lender should mark “not applicable” or “n/a” on the form with a brief explanation why the form is not included (i.e., “company cannot print,” “not used by this company,” etc.).
- Lenders must follow the guidelines associated with the following fraud prevention guidelines:
 - Social Security Validation,
 - IRS Form 4506-T
 - MERS Fraud Tools
 - Verbal Verification of Employment
 - Exclusionary Lists

References:

- See [Section 1.36: Social Security Validation Guidelines](#) for additional information.
 - See the applicable product description for additional IRS Form 4506-T information.
 - See [Section 1.19: Fraud Prevention Guidelines](#) for additional information on MERS and checking exclusionary lists.
-

Seasoned Loan Guidelines

- Seasoned loans are defined as any loan that is closed and delivered to SunTrust within 31-90 days of the closed date. These loans will be allowed and considered if:
 - SunTrust can purchase them at a balance,
 - there are no transfer of servicing issues, and
 - the loan has a current pay history with no delinquencies.

Reference: See exception outlined below for loans originated under Fannie Mae’s HomeStyle Renovation mortgage guidelines.

- If insurance or tax escrow disbursements are due and have been paid, the following must be provided:
 - Escrow payments(s) clearly shown on the payment history, or
 - Copies of the checks used to pay the escrow amounts.
-

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Delivery of a Closed Loan File, Continued

Seasoned Loan Guidelines, (continued)

- If SunTrust cannot deliver the loan to the Agencies within 120 days of the note, the correspondent lender will be required to provide a 1004D to recertify the value of the property.
- Seasoned loans may be subject to additional pricing, please contact your account manager for details.
- The maximum seasoning period is defined as a loan purchased within 90 days from the closing date to SunTrust delivery date.

Note: An exception to the above referenced seasoning period is permitted for loans originated under Fannie Mae's HomeStyle Renovation mortgage guidelines.

- With the exception of LIBOR ARM loans, all HomeStyle Renovation loans must be delivered to SunTrust for purchase within 9 months of the date of the mortgage note. Additionally, all renovation work must be completed when the loan is delivered to SunTrust for purchase.
 - 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.
 - Loans that are closed and delivered within 30 days of the closing date will not be considered seasoned loan and will be treated as any other loan and processed accordingly.
-

Special Feature Code (SFC) Lender Notification Requirements

Lenders are required to notify SunTrust of any Special Feature Code (SFC) or Investor Feature Identifier (IFI) that is applicable to the loan transaction as identified in the specific product guidelines.

[Click here](#) for the appropriate process to notify SunTrust of these codes.

Electronic Document Delivery

- Click [here](#) for guidelines on delivering a closed loan file electronically.

Note: As a reminder, closed loan files must be submitted by 11:59 p.m. Eastern Time for the documents to be considered received by SunTrust on that day.

Helpful Hints

- Utilize and include the Correspondent Closing Checklist form ([COR 0013](#)) in every loan file.
 - Provide contact information on every Correspondent Closing Checklist form ([COR 0013](#)).
 - Thoroughly review and comply with all Fraud prevention requirements.
 - Re-run AUS prior to closing once final numbers are known.
 - If funds required for closing increase and/or funds available for closing and reserves decrease, you must re-run AUS.
 - Review AUS findings to make sure file documentation matches last AUS run.
 - Make sure all AUS conditions have been met.
-

Closed Loan Documentation Requirements

Closed Loan Documentation Standards

- Accepted secondary market loan documentation standards should be followed, including any authorized changes allowed by the GSEs to the Note, Security Instrument and/or Riders.
 - All borrowers must initial any corrections made.
 - The borrower's name must agree with signatures and/or other appearances of typed or signed name on the application, sales contract, Note and Security Instrument.
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Closed Loan Legal Documentation

General

The closed loan file must contain the following documents, where applicable, and conform to the standards outlined.

Note: The Correspondent Lender must ensure that:

- Payments by borrower commenced no more than sixty (60) days after the proceeds of the Mortgage Loan were disbursed.
 - No Mortgage Note permits negative amortization.
 - Interest on the Mortgage Note is calculated on the basis of a 360-day year consisting of twelve 30-day months unless otherwise required by this Guide or applicable laws or regulations.
 - No Mortgage Loan is a convertible mortgage loan, simple interest Mortgage Loans, or a balloon Mortgage Loan that has an original stated maturity of less than seven (7) years.
 - No Mortgage Loan has a shared appreciation or other contingent interest feature or any buydown provision currently in effect except as allowed under Temporary Buydowns in this section of the Seller Guide.
 - None of the documents evidencing or securing a Mortgage Loan is a graduated payment mortgage loan.
-

The Note

- The original promissory Note, properly endorsed, should be shipped to:

SunTrust Bank
Attn: Notes Department
Mail Code: RVW 4303
1001 Semmes Avenue
Richmond, VA 23224

- When a warehouse lender funds a loan, the closed loan file must include a certified true copy of the Note and the warehouse lender should be instructed to simultaneously forward the original Note to SunTrust along with a Bailee letter.
- Under no circumstances will SunTrust fund the loan prior to receipt of the original promissory Note.
- If the warehouse lender has required an interim endorsement of the Note, the warehouse lender must endorse the Note to SunTrust Bank
- The Note **must** be endorsed on the signature page of the note as follows:

Without recourse, pay to the order of
SunTrust Bank
(Typed Name of correspondent)
By: (authorized signature)
Typed name of signer:
Typed title of signer:

- An Allonge is acceptable on conventional and government loan transactions for the endorsement **only** if there is insufficient space available on the signature page of the Note for the endorsement.
-

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Closed Loan Legal Documentation, Continued

The Note, (continued)

- To result in an enforceable and proper endorsement to the Note the form and content of the Allonge used must comply with all applicable state, local, or other federal laws governing the use of allonges.
- SunTrust requires that the Allonge be permanently affixed to the related Note and must clearly identify the Note by referencing at least the name of the borrower(s), the date of the Note, the amount of the Note and the address of the security property.
- Any subsequent endorsements should be, but are not required to be, placed on the Allonge.
- The Note must clearly reference the attached Allonge.
- Only those persons specifically authorized to execute documents for the correspondent may sign the endorsement.
- SunTrust accepts endorsements executed only by those persons specifically authorized to execute documents on the lender's behalf. Note endorsements are not allowed to be signed by delegated persons or persons using a power of attorney.
- Signatures must be original.
- Facsimile signatures are not allowed.

The following is an example of a Note Allonge:

<p>Allonge to Promissory Note:</p> <p>For the purpose of further endorsement of the following described Note, this Allonge is fixed and becomes a permanent part of said Note:</p> <p>Loan Number: _____</p> <p>Original Principal Balance: _____</p> <p>Borrowers Name(s): _____ _____</p> <p>Property Address: _____ _____</p> <p>Without recourse, Pay to the Order of:</p> <p>SunTrust Bank</p> <p>Correspondent: _____</p> <p>By: _____</p> <p>Typed Name: _____</p> <p>Title: _____</p>
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Closed Loan Legal Documentation, Continued

Authorization to Endorse the Note

- The individual endorsing the Note must be authorized to sign on behalf of the client as evidenced by the corporate resolution provided to SunTrust Bank
 - Delegated authority and the use of a power of attorney are not allowed to execute the Note or Note endorsements.
 - An original signature is required.
-

Forms and Disclosures

Blanket Authorization

- A *Blanket Authorization* form ([COR 0019](#)) is required on all loans and must be signed by all borrowers.
 - It is used by the originating client to verify information contained in the application.
 - It also allows SunTrust Bank and/or its successors or assigns to re-verify information contained in the file for quality control purposes.
 - Correspondents may use their own version of the form as long as the language follows SunTrust's version and incorporates the verbiage ". . . its successors and/or assigns". The omission of this form will delay funding.
-

Correspondent Closing Checklist

- The *Correspondent Closing Checklist* ([COR 0013](#)) is required to be included in a closed loan file submitted for purchase review and funding.
 - Failure to use the form may delay the review and funding of the loan.
 - The form must include the contact name and phone number of the client's closer/shipper.
-

Closing Documentation

Address Certification, if applicable

- Due to HMDA reporting requirements, it is often necessary to obtain an Address Certification.
 - If the property address varies slightly from different documents (i.e., appraisal has "Drive" and 1003 has "Street") then an address certification is required.
 - This certification must make one address conclusive, state how the conclusion was determined, and include the signature of the person who is making the certification.
 - SunTrust cannot accept a lot, block or PO Box as a property address.
 - This is not a *One and the Same Name* affidavit.
-

Condominium/ PUD Certification

- SunTrust maintains a list of SunTrust Approved Condominium projects. Correspondent lenders, who are delegated and underwrite their own loans, are required to make certain warranties regarding each mortgage secured by a Condominium or PUD unit.
- For Correspondents who submit loans to underwriting secured by a condominium to SunTrust (whether Delegated or not), SunTrust will warrant the condominium. The client is responsible for submitting the appropriate documentation to the Condo Desk in these cases. Once warranted, the Condo Desk will provide the client with the warranty.
- Lenders must adhere to the following guidelines for documenting PUD and Condominium Project warranties.
 - The *Certification of Project Compliance: Condominium Lender Warranties – Agency and Non-Agency Loan Products (COR 0212a)* or other warranty form as required by the loan product description, must be completed and submitted with the loan file for all mortgages secured by a Condominium unit.
 - Loan files submitted for purchase review and funding with Condominium or PUD Riders must include the appropriate warranty documentation or funding will be delayed.

References:

- See [Section 1.06: Condominium and PUD Approval Requirements](#), in the *Correspondent Seller Guide* for additional information on Condominium and PUD warranty requirements.
 - See the [SunTrust Approved Condominium/PUD List](#) for a list of SunTrust approved condominium and attached PUD projects. This list is updated on a weekly basis.
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Closing Documentation, Continued

Flood Certification

- Correspondent lenders must obtain an initial flood determination from a third party vendor for every loan submitted to SunTrust for purchase.
- SunTrust does not require that you use a particular flood determination vendor. Correspondents that have an existing relationship with a vendor may continue to use them. Order the basic determination only, without life-of-loan tracking. Through the set up in MSP, SunTrust will order life-of-loan tracking when the loan has been purchased.

Reference: Refer to the *Closing and Loan Settlement Documentation* section of each individual loan program for any restrictions relating to specific vendors.

- Loans where the subject property is located in a flood zone must have flood insurance coverage when submitted to SunTrust for purchase.
- A copy of the application and a paid receipt reflecting the first year premium paid at closing is acceptable documentation.
- SunTrust will not purchase a loan where the subject property is located in a flood zone that requires flood insurance, and insurance is not available due to a non-participating community or the suspended status of the community.

References:

- For Agency loan programs, see “Flood Insurance Coverage Requirements” in the “Property and Flood Insurance” topic outlined in [Section 2.01: Agency Loan Programs](#) of the *Correspondent Seller Guide* for additional information on flood zone determination and flood insurance requirements.
- For non-Agency loan programs, see [Section 1.14: Hazard and Flood Insurance](#), in the *Correspondent Seller Guide* for additional information on flood zone determination and flood insurance requirements.

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Closing Documentation, Continued

Hazard Insurance Policy and/or Binders

- Sufficient prepaid escrow must be collected to ensure the renewal premium can be paid when due.
- The insurance company must be acceptable to per the loan program guidelines.
- Borrowers have the option on a refinance loan to continue with the same insurance policy. If the same policy is used, sufficient escrow must be collected to disburse the premium when due.
- **Policy Term:** The inception date of the policy must be no later than the date of loan closing or no earlier than thirty (30) days prior. The Term must be for a minimum of twelve (12) months. Policy terms greater than one (1) year (e.g., 3-year terms, life term, etc.) are acceptable.
- **Binder Term:** Binder Term must be for thirty (30) days from the closing date or the state requirement, whichever is greater. A policy must be issued from the insurance agency/company and received by SunTrust, prior to binder expiration date.
- Hazard premiums due within 60 days of closing for purchase transactions and 45 days of closing for refinance transactions must be paid by the settlement agent with evidence of payment forwarded to SunTrust.
- SunTrust must have an original hazard insurance policy when the loan is delivered for purchase ***unless state law allows lenders to close with a binder only***.
- Binders must state that they cannot be cancelled within the term of the binder except upon ten (10) days notice to purchaser and mortgagee.
- ***Files received with expired binders will be pended and funding will be delayed.***

References:

- For Agency loan programs, see the “Property and Flood Insurance” topic outlined in [Section 2.01: Agency Loan Programs](#) of the *Correspondent Seller Guide* for additional information.
 - For non-Agency loan programs, see [Section 1.14: Hazard and Flood Insurance](#), in the *Correspondent Seller Guide* for additional information.
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Enforceable Insurance Policy

With respect to any insurance policy including, but not limited to, hazard, title, or mortgage insurance, covering a Mortgage Loan and/or the related Mortgaged Property, (A) such policy (i) is a valid, binding and enforceable obligation of the qualified insurer and is in full force and effect and will inure to the benefit of the Purchaser and will be in full force and effect upon the consummation of the transactions contemplated by the Correspondent Loan Purchase Agreement, and (ii) contains a standard mortgagee clause naming the Seller, its successors, and its assigns as mortgagee, (B) neither the originator nor any prior holder has engaged in any act or omission which would impair the coverage of any such policy, the benefits of the endorsement, or the validity and binding effect of either, including without limitation, no unlawful fee, commission, kickback or other unlawful compensation or value of any kind has been or will be received, retained or realized by any attorney, firm or other person or entity, and no such unlawful items have been received, retained or realized by the originator, (C) all premiums due thereunder have been paid, and (D) all provisions are being complied with and no action, inaction, or event has occurred and no state of facts exists or has existed that has resulted or will result in the exclusion from, denial of, or defense to coverage under any such policy, irrespective of the cause of such failure of coverage. Where required by state law or regulation, the Mortgagor has been given the opportunity to choose the carrier of the required insurance.

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Closing Documentation, Continued

Closing Disclosure

Reference: See [Section 1.35: Compliance Overview](#) for additional information and requirements.

Initial Escrow Account Disclosure

Reference: See [Section 1.35: Compliance Overview](#) for additional information and requirements.

Living Trust (Inter Vivos Trust)

Agency Loan Programs

Reference: See the “Living Trust (Inter Vivos Trust)” subtopic under the “Eligible Borrowers” and “Closing and Loan Settlement Documentation” topics in [Section 2.01: Agency Loan Programs](#) of the *Correspondent Seller Guide* for guidelines.

Key Loan and Jumbo Solution Second Mortgage Loans

- A Trust is established when one person (sometimes called settlor, grantor, trustor, trustmaker, referred to as “Settlor”) transfers legal title to certain assets to a second person (“Trustee”), in trust, who will hold and manage such assets for the benefit of a third person (“Beneficiary”).
 - Settlor: The person who created the Trust and conveyed to the Trustee the powers set forth in the Trust.
 - Trustee(s): The person or institution, who, according to the Trust Instrument, is given management powers over the property in the Trust, for the benefit of the Beneficiary.
 - Beneficiary: The person or institution for whose benefit the trust is administered. There may be current beneficiaries, as well as ones set forth after the occurrence of future events.
 - The trust estate or assets are the real or personal property held in trust.

Note: These roles of Settlor, Trustee and Beneficiary are often all held by the same person, but it is legally possible (not generally saleable) to have them split amongst different people.

- **Several Types of Trusts:**
 - Revocable Living Trust, also known as, Inter Vivos Trust, Revocable Trust, or Living Trust.
 - This is the only type of Trust permitted.
 - In a Revocable Living Trust:
 - The Settlor creates the Trust by written trust instrument, which becomes active during their lifetime.
 - The Settlor reserves the right to amend or revoke the Trust.
 - The name of the Trust is often a clue as to whether it is a Revocable Living Trust, but it is not conclusive.

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Closing Documentation, Continued

Living Trust (Inter Vivos Trust), (continued)

- **Several Types of Trusts**, continued:
 - Note:** The revocability of a Trust is evaluated based upon the current set of circumstances. If a Trust is revocable during the Settlor's lifetime, and becomes irrevocable after the Settlor's death (as is typically the case in Revocable Living Trusts), then what matters is whether that Settlor is alive at the time we are evaluating the Trust and at the time the loan is closing: If the Settlor is alive, the Trust is revocable. If the Settlor is deceased (which occasionally happens in a refinance), then the Trust may have become irrevocable, per its terms.
- Irrevocable Trust:
 - Not permitted.
 - In an Irrevocable Trust, the Settlor permanently conveys to the Trustee rights to manage the Trust property, and this transfer is irreversible by the Settlor. This Trust cannot be altered, amended, or revoked by the Settlor once it is created.
 - Qualified Personal Residence Trusts ("QPRT") are common forms of irrevocable trusts.
 - "Blind Trusts" (in which the Settlor is a beneficiary but has no control or awareness of the management of the assets, often used in politics to insulate from allegations of wrongdoing) are most often irrevocable trusts.
 - Testamentary Trusts are trusts that are created according to the terms of a person's will, which become active only upon that person's death. These are irrevocable.
- Land Trusts:
 - Not permitted.
 - Often referred to as Illinois Land Trust, sometimes [other state] Land Trust. Refers to the structure of the entity, not just what the Trust is named.
 - Typically, the Settlor conveys the property to an institutional Trustee, who may be directed to act by the Beneficiary of the Trust. (Differs from a Revocable Living Trust in which this power of direction is limited to the Settlor.)
- **Trust Requirements:**
 - Trust type: Revocable Living Trusts are permitted, provided they meet remaining Trust requirements. Irrevocable Trusts and Land Trusts are not permitted.
 - Eligible Occupancy:
 - 1 unit primary residence
 - 1 unit second homes
 - Multiple Inter Vivos Revocable Trusts per loan are eligible

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Closing Documentation, Continued

Living Trust (Inter Vivos Trust), (continued)

- **Trust Requirements**, continued:
 - The Settlor of the Trust (or at least one of the Settlers, if more than one)
 - Must be underwritten as the credit applicant/borrower.
 - Must be a Trustee or co-Trustee of the Trust. Additional Trustees are permitted which may be borrowers or non-borrowers, but may not be an institutional Trustee.
 - If the property is a primary residence, the underwritten Settlor must occupy the property. If the property is a second home, they must occupy the property for at least part of the year.
 - Is the primary Beneficiary, or if the trust is established jointly, one of the primary Beneficiaries (along with other co-Settlers) under the Trust.
 - Title:
 - Title to the security property is vested either (i) solely in the trustee(s) of the inter vivos revocable trust, or (ii) jointly in the trustee(s) of the inter vivos revocable trust and in the name(s) of the individual borrower(s), or (iii) in the trustee(s) of more than one inter vivos revocable trust.
 - Title exceptions due to the trust ownership are not allowed. Title insurers must provide full title insurance coverage without exceptions for the trusts or the trustees of the inter vivos revocable trust.
 - Granting deed must appropriately list Trustee vesting: Joe Borrower, Trustee of the Joe Borrower Trust under trust instrument dated _____.
 - Title commitment must state that title is vested in the Trustee(s) of the Trust.
- **Trust Review:**
 - The Correspondent Lender must evaluate either the full Trust instrument with all amendments thereto, or in the alternative, the Certificate of Trust (also called an Affidavit of Trust or Certification of Trust) if the borrower chooses to present that in lieu of the full Trust instrument. No redactions/blacked out provisions of the Trust are permissible. If the lender has questions concerning the Trust Review, they should consult their legal counsel for assistance.
- **Signature Requirements:**
 - 1003: Signed by applicant/underwritten Borrower(s)
 - Closing Disclosure/Right To Cancel:
 - The right of rescission does apply to a refinance, owner-occupied loan holding title in a Revocable Living Trust.
 - Signed by all applicant/underwritten Borrower(s)
 - Signed by all titleholders, including necessary Trustee(s) of Trust
Jane Smith
[Jane Smith], as Trustee of the [Complete Legal Name of Trust] Trust under trust instrument dated _____.

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Closing Documentation, Continued

Living Trust (Inter Vivos Trust) (continued)

- **Signature Requirements**, continued:
 - Note and associated Riders:
 - Signed by all applicant/underwritten Borrower(s)
 - Signed by all Trustee(s) of the Trust
 - If Trustee is also an underwritten Borrower, then:
Joe Borrower
[Joe Borrower], individually and as Trustee of the [Complete Legal Name of Trust] Trust under trust instrument dated _____.
 - If Trustee is simply a Trustee of the Trust but not a Borrower:
Jane Non-Borrower
[Jane Non-Borrower], as Trustee of the [Complete Legal Name of Trust] Trust under trust instrument dated _____.
 - Security Instrument and associated Riders:
 - All titleholders, per the title commitment, if this includes individuals, they must sign in addition to Trust signature.
 - Signed by all Trustee(s) of the Trust, as follows:
Jane Smith
[Jane Smith], as Trustee of the [Complete Legal Name of Trust] Trust under trust instrument dated _____.
 - Acknowledged by all Settlor(s) of the Trust who are also underwritten Borrower(s):
 - Either:

FNMA Revocable Trust Rider executed separately, and then Settlor acknowledgement as follows:

BY SIGNING BELOW, the undersigned, Settlor(s) of the [Complete Legal Name of Trust] Trust under trust instrument dated _____, acknowledges all of the terms and covenants contained in this Security Instrument and any rider thereto, and agrees to be bound thereby.

Joe Borrower (Seal) Trust Settlor.

OR:

[Joe Borrower], Settlor of the [Complete Legal Name of Trust] Trust under trust instrument dated _____, agrees that the term "Borrower" when used in this Security Instrument shall include the Settlor, and the Settlor acknowledges and agrees to be bound by all of the terms and covenants contained in this Security Instrument and any Riders to this Security Instrument, acknowledges all of the terms and covenants contained in this Security Instrument and any rider(s) thereto and agrees to be bound thereby.

Settlor: Joe Borrower (Seal) (Notarial acknowledgement)

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Closing Documentation, Continued

Living Trust (Inter Vivos Trust) (continued)

- **Signature Requirements**, continued
 - Living Trust Non-Revocation Affidavit ([COR 0009](#)):
 - Signed at closing, by Trustee(s) of Trust
Jane Smith
[Jane Smith], as Trustee of the [Complete Legal Name of Trust] Trust under trust instrument dated _____.
 - Hypothecation Letter ([COR 0008](#)):
 - Signed at closing, by Trustee(s) of Trust
Jane Smith
[Jane Smith], as Trustee of the [Complete Legal Name of Trust] Trust under trust instrument dated _____.
- **Power of Attorney**
Trustee signatures may not be accomplished via Power of Attorney.
- **Trust Closing Forms**
SunTrust requires the following Trust specific forms:
 - FNMA Revocable Trust Rider
 - Non-Revocation Affidavit ([COR 0009](#))
 - Hypothecation Letter ([COR 0008](#))

FHA Loans

The policy below applies to FHA transactions involving a trust.

- The right of rescission does not apply to a refinance, owner occupied loan where title is held in the name of a living trust.

VA Loans

The estate in the realty acquired by the veteran can be a beneficial interest in a revocable Family Living Trust that ensures that the veteran, or veteran and spouse, have an equitable life estate, provided the lien attached to any remainder interest and the trust arrangement is valid under State law.

Reference: See [Section 2.23: Veterans Administration \(VA\) Loan Program](#), in the *Correspondent Seller Guide* for acceptable insurers and additional information.

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Closing Documentation, Continued

- IRS Form W-9**
- All closed loan files must contain one signed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).
 - The W-9 must be signed by the primary borrower whose social security number is used to report information to the IRS.
-

IRS Form 1098 The Correspondent lender is responsible for compliance with any IRS Form 1098 reporting requirements for any interest collected, prior to SunTrust purchase of the loan.

Reference: See [Section 1.35: Compliance Overview](#) in the *Correspondent Seller Guide* for additional information and requirements.

IRS Form 4506-T Agency Loan Programs
Reference: See “General Income Documentation Requirements” in the “Income” topic outlined in [Section 2.01: Agency Loan Programs](#) of the *Correspondent Seller Guide* for guidelines.

Non-Agency Loan Programs

Reference: See the “Income” topic within the applicable product description for guidelines.

- Mortgage Insurance**
- In order to ensure correct loan funding, correspondent lenders must correctly reflect mortgage insurance premiums and closing escrows on the Closing Disclosure.
 - A copy of the remittance check must be in the closing file to SunTrust.
 - A copy of the *Loan Sale Notice* must be in the file unless the mortgage insurance was obtained in SunTrust Bank’s name. The Correspondent is responsible for notifying the mortgage insurance company when the loan is sold.
 - Refer to the individual product guidelines to determine if third parties, such as the seller or client, are eligible to pay the borrower’s mortgage insurance premium at closing.

Reference: For Agency loan programs, see the “Mortgage Insurance” topic outlined in [Section 2.01: Agency Loan Programs](#) of the *Correspondent Seller Guide* for financed mortgage insurance acceptability.

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Closing Documentation, Continued

Notice of Assignment, Sale, or Transfer of Servicing Rights (Good-bye Letter)

SunTrust requires all correspondent lenders to meet the requirements set forth in Regulation X of RESPA. The Notice of Assignment, Sale, or Transfer of Servicing Rights (the "Notice") must provide the borrower with:

- Information conforming to the Model Form in Appendix MS-2 of Regulation X.
- The effective date of the transfer
- The name of the current servicer (Transferor), a toll-free or collect-call number to reach an employee of the Transferor servicer. It must also include the address to send a Qualified Written Request (QWR).
- The date on which the current servicer (Transferor) will cease to accept payments relating to the loan and the date on which the new servicer (Transferee) will begin to accept payments.
- Accurate contact information for the new servicer ("Transferee"). SunTrust Bank's contact information is:
 - Business Address: 1001 Semmes Avenue, RVW 3003, Richmond, Virginia 23224-6149
 - Toll-free Number: 800.634.7928
 - Hours of Operation: Monday through Friday 8 a.m. – 8 p.m.; Saturday 9 a.m. – 3 p.m. Eastern Time Zone
 - SunTrust QWR Address: Post Office Box 26527, Richmond, Virginia 23261
 - Information concerning any effect the transfer may have on loan terms or availability of any optional life or disability insurance or any other type of optional insurance and what action the borrower must take to maintain any optional insurance.
 - The statement that the transfer of Servicing does not affect any other loan terms.
 - The statement of the borrower's right in connection with complaint resolution.
- Lenders must deliver the Notice to the borrower(s) at closing or settlement or at least 15 calendar days prior to the effective date of the loan transfer.
- If state law requires additional information or different timing requirements, it is the Correspondent's responsibility to comply.
- Borrowers can also access account information on SunTrust's Mortgage Solutions website, at <https://www.suntrust.com/home-mortgages>.

One And The Same Name Affidavit, if applicable

- A *One and the Same Name Affidavit* covers all valid variations of a person's name and/or signature, including married women who use both their given middle name and maiden name at various times.
- This affidavit is also acceptable when Jr. or Sr. is not used consistently or the signatures do not match throughout the file. *It is not intended to correct errors (including typographical).*

Continued on next page

Closing Documentation, Continued

Power of Attorney

Agency Loan Programs

Reference: See the “Power of Attorney” subtopic within the “Closing and Loan Settlement Documentation” topic outlined in [Section 2.01: Agency Loan Programs](#) of the *Correspondent Seller Guide* for guidelines.

Non-Agency Loan Programs

- **General**

Powers of attorney are acceptable during the processing and closing of a loan transaction if they meet applicable program guidelines.

- **Glossary**

- **General Power of Attorney**

A general power of attorney is broad in scope and enables the agent to transact almost any business for the principal (including the sale, mortgaging, etc. of all property of the principal).

- **Special/Specific Power of Attorney**

A special, or specific, power of attorney specifies property, buyers, price, and terms (how specific it must be varies in each state and/or by program).

- **Durable Power of Attorney**

A “durable” power of attorney stays valid even if the principal becomes unable to handle their own affairs (incapacitated). If the principal doesn’t specify that they want the power of attorney to continue if they become incapacitated, it will automatically end (in almost all states) if they later become incapacitated.

- **Principal**

The Principal is the person giving authority to an agent (attorney-in-fact).

- **Agent (Attorney-in-Fact)**

An Agent (attorney-in-fact) is the one who is appointed to act for another (principal) under a power of attorney.

- **Agent Signature**

- When signing documents as attorney-in-fact, the only legal requirement is that the words “attorney-in-fact” must appear as part of the signature.
- Unless the applicable product description contains specific requirements to the contrary, SunTrust requires the attorney-in-fact signature to appear as shown below for all loans.

John Quincy Smith
by Mary Jones, his Attorney-in-Fact

Continued on next page

Closing Documentation, Continued

Power of Attorney, continued

Non-Agency Loan Programs, continued

- **Title Insurance Requirements**
 - A power of attorney exception in the title binder and/or title policy for either the borrower or the seller is unacceptable, and must be cleared prior to settlement
 - No prior notification to the title company is required.
 - Affirmative coverage language is not required for a power of attorney, unless there is an exception taken to the power of attorney in the title policy.

- **Key Loan Program**

The following requirements apply:

 - A specific power of attorney (POA) referencing the subject property is required.
 - General POAs are not acceptable.

- **FHA Loans**
 - **General**
 - Any power of attorney, whether specific or general, must comply with state law and allow the mortgage Note to be enforced legally in that jurisdiction.
 - It is the client's responsibility to assure that clear title can be conveyed in the event of foreclosure.

- **VA Loans**

See [VA Lender's Handbook](#) for further information.

Continued on next page

Closing Documentation, Continued

Road Maintenance Agreements

General

Property located on a community-owned or privately owned and maintained street requires additional documentation as by the investor. When a Road Maintenance Agreement is required, it is typically a condition of the loan approval set by the underwriter.

Conventional loans: Documentation

Road Maintenance Agreement or Covenant.

Provisions of Road Maintenance Agreement/Covenant

- The agreement or covenant should include the following provisions and be recorded in the land records of the appropriate jurisdiction:
 - Responsibility for payment of repairs , including each party's representative share,
 - Default remedies in the event a party to the agreement or covenant fails to comply with his or her obligations, and
 - The effective term of the agreement, which in most cases should be perpetual and binding on any future owners.
- If the property is located within a state that has statutory provisions that define the responsibilities of property owners for the maintenance and repair of a private road, no separate agreement or covenant is required.

Parties to Road Maintenance Agreement

Requires only the borrower(s) to be responsible for the road maintenance.

VA

See [VA Lender's Handbook](#) for further information.

Continued on next page

Closing Documentation, Continued

Shared Well Agreement

- A shared well agreement is required when the subject property shares the water source with other property owners.
 - The shared well agreement:
 - must be binding upon signatory parties and their successors in title,
 - be recorded in local Deed Records,
 - reflect joinder by any mortgagee holding a mortgage on any property connected to the shared well,
 - permit permanent easement which allows access for maintenance and repair,
 - makes reasonable and fair provisions for maintenance and repair of the system and the sharing of those costs
 - allows permission for well water sampling and testing by a responsible local authority at any time at the request of any party,
 - prohibits any party from locating or relocating any element of an individual sewage disposal system within fifty (50) feet (100 feet for proposed construction) of the shared well,
 - provides for binding arbitration of any dispute or impasse between parties with regard to the system or terms of agreement.
-

Survey

- SunTrust prefers that there be a current survey for all loans. However, unless otherwise specified in the individual loan product description, a current survey is not required for purchase or refinances loans when the title policy does not take exception to survey related matters.
 - A Comprehensive Endorsement, a Location Endorsement or a Location of Improvements Endorsement is required for all loans in areas where surveys are not customary. This endorsement insures the client against any loss in the event that the assurances prove to be incorrect.
-

Continued on next page

Closing Documentation, Continued

Tax Information Sheet

- For new construction, taxes will be escrowed based on the improved property value used for qualifying the borrower.
- For existing construction, taxes will be escrowed based on the next estimate tax amount due as provided by the title company.
- If a property has a tax abatement, base the escrows for the property on the tax amount minus the abatement.
- A fully completed *Tax Information Sheet* ([COR 0034](#)) must be in each file.
- The address of the taxing authority, amount due, paid through date, due dates, frequency, next due date, and the tax identification number of the subject property must be included.
- If there is more than one parcel, provide the same information for each additional parcel.
- The *Tax Information Sheet* must be signed by the settlement agent or the Correspondent.
- Correspondents may use their own form but it must contain the above information.
- Taxes that are due within thirty (30) days of closing must be paid by the settlement agent with evidence of payment forwarded to SunTrust, unless the borrower has waived tax escrows.
- If the taxing authority has a "discount" date on which the taxes may be paid, this date **must** be used to calculate escrows. SunTrust will pay taxes based on discount date.

Ground Rent

Agency Loan Programs

Reference: See the "Leasehold Estate" subtopic within the "Occupancy/Property Types" topic outlined in [Section 2.01: Agency Loan Programs](#) of the *Correspondent Seller Guide* for guidelines.

Non-Agency Loan Programs

Reference: See [Section 1.10: Leasehold Estate Guidelines](#) of the *Correspondent Seller Guide*, for additional information.

Continued on next page

Temporary Buydowns

General

- The interest rate on the note is the full note rate or the non-buydown rate.
- On the Closing Disclosure, the per diem interest rate should be calculated on the Note rate, not the initial or bought down payment rate.

Conventional Buydown Agreement

The SunTrust *Conventional Buydown Agreement* ([COR 0011](#)) is based on general Fannie Mae and Freddie Mac requirements for buydown loans. Correspondents are not required to use the SunTrust *Conventional Buydown Agreement*, however, any substitute form **must** include the following:

- the date of the buydown agreement,
- the borrower(s) name,
- the client's name,
- the name of the provider of funds (i.e., borrower, seller, client, etc.),
- the property address,
- the amount of the buydown funds,
- the buydown funds must be held by the client, its successor and/or assigns,
- the agreement must provide for the buydown funds to be automatically applied each month to reduce the monthly payment of principal and interest to the extent provided under the subsidy agreement,
- the subsidy agreement must include a schedule indicating the reduced monthly payment of principal and interest to be made by the borrower during the buydown period and the interest rates on which the reduced payments are based,
- the buydown must provide that the borrower will not be relieved of the obligation to make the full monthly mortgage payments required by the terms of the mortgage Note if the buydown funds are not available,
- no references to the buydown plan are permitted on the Note or Security Instruments.
- if the mortgage is foreclosed, the buydown funds must be used to reduce the mortgage debt,
- if the mortgage is prepaid and the Client and Provider of Funds are one and the same, the buydown funds are forfeited to the Client or its successors and/or assigns and shall not be paid to the borrower,
- if the mortgage is assumed, the funds may continue to be used to reduce the mortgage payments under the original terms of the buydown agreement, and
- if the mortgage is paid off during the buydown period, the per diem is calculated at the note rate, not the initial or bought down payment rate.
- All Freddie Mac/Fannie Mae buydown guidelines and requirements must be adhered to.

FHA/VA Loans Subject to Temporary Buydowns

FHA/VA loans subject to temporary buydowns must complete an *FHA/VA Buydown and Escrow Agreement* form. Additionally, lenders must adhere to all FHA/VA guidelines pertaining to temporary buydowns.

Third Party Temporary Buydowns

When the buydown funds are provided by a third party such as a seller, builder or client, the cost of the buydown is not a finance charge, and should not be reflected in the payment stream or in the APR calculation.

Continued on next page

Closing Documentation, Continued

- Title Insurance**
- The title binder may be issued in either SunTrust Bank's name or the client's name and is to include the verbiage "its successors and/or assigns."
 - Careful review of the title binder/commitment, adherence to generally accepted secondary market guidelines and proper instruction to the title company will prevent the final policy from being issued with unacceptable exceptions.
 - SunTrust encourages use of the Short Form Title Policy to avoid delays and exception problems.
 - If a Short Form Title Policy is issued any day other than the day of closing, a preliminary binder (commitment) or other preliminary title work must be furnished along with the policy.

Reference: See [Section 1.16: Title Insurance](#), in the *Correspondent Seller Guide* for additional information and requirements.

- Underwriting Conditions**
- All conditions, as required by the underwriter, must be in the closing file.
 - Correspondents unsure of how to meet an underwriting condition should contact the underwriter for clarification.
-

Continued on next page

Closing Documentation, Continued

Waiver of Escrow

General Information

To determine whether a product allows the waiver of escrows, please review the applicable product description.

Agency Loan Programs

Reference: See the “Escrow Accounts and Escrow Waivers” subtopic within the “Closing and Loan Settlement Documentation” topic outlined in [Section 2.01: Agency Loan Programs](#) of the *Correspondent Seller Guide* for guidelines.

Non-Agency

Escrows ineligible for waiver on an FHA or VA loans:

- Real estate taxes
- Hazard insurance
- Flood Insurance

Note: On Condominium and Attached PUD transactions, escrow will be required for all government (FHA and VA) loans without adequate unit coverage provided through the master policy.

- For all other Non-Agency loans, the following requirements apply.
- **Escrows eligible for waiver:**
 - Real estate taxes
 - Hazard insurance
 - The product allows escrows to be waived.
 - Flood insurance, if:
 - the subject property is a purchase or limited cash-out refinance investment or
 - the subject property is a condominium and all individual flood insurance policies for the condominium unit shows the client as the insured, including flood insurance policies that are required to supplement a Residential Condominium Building Association Policy (RCBAP) shortfall.
 - A condominium and some PUD properties are not required to establish an escrow for flood insurance if that condominium or PUD property has a master policy that carries sufficient flood coverage and that policy reflects the HOA as the insured and not the subject. However it is acceptable for the client to obtain an individual flood policy, then mandatory escrow is required for the individual policies.

Note: For conventional and SunTrust portfolio loans, the HO-6 insurance escrow requirement can be waived under the same terms and conditions that apply to HO-3 insurance policies (individual hazard policies).

Continued on next page

Closing Documentation, Continued

Waiver of Escrow, continued

Non-Agency, continued

- **Escrows ineligible for waiver:**
 - Flood insurance cannot be waived if:
 - the product requires the establishment of escrows or if a particular law or regulation requires an escrow account to be established under certain circumstances, or
 - the subject property is a primary residence (all transaction types), second homes (all transaction types) or a cash-out refinance investment property, or
 - the subject property is a condominium and all individual flood insurance policies for the condominium unit does not show the client as the insured, including flood insurance policies that are required to supplement a Residential Condominium Building Association Policy (RCBAP) shortfall.
 - A condominium and some PUD properties are not required to establish an escrow for flood insurance if that condominium or PUD property has a master policy that carries sufficient flood coverage and that policy reflects the HOA as the insured and not the subject. However if it is acceptable for the client to obtain an individual flood policy, then mandatory escrow is required for the individual policies.
 - Leasehold estate ground rent cannot be waived when the ground lease agreement is in the name of the borrower.

Reference: See [Section 1.10: Leasehold Estate Guidelines](#) of the *Correspondent Seller Guide*, for additional information.

- Special assessments levied against the property cannot be waived. They require payment at closing or the establishment of an escrow account. A special assessment is a unique charge that a governmental unit or homeowners association imposes to fund a public project that creates a benefit in properties lying within a special geographic area known as a special assessment district. The special assessment includes but is not limited to the following:
 - Installation of drinking water lines
 - Installation of sewer lines
 - Street paving with concrete or some other impervious surface
 - Installation of street lighting
 - Ground Rent
 - Except when the HOA is responsible for paying the ground lease payments, SunTrust requires an escrow for the ground rent payments.
 - When the HOA is responsible for paying the ground lease payments, escrow for ground rent will NOT be required.
A borrower may continue to elect waiver of escrow for other items, as permitted by the specific product guidelines and the *Waiver of Escrow* topic.
 - A borrower may continue to elect waiver of escrow for other items, as permitted by the specific product guidelines and the *Waiver of Escrow* topic.

Continued on next page

Waiver of Escrow, continued

Non-Agency, continued

- **Loan eligibility waiver requirements:**

Key Loan program transactions are eligible for an escrow waiver, with the following requirements:

- fixed rate and ARM loans
- 80% LTV or less (California only, LTVs <90%)
- Loan products and loan transactions ineligible for waiver:
 - Products or transactions which require the establishment of an escrow account
 - Loans secured by investment properties
 - First-time homebuyer for Key loan program only.
 - Transactions with special assessments

Note: If a particular law or regulation does not allow a lender to require an escrow account under certain circumstances, the loan would be eligible without escrows.

- **First-time Homebuyer**

A first-time homebuyer is an individual who meets all of the following requirements:

- Is purchasing the security property,
- Will reside in security property as a primary residence, and
- Had no ownership interest (sole or joint) in a residential property during the 3-year period preceding the date of the purchase of the security property.

Note: A displaced homemaker or a single parent may also be considered a first-time homebuyer if the individual had no ownership interest in a principal residence (other than a joint ownership interest with a spouse) during the preceding 3-year period. If a displaced homemaker or single parent solely owned the marital primary residence during the preceding 3-year period, the individual may not be considered a first-time homebuyer.

- **Borrower Eligibility Waiver Requirements**

Escrow items can be waived partially or in full provided borrowers meet eligibility requirements. The underwriter must take the following information into consideration when determining if a borrow is eligible for an escrow waiver:

- Borrowers must have the financial ability to handle the lump-sum payments on their own. Financial ability is defined as the ability to make a payment from disposable income or to accumulate funds by the time the payment is due. Financial ability could be found to exist, for example, when the borrower has had an acceptable payment history on his or her mortgage.
- Escrow waivers must not be approved for clients with derogatory credit history. Examples of derogatory credit history may include the following:
 - There is more than one account showing recent late payments.
 - There is more than one 30-day late mortgage payment in the last 12 months.
 - There are multiple episodes of late payments extending over a period of time.
 - The public record information reveals occurrences of derogatory credit information, including judgments, tax liens, and/or collection accounts.

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Closing Documentation, Continued

Waiver of Escrow, (continued)

Non-Agency, continued

- No portion of the loan proceeds may be used to pay delinquent property taxes when escrows are waived on a loan.

Note: Underwriting must qualify the borrower using PITIA: principal, interest, taxes, insurance, and other housing related assessments such as HOA dues, and condo/co-op fees. Also included are all debt payments pertaining to the property as well as other debt payments (car, credit card, child or spousal support, other mortgages, etc.).

Escrow Waiver Fees

Escrow waiver fees vary according to loan product or property state. The full escrow waiver fee, for a specific product, is included on the SunTrust SRP Schedule by product or by state. Partial or full escrow waiver request will be priced to the loans without escrow pricing provided on the SRP schedule.

Note: Correspondents should contact the Correspondent Lock Desk if they have additional questions about escrow waivers.

Loan File Documentation

- When an escrow waiver has been granted, Correspondent lenders are required to provide a waiver of tax and insurance escrow form.
- The waiver of tax and insurance escrow form must be executed by the borrower(s) and the loan officer.
- Copies of the hazard and/or flood insurance policies, and the *Tax Information Sheet* are required to be in the loan file, even when the loan is non-escrowed in part or full.

Well and Septic

- A well and septic inspection is not required unless it is recommended by the appraiser.
- If an inspection is required, it must be performed by a licensed inspector.
- All repairs must be completed and re-inspected prior to closing.

Continued on next page

Closing Documentation, Continued

Wood-Destroying Insect Information

Agency Loan Programs

Reference: See the “Improvement Analysis” subtopic (*“Infestation, Dampness, or Settlement / Detrimental Conditions”* section) within the “Appraisal Analysis” topic outlined in [Section 1.07: Appraisal Guidelines](#) of the *Correspondent Seller Guide* for guidelines.

Non-Agency Loan Programs

References:

- For Key Loan Program transactions, see the “Improvement Analysis” subtopic (*“Infestation, Dampness, or Settlement / Detrimental Conditions”* section) within the “Appraisal Analysis” topic outlined in [Section 1.07: Appraisal Guidelines](#) of the *Correspondent Seller Guide* for guidelines.
 - For FHA transactions, see [FHA Handbook 4000.1](#) for product specific guidelines.
 - For VA transactions, see [VA Lender’s Handbook](#) for product specific guidelines.
-

Interest Credit

General

An interest credit of up to seven (7) calendar days is allowed on all loans unless otherwise specified in the individual product description.

Note: Interest credits at closing may also be referred to as “per diem interest closings” or “interest curtailments.”

Right of Rescission

Right of Rescission

Reference: See [Section 1.35: Compliance Overview](#) for additional information and requirements.

Closed Loan Purchase Review Process

Purchase Review

- The closed loan file is reviewed for accuracy and completeness and includes examination of the closing documents and federal regulatory compliance.
 - The Correspondent Closing Checklist ([COR 0013](#)) is provided to assist in submitting complete files for purchase review and funding.
-

Agency Purchases

Uniform Closing Dataset (UCD)

The Uniform Closing Dataset (UCD) is a standardized industry dataset representing information from the Closing Disclosure that can be communicated electronically. The UCD is a component of Fannie Mae and Freddie Mac's Uniform Mortgage Data Program®, an ongoing initiative created to provide uniform loan data standards for the loans that Fannie Mae and Freddie Mac (GSEs) purchase.

- Correspondents will be required to submit the UCD to both GSEs and provide the UCD Findings Report (Fannie Mae) and Loan Closing Advisor Feedback Certificate (Freddie Mac) with the closed loan package with all messaging visible.
- To avoid any delays with loan review and potential issues with loan purchase, both the Findings Report and Feedback Certificate should reflect no fatal errors or critical warning messages that could result in salability issues with the GSEs.

If the Final Closing Disclosure is updated, Correspondents will be required to resubmit loans to the UCD portals and provide an updated UCD Findings Report and Loan Closing Advisor Feedback Certificate to SunTrust.

Government Purchases

- SunTrust will only purchase Safe Harbor Qualified Mortgages as defined by HUD.
 - Correspondent lenders are responsible for remitting the VA Funding Fee and obtaining Loan Guarantee Certificate (LGC) on each VA loan within 30 days of closing. Additionally, the correspondent lender is responsible for reviewing the LGC for accuracy. Any errors detected should be corrected and a new LGC issued **BEFORE** it is sent to SunTrust.
 - **SunTrust will enforce repurchase of VA loans that do not have LGC.**
 - SunTrust may require evidence of the FHA Mortgage Insurance Certificate (MIC) or VA Loan Guarantee Certificate (LGC) prior to funding when government loans are received for purchase by SunTrust and/or have been pended at SunTrust, and it has been over 30 days from the date of closing.
-

Continued on next page

Closed Loan Purchase Review Process, Continued

Pended Loan Policy

- When document errors and omissions occur, a *Pended Loan Notification* will be issued to the correspondent.
- Missing and corrected documents must be delivered to SunTrust within seven (7) calendar days from the pended loan date.

Reference: Refer to the *Pended Loan Fees* section subsequently listed in this policy for additional information.

- The following is a list of the most common deficiencies resulting in a pended loan:
 - Fraud prevention documents; i.e., signed IRS Form 4506-T or transcripts; MERS Search (all borrowers by SS # only), and documentation for checking exclusionary lists and certifications for ineligible appraisers, and ineligible settlement agents on each loan. [Click here](#) for instructions to access the SunTrust Ineligible List.
 - Note is not properly endorsed,
 - Original Note not received at SunTrust,
 - wiring authorization/Instructions,

Reference: See the “SunTrust Wire Authorization” subtopic in this topic for additional requirements for wire authorizations.

- Underwriting approval missing (1008, 92900-LT, VA Loan Analysis, and AUS findings, if applicable),
- Underwriting conditions missing or unacceptable,
- Tax Information Sheet incomplete or missing,
- Mortgage Insurance certificate missing,
- Inaccurate escrow calculations on the Closing Disclosure. Closing Disclosure escrows must match the hazard, mortgage insurance, tax information documented in the loan file,
- Escrow waiver missing,
- RESPA Servicing Disclosure missing,
- property in a HUD-designated flood zone without flood insurance,
- initial flood certification missing,
- Flood Hazard Notice not given when flood insurance is required,
- hazard insurance information missing or with incorrect coverage,
- Right of Rescission not offered when required, offered incorrectly, or other violations, which cause the rescission period to remain open,
- Closing Disclosure with Initial Escrow Account Disclosure not included in the closed file (Initial Escrow Account Disclosure not required if loan is non-escrow),
- missing ARM disclosures/riders,
- missing the initial and final signed 1003 application,
- Proof of MERS Registration,
- Corrected Application (loan amount wrong, occupancy wrong, cash out versus no cash out refinance info is wrong, etc.),
- copy of assignment is missing, incomplete or inaccurate,
- Condo warranty missing or incomplete,
- loan is closed using incorrect note and security instrument form, and
- FHA Case Query (if applicable).

Reference: See the subtopic, “Most Prevalent Pend Items Found at the Time of Purchase Review” and “Helpful Hints” in this section for more information.

Continued on next page

Closed Loan Purchase Review Process, Continued

Most Prevalent Pend Items Found at the Time of Purchase Review

- Verbal VOE not provided and/or completed in accordance with product guidelines.
- Lock Agreement not provided as required in the “Lock Agreements” and “Section 35 Mortgages” topics found in [Section 1.35: Compliance Overview](#).
- MERS Registration missing as required in the Mortgage Electronic Registration System (MERS) topic in [Section 1.19: Fraud Prevention Guidelines](#).
- 1008 Data must match AUS findings as required in the “AUS Data Integrity” topic found in [Section 1.04: Automated Underwriting](#).

Notes:

- SunTrust implemented new DTI tolerance guidelines for DU processed Agency and Agency Plus loan transactions.
- SunTrust will continue to require 100% AUS data integrity on all other loan data submitted to DU.

Reference: See [Section 1.04: Automated Underwriting](#) and Product [Section 2.01: Agency Loan Programs](#) for additional information on the DTI tolerance guidelines.

- Tax Transcripts missing and/or not in compliance with [Section 1.19: Fraud Prevention Guidelines](#) and the applicable product description.
- MERS undisclosed mortgage liability missing or not in compliance with [Section 1.19: Fraud Prevention Guidelines](#).
- Printout of DO Final Submission status missing as required in [Section 1.04: Automated Underwriting](#).
- Appraiser Independence Certifications and Disclosures missing and/or not in compliance with [Section 1.07: Appraisal Guidelines](#).
- Fraud prevention documentation is not provided.
- Income/Asset documentation missing as required by product guidelines and/or AUS findings.

Reference: See the subtopic, “Pended Loan Policy” in this section for more information.

Continued on next page

Closed Loan Purchase Review Process, Continued

Pended Loan Fees

- All loans must be delivered to SunTrust by 11:59 p.m. Eastern Time on the day of lock expiration. SunTrust will then review the loan to determine if the loan is in purchasable condition. In the event the loan must be pended, a pend notice will be issued. SunTrust will then calculate a pend-hit date.

Notes:

- Rate locks cannot be extended by correspondent lenders once loans are delivered to SunTrust.
- When the penalty day falls on a weekend or holiday, it is rolled to the next business day.
- If the loan is not in purchasable condition by the pend-hit date (defined as later of 7 days from pend date or 7 days from lock expiration), the purchase price will be reduced by thirty (30) basis points.
- If the loan is not in purchasable condition by the second pend-hit date, [defined as the later of fourteen (14) calendar days from the pend date or lock expiration], the purchase price will be reduced by an additional twenty-five (25) basis points for a total of fifty-five (55) basis points.
- If the loan is not in purchasable condition by the third pend-hit date [defined as the later of twenty-one (21) calendar days from the pend date or lock expiration], the purchase price will be reduced by an additional twenty-five (25) basis points for a total of eighty (80) basis points.
- If the loan is not in purchasable condition by the fourth pend-hit date [defined as the later of (30) calendar days from the pend date or lock expiration], SunTrust may begin the process of returning the loan file to the correspondent lender. If the lender elects to provide missing or corrected documents, the purchase price will be reduced an additional fifty (50) basis points for a total of one hundred thirty (130) basis points.

Return of Mortgage Loans

The Correspondent will be notified when SunTrust will be returning an original Note.

Non-Purchase

SunTrust may decline to purchase a loan if significant document errors or omissions are found and/or if it is determined that the loan may be unsalable into the secondary market.

Funding Process

SunTrust Wire Authorization

- The *SunTrust Wire Authorization* form ([COR 0004](#)) or a similar form is only required by the lender who does not utilize a warehouse line.
- Handwritten wire authorization forms *will not be accepted*.

Reference: See [Section 1.02: Eligible Mortgage Loans](#) for Warehouse line and Bailee letter information.

Funding Requirements

- Funding will be made by wire transfer.
- Complete wiring instructions must be included in the loan file.
- Wire instructions/authorization must be typed or computer generated. Handwritten wire authorizations/instruction will not be accepted.
- Funding will not constitute waiver of any of SunTrust's rights or remedies under the Correspondent Loan Purchase Agreement.

Reference: See [Section 1.02: Eligible Mortgage Loans](#) for Warehouse line and Bailee letter information.

- SunTrust requires bailee letters be submitted with the original Note from warehouse lenders for all closed loans.

Note: Correspondent lenders, who are financial institutions banks, savings and loans, credit unions) or who are wholly owned subsidiaries of a financial institutions, are NOT required to attach Bailee letters to the original Note. However, these "exempt" clients must provide correct wiring instructions using either the *SunTrust Wire Authorization* form ([COR 0004](#)) or a similar form, provided the same information is made available to SunTrust.

Continued on next page

Funding Process, Continued

Funding Formula

- To derive the amount of purchase funds, the following items are added or subtracted from the loan amount.
 - Accrued interest (calculated on 360 days) from the funding date to the end of the month will be subtracted from the wire if the loan is funded in the same month as closing.
 - If the loan is funded in the month following closing, the interest will be paid to the correspondent.
 - All correspondent loan closings will be charged the following applicable Document Review Fee(s), which will be deducted from the wire:

Delegated Document Review Fee	\$250
Delegated Document Review Fee Jumbo Surcharge (includes Agency Plus, HomeReady High-Balance, Home Possible High Balance, VA and FHA Jumbo)	\$130
Non-Delegated Division Document Review Fee*	\$650
Tax Service Fee	\$84
Underwriting Fee (*Underwriting Fee will not be charged in addition to Non-Delegated Division Document Review Fee)	\$500

- Lenders should not disclose or charge a tax service fee unless they are ordering a tax service directly for themselves. Please discuss the tax service fee with your compliance team for finance charge implications.
- Escrow deposits as collected on the Closing Disclosure will be subtracted from the wire.

First Touch Advantage

- *First Touch Advantage* provides an opportunity for Correspondent lenders to be rewarded for quality loan delivery.
- To be eligible, the loan must be delivered to SunTrust for funding within the original lock-in expiration date.
- The loan file must pass through the purchase review and compliance process without being “pending” for loan conditions.
- The original Note with endorsement must be received by SunTrust to be eligible.
- If the closed loan file is determined to be eligible for *First Touch Advantage*, the Correspondent client will receive a reduction to the applicable document review fee.
 - \$50 reduction for every closed loan package that includes all required documentation at the time of SunTrust receipt and goes straight to funding after review.
 - \$25 reduction for every closed loan package that includes all required documentation within 24 hours of SunTrust receipt of package.

Net Funding

General

- SunTrust will net fund all loans submitted for purchase with the exception of loan transactions with temporary buydowns. The servicing date will be dependent upon the date SunTrust purchases the loan from the Correspondent lender.
 - SunTrust will purchase the loan using the formulas noted below.
 - If SunTrust purchases the loan *on or before* the fifteenth (15th) of the month prior to when the first (1st) payment is due, the first (1st) payment will be due to SunTrust.
 - If SunTrust purchases the loan after the fifteenth (15th) of the month prior to when the first payment is due. The Correspondent lender will keep the first payment. SunTrust will then purchase the loan at an amortized balance. SunTrust will begin servicing the loan beginning on the first (1st) of the month after the note first payment is due.
 - If SunTrust purchases the loan after the fifteenth (15th) of the month that the payment is due, the Correspondent lender will keep the first two (2) payments. SunTrust will begin servicing the loan beginning on the first (1st) of the month of the second month after the note first payment is due.
-

Conventional Loans with Mortgage Insurance and FHA Loans

- The Correspondent lender will be responsible for making the payment to the private insurance company or to HUD for the months that they are collecting the payment.
 - In order to ensure correct loan funding, correspondent lenders must correctly reflect mortgage insurance premiums and closing escrows on the Closing Disclosure.
 - Include the monthly mortgage insurance (conventional and FHA loans) on the Closing Disclosure.
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Principal Curtailments

General

Eligible Loan Programs

- Principal curtailments are eligible for **all Agency**, Agency Plus, Key Loan, FHA and VA loan programs.

References:

- See the **"Principal Curtailment"** subtopic in the **"Closing and Loan Settlement Documentation"** topic in the Underwriting topic in [Section 2.01: Agency Loan Programs](#) for the application of principal **curtailments for Agency transactions**.
 - See the **"Premium Pricing on FHA Loans"** subtopic in the "Origination Through Post-Closing/Endorsement" chapter in [FHA Handbook 4000.1](#).
 - See the **"Principal Curtailments"** subtopic in the **"Closing and Loan Settlement Documentation"** topic in [Section 2.06: Key Loan Program](#) for the application of principal curtailments at closing for Key Loan transactions.
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Mortgagee Clauses

Mortgagee Clauses

- **Security Instrument Assignment**
SunTrust Bank,
its successors and/or assigns
PO Box 26149
Richmond, Virginia 23260-6149
 - **Hazard/Flood Insurance Assignment**
SunTrust Bank
ISAOA/ATIMA
PO Box 47047
Atlanta, GA 30362
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Post Closing

General

- Within sixty (60) calendar days of closing (note date), SunTrust must be in receipt of the post-closing documents.
- An extension of thirty (30) calendar days may be granted on a case-by-case basis.
- SunTrust reserves the right to charge late document delivery fees.
- The client agrees to correct any post-closing documents within fifteen (15) calendar days after being notified by SunTrust.
- FHA/VA loans must be insured within 60 days of loan closing (based upon the note date).

Reference: See [Section 1.11: Post Closing Documents](#), in the *Correspondent Seller Guide* for additional information.
