

Agency Overlays Matrix



SunTrust Agency Overlays – as of January 11, 2019 <i>In order to mitigate the risk on the loans we purchase, SunTrust has overlays in our guidelines in addition to Agency investor (i.e., Fannie Mae and Freddie Mac) requirements. This summary of overlays is being provided as a reference tool for AUS (DU and LPA) processed loans; it is not intended to replace our detailed product guideline documents. An "X" under a product column indicates that the overlay applies for that product. For complete product guidelines and for overlays (denoted by an underline) that apply for traditionally underwritten (i.e., non-AUS) loan transactions, please refer to the applicable product description in the Correspondent Seller Guide.</i>		Products							
		Agency DU	Agency LPA	Agency Plus DU	Agency Plus LPA	HomeReady DU	Home Possible LPA	Texas 50(a)(6) - DU	Texas 50(a)(6) - LPA
Topic	Overlay Description								
AUS Eligibility	A-minus transactions (including Affordable Merit Rate® Mortgages) are <u>not eligible</u> .		X		X				X
Community Land Trusts	Community Land Trusts are <u>not eligible</u> .	X		X		X		X	
Condominiums	Flood Insurance: See the "Flood Insurance Coverage Requirements for Condominiums" topic in this matrix.	X	X	X	X	X	X	X	X
Construction-Lending: Single-Closings	<u>Not eligible</u> for LPA.		X		X		X		X
	Log homes are <u>not eligible</u> .	X		X		X			
Construction-Lending: Two-Closings	<u>Not eligible</u> for LPA.		X		X		X		X
Credit Score Requirements	Minimum credit score is <u>640</u> . Note: For certain primary residence purchase and limited cash-out/"no cash-out" refinance transactions, the above overlay only applies if the borrower has a credit score. Borrowers with no scores are permitted. See the applicable product description for additional details.	X	X	X	X	X	X	X	X
Disaster Related Limited Cash-Out Refinance	Disaster-related limited cash-out refinance flexibilities provided by Fannie Mae are <u>not eligible</u> .	X		X		X		X	
Employment Offers or Contracts	SunTrust <u>does not offer</u> Fannie Mae's "Option #1 - Loan Delivered After Borrower Starts Employment" requirements for employment offers or contracts.	X		X		X		X	
	SunTrust <u>does not offer</u> Freddie Mac's "Option #2" requirements for income commencing after the note date (where Freddie Mac indicates the commencement of income from new primary employment must be before the delivery date and where Freddie Mac also permits cash-out refinance, 2-4 unit primary residence, second home, and 1-4 unit investment property transactions).		X		X		X		X
Escrow/Impound Account for a Property in a SFHA	An escrow/impound account must be established for payment of the flood insurance premium for all loans delivered, <u>regardless of any exception under HFIAA for small lenders</u> .	X	X	X	X	X	X	X	X
Flood Insurance Coverage Requirements for Condominiums	The condominium owners association must maintain building coverage on the building for the lower of (i) <u>100%</u> of the building's replacement cost or (ii) \$250,000 multiplied by the number of residential units in the building.	X		X		X		X	
	If the condominium owners association's building coverage does not meet the published requirements, the borrower must maintain supplemental coverage on the unit in an amount at least equal to the difference (i.e., shortfall) between: <ul style="list-style-type: none"> the coverage amount of the condo project's master policy, allocated to the subject unit (calculated by dividing the amount of the condo project's master policy by the number of units in the building), and <u>100% of the building's replacement cost, allocated to the subject unit (calculated by dividing 100% of the condominium building's replacement cost by the number of units in the building).</u> 	X	X	X	X	X	X	X	
Geographic Restrictions	Alaska, Hawaii, U.S. Territories: <u>Not eligible for purchase or funding</u> .	X	X	X	X	X	X		
	New York: New York CEMA transactions are <u>not eligible</u> .	X	X	X	X	X	X		
High-Balance Mortgage Loans	<u>Not permitted</u> on Home Possible transactions.						X		
Higher Priced Covered Transactions	SunTrust <u>will not purchase or fund</u> loans for the purchase or refinance of a second home or cash out refinances for investment properties that fail the HPCT test.	X	X	X	X				
Higher Priced Mortgage Loans	SunTrust <u>will not purchase or fund</u> any Agency loans classified as a Section 35 Higher Priced Mortgage Loan (HPML).	X	X	X	X	X	X	X	X
Individual Taxpayer Identification Number	An individual taxpayer identification number is <u>not allowed</u> in lieu of a valid SSN.	X	X	X	X	X	X	X	X
Loan Programs / Other Financing Arrangements	The Affordable Merit Rate® Mortgage, eligibility exceptions for HomePath Properties, Freddie Mac Renovation Mortgages, the special requirements for Freddie Mac-owned "no cash-out" refinance mortgages, and Shared Equity Plans offered under Freddie Mac's guidelines are <u>not eligible</u> .	X	X	X	X	X	X		X
	HomeStyle Renovation Mortgages: All HomeStyle Renovation loans <u>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.</u>	X		X		X			
Maximum LTV/TLTV/HTLTV (Primary Residence)	ARM: 3-4 units, Purchase and Limited Cash-Out Refinance: <u>Not eligible</u>						X		
Mortgage Insurance	Standard mortgage insurance coverage <u>must be obtained</u> . The alternatives to standard mortgage insurance coverage offered by DU and LPA (i.e., minimum coverage with corresponding LLPAs [DU] and Custom MI [LPA] are <u>not allowed</u> .	X	X	X	X	X	X		
	Lender-Purchased Mortgage Insurance (LPMI): SunTrust only offers a single premium option. Monthly and annual premiums are not available.	X	X	X		X	X		
"No Cash-Out" Refinances	Cash Back Requirements for "No Cash-Out" Refinance Mortgages: <u>Cash out to the borrower (or any other payee) may not exceed 2% of the new refinance mortgage or \$2,000, whichever is less</u>		X		X		X		
Power of Attorney	A power of attorney <u>may not be used</u> to facilitate a closing via a recorded, interactive session conducted via the Internet.	X	X	X	X	X	X	X	X

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		Agency DU	Agency LPA	Agency Plus DU	Agency Plus LPA	HomeReady DU	Home Possible LPA	Texas 50(a)(6) - DU	Texas 50(a)(6) - LPA
Property Assessed Clean Energy (PACE) Loans	PACE loans are <u>not eligible</u> for subordination. All PACE loans must be paid off as a condition of obtaining a new mortgage.	X	X	X	X	X	X	X	X
Properties with Resale Restrictions	Resale Restrictions that Terminate Automatically: LTV/TLTV/HTLTV ratios <u>must be calculated</u> using the lesser of the sale price or appraised value.	X		X		X		X	
	Community Seconds: See "Community Seconds" under the "Secondary Financing" topic in this matrix.	X		X		X			
Property Types	Indian lands are <u>not eligible</u> for leasehold estates.	X	X	X	X	X	X	X	X
	MH Advantage™ properties are <u>not eligible</u> . [Note: Fannie Mae's MH Advantage initiative offers affordable conventional financing for manufactured housing (MH) that is designed to meet specific construction, architectural design, and energy efficiency standards that are more consistent with site built homes.]	X		X		X		X	
	Manufactured housing is <u>not eligible</u> .	X	X	X		X	X	X	X
	Modular homes <u>must follow non-AUS guidelines</u> . Refer to the modular home guidelines outlined in the applicable guideline document for additional information		X		X		X		X
	On-frame modular construction is <u>not eligible</u> .		X		X		X		X
Qualifying Ratio	<u>Maximum 50% DTI</u>		X		X		X		X
Secondary Financing	Affordable Second: Treating an Affordable Second in LPA as a gift, rather than as secondary financing is <u>not permitted</u> .		X		X		X		X
	Community Seconds: Subsidizing the sales price on a Community Seconds mortgage is <u>not permitted</u> .	X		X		X			
	Permanently Modified HELOC: Non-AUS guidelines apply. Refer to the permanently modified HELOC guidelines outlined in the applicable guideline document for additional information.		X		X		X		
	Rural Housing Service (RHS) Leveraged Seconds are <u>not eligible</u> .						X		
Settlement Agent	An attorney/title agent is not allowed to close his/her own loan or that of an immediate family member.	X	X	X	X	X	X	X	X
Spousal/Partner Buy-Out	A spousal/partner buy-out transaction is <u>not eligible</u> .		X		X				
Temporary Buydowns	An interest rate buydown plan must provide for: a buydown period not greater than 36 months, and increases of not more than 1% in the portion of the interest rate paid by the borrower in each 12-month interval. More frequent changes are <u>not permitted</u> .	X		X		X			
	Temporary buydowns are <u>not permitted</u> on "no cash-out" refinance transactions.								X
Title Binder/Policy/Insurance	Properties Purchased at Auction: Short form title policy is <u>not acceptable</u>	X	X	X	X	X	X		
	Unexpired Redemption Period: An unexpired redemption period exception is <u>unacceptable</u> , regardless if the title policy contains affirmative language that the lender will not suffer loss or damage as a result of the situation or recites them in Schedule B, Part II (subordinate exceptions).	X	X	X	X	X	X	X	X
Transferred Appraisals	Transferred appraisals are <u>not eligible</u> .	X	X	X	X	X	X	X	X
Validation of Parties to the Mortgage Transaction	The GSA EPL, HUD LDP, and SunTrust Ineligible Lists must be reviewed.	X	X	X	X	X	X	X	X