

Collateral Representation and Warranty Relief Updates

Note: SunTrust Mortgage specific overlays are underlined.

Topic	Impacted Document	Impacted Products	Current Guidelines	Revised Guidelines Effective for LPA loans with Appraisals Submitted to the UCDP [®] on or after August 4, 2017
Collateral Representation and Warranty Relief	Correspondent Section 2.01 Agency Loan Programs-Guideline	<ul style="list-style-type: none"> • Standard Agency (LPA) • Agency Plus (LPA) • Home Possible[®] Mortgage (LPA) 	<p>Appraisal Requirements / Representations and Warranties on Property Value and Mortgaged Premises</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • Collateral Representations and Warranties <ul style="list-style-type: none"> • In addition to all other representations and warranties specified in the lenders purchase documents, the lender makes the following representations and warranties as of the settlement date. <ul style="list-style-type: none"> • Value Warranty: The lender represents and warrants that the value of the mortgaged premises is at least equal to the appraiser's opinion of the market value of the property. • Condition Warranty: The lender represents and warrants that the mortgaged premises is not in C5 or C6 condition. For property types not required to utilize the Uniform Appraisal Dataset (UAD) condition ratings, the lender represents that the property is in a condition consistent with condition ratings C1 through C4. • Marketability Warranty: The lender represents and warrants that the mortgaged premises is acceptable to typical purchasers in the market in which the property is located. • Collateral Representation and Warranty Relief <ul style="list-style-type: none"> • Overview <ul style="list-style-type: none"> • For Mortgages that are processed by the lender through the Loan Advisor Suite[®] (Loan Collateral Advisor[®] and Loan Product Advisor[®]) and meet the eligibility requirements below, Freddie Mac will not exercise its remedies, including the issuance of repurchase requests, in connection with a breach of the lenders selling representations and warranties related to value, condition, and marketability of the mortgaged premises. The selling representation and warranty relief described in this subsection will be referred to as "collateral representation and warranty relief." • Eligible Mortgages <ul style="list-style-type: none"> • The following requirements must be met for mortgages to be eligible for collateral representation and warranty relief: <ul style="list-style-type: none"> • The mortgage must be submitted to Loan Product Advisor (LPA) • The mortgage must be secured by a 1-unit dwelling • The borrower must be an individual or a living trust • Upon assessment of the appraisal by Loan Collateral Advisor, the following message and/or indicator must be returned: <ul style="list-style-type: none"> • Uniform Collateral Data Portal (UCDP), feedback message FRE0000 indicating the appraisal is eligible for collateral representation and warranty relief • Loan Collateral Advisor indicator that the appraisal is eligible for collateral representation and warranty relief <p>Note: Upon submission to Loan Product Advisor, a corresponding collateral representation and warranty relief message will also be provided in the feedback certificate. Risk classifications of "Accept" is eligible to receive relief.</p> • Ineligible Mortgages <ul style="list-style-type: none"> • The following mortgages are not eligible for collateral representation and warranty relief: <ul style="list-style-type: none"> • Mortgages secured by condominium units • Mortgages secured by leasehold estates • Mortgages with funding dates more than 120 days from the Note Date 	<p>Reminder: As currently outlined in Section 1.05: Underwriting of the Correspondent Seller Guide, loans utilizing Freddie Mac's collateral representation and warranty relief are not eligible for purchase if SunTrust Mortgage underwrites the loan.</p> <p>Appraisal Requirements / Representations and Warranties on Property Value and Mortgaged Premises</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • Collateral Representations and Warranties <ul style="list-style-type: none"> • In addition to all other representations and warranties specified in the lenders purchase documents, the lender makes the following representations and warranties as of the settlement date. <ul style="list-style-type: none"> • Value Warranty: The lender represents and warrants that the value of the mortgaged premises is at least equal to the appraiser's opinion of the market value of the property. • Condition Warranty: The lender represents and warrants that the mortgaged premises is not in C5 or C6 condition. For property types not required to utilize the Uniform Appraisal Dataset (UAD) condition ratings, the lender represents that the property is in a condition consistent with condition ratings C1 through C4. • Marketability Warranty: The lender represents and warrants that the mortgaged premises is acceptable to typical purchasers in the market in which the property is located. • Collateral Representation and Warranty Relief – Loan Collateral Advisor[®] <ul style="list-style-type: none"> • Overview <ul style="list-style-type: none"> • For mortgages that are processed by the lender through Loan Collateral Advisor and meet the eligibility requirements below, Freddie Mac will not exercise its remedies, including the issuance of repurchase requests, in connection with a breach of the lender's selling representations and warranties related to value, condition, and marketability of the mortgaged premises. The selling representation and warranty relief described in this subsection will be referred to as "collateral representation and warranty relief." • Eligible Mortgages <ul style="list-style-type: none"> • The following requirements must be met for mortgages to be eligible for collateral representation and warranty relief: <ul style="list-style-type: none"> • The mortgage must have an LTV/TLTV/HTLTV less than or equal to 95% • The mortgage must be secured by a 1-unit dwelling • The borrower must be an individual or a living trust • Upon assessment of the appraisal by Loan Collateral Advisor, the following message and/or indicator must be returned: <ul style="list-style-type: none"> • Uniform Collateral Data Portal (UCDP), feedback message FRE0000 indicating the appraisal is eligible for collateral representation and warranty relief • Loan Collateral Advisor indicator that the appraisal is eligible for collateral representation and warranty relief <p>Note: Upon submission to Loan Product Advisor and/or Loan Quality Advisor, a corresponding collateral representation and warranty relief message will also be provided in the feedback certificate.</p> • Ineligible Mortgages <ul style="list-style-type: none"> • The following mortgages are not eligible for collateral representation and warranty relief: <ul style="list-style-type: none"> • Mortgages secured by condominium units

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			<ul style="list-style-type: none"> • Collateral representation and warranty relief exceptions <ul style="list-style-type: none"> • For mortgages that meet the eligibility requirements above, the lender will not be relieved from Freddie Mac's enforcement of remedies with respect to the following requirements even if such matters are related to value, condition, and marketability: <ul style="list-style-type: none"> • The requirement that, when applicable, a certification of completion or completion report is obtained verifying that any outstanding conditions of the appraisal have been satisfied <p style="margin-left: 20px;">Reference: See the "Appraisal Update and/or Completion Report" subtopic located in the "Appraisal Requirements" topic for additional guidance.</p> • The requirement that the mortgaged premises not be subject to a pending legal proceeding for condemnation in whole or in part • With respect to properties affected by disasters, compliance with requirements as it relates to the lenders awareness of conditions or circumstances that would adversely affect the value or marketability of the mortgage <p style="margin-left: 20px;">Reference: See the "General Property Eligibility Requirements" subtopic located in the "Appraisal Requirements" topic for additional guidance.</p> • Nothing in this section is meant to imply that the lender is not responsible for compliance with other requirements of the purchase documents, including but not limited to: <ul style="list-style-type: none"> • Compliance with the Appraiser Independence Requirements in Freddie Mac Exhibit 35; and • Compliance with the ethics rule of the Uniform Standards of Professional Appraisal Practice (USPAP) <p>Reference: See General Section 1.05: Underwriting Guidelines of the <i>Correspondent Seller Guide</i> for additional information regarding collateral representation and warranty relief eligibility.</p>	<ul style="list-style-type: none"> • Mortgages secured by leasehold estates • Mortgages with funding dates more than 120 days from the note date <ul style="list-style-type: none"> • Collateral Representation and Warranty Relief Exceptions <ul style="list-style-type: none"> • For mortgages that meet the eligibility requirements above, the lender will not be relieved from Freddie Mac's enforcement of remedies with respect to the following requirements even if such matters are related to value, condition, and marketability: <ul style="list-style-type: none"> • The requirement that, when applicable, a certification of completion or completion report is obtained verifying that any outstanding conditions of the appraisal have been satisfied <p style="margin-left: 20px;">Reference: See the "Appraisal Update and/or Completion Report (Fannie Mae 1004D/Freddie Mac Form 442)" subtopic located in the "Appraisal Requirements" topic for additional guidance.</p> • The requirement that the mortgaged premises not be subject to a pending legal proceeding for condemnation in whole or in part • With respect to properties affected by disasters, compliance with requirements as it relates to the lenders awareness of conditions or circumstances that would adversely affect the value or marketability of the mortgage <p style="margin-left: 20px;">Reference: See the "Properties Affected by a Disaster" subtopic located in the "Appraisal Requirements" topic for additional guidance.</p> • Nothing in this section is meant to imply that the lender is not responsible for compliance with other requirements of the purchase documents, including but not limited to: <ul style="list-style-type: none"> • Compliance with the Appraiser Independence Requirements in Freddie Mac Exhibit 35; and • Compliance with the ethics rule of the Uniform Standards of Professional Appraisal Practice (USPAP) <ul style="list-style-type: none"> • Collateral Representation and Warranty Relief – Automated Collateral Evaluation <ul style="list-style-type: none"> • SunTrust Mortgage <u>does not currently offer</u> Freddie Mac's automated collateral evaluation option which permits lenders to accept an appraisal waiver and originate the mortgage without an appraisal, for certain LPA mortgages. <p>Reference: See General Section 1.05: Underwriting Guidelines of the <i>Correspondent Seller Guide</i> for additional information regarding collateral representation and warranty relief eligibility.</p>