Agency Guideline Revisions

***Note**: SunTrust specific overlays are underlined.*

Topic	Impacted Document	Impacted Products	Current Guidelines	Revised Guidelines Effective for NEW Loan Applications ON OR AFTER April 8, 2019

Agency Plus	Correspondent Section 2.01 Agency Loan Programs-Guideline	• Agency Plus (LPA)	**Loan Terms / Maximum Loan Amount**
			
			Agency
			• $484,350 for one unit properties
			• $620,200 for two unit properties
			• $749,650 for three unit properties
			• $931,600 for four unit properties
			
			Agency Plus
			• Agency Plus loans are available ONLY in high cost areas (as defined by HUD). Click here for the specific loan limits for each high-cost area, as released by the Federal Housing Finance Agency.
			• The maximum loan amount will vary based on the location of the subject property; however, will NEVER exceed:
			  ◦ $726,525 for one unit properties,
			  ◦ $930,300 for two unit properties,
			  ◦ $1,124,475 for three unit properties, and
			  ◦ $1,397,400 for four unit properties.
			
			Note: Four-unit property transactions with loan amounts greater than $1,000,000 must be processed through DU. Loan amounts greater than $1,000,000 are not eligible for processing through LPA.
				Loan Terms / Maximum Loan Amount
				
				Agency
				• $484,350 for one unit properties
				• $620,200 for two unit properties
				• $749,650 for three unit properties
				• $931,600 for four unit properties
				
				Agency Plus
				• Agency Plus loans are available ONLY in high cost areas (as defined by HUD). Click here for the specific loan limits for each high-cost area, as released by the Federal Housing Finance Agency.
				• The maximum loan amount will vary based on the location of the subject property; however, will NEVER exceed:
				  ◦ $726,525 for one unit properties,
				  ◦ $930,300 for two unit properties,
				  ◦ $1,124,475 for three unit properties, and
				  ◦ $1,397,400 for four unit properties.
				
				~~**Note**: Four-unit property transactions with loan amounts greater than $1,000,000 must be processed through DU. Loan amounts greater than $1,000,000 are not eligible for processing through LPA.~~

GreenCHOICE Mortgages℠	Correspondent Section 2.01 Agency Loan Programs-Guideline	• Standard Agency (LPA)
		• Agency Plus (LPA)
		• Home Possible® Mortgage (LPA)
		• Texas Section 50 (a)(6) Mortgages (LPA)
			Eligible Transactions / Calculation of LTV/TLTV/HTLTV Ratios
			
			Freddie Mac LPA
			Follow LPA requirements, which are as follows:
			• Loan Product Advisor® calculates the loan-to-value (LTV) ratio, total LTV (TLTV) ratio, and Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratio based on the data submitted by the lender.
			  ◦ The LTV ratio is determined by dividing the first lien mortgage amount by value, as defined in the "Value" subsection below.
			  ◦ The TLTV ratio is determined by dividing the sum of the first lien mortgage amount and the disbursed amount of the HELOC and any other secondary financing by value, as defined in the "Value" subsection below.
			  ◦ The HTLTV ratio is determined by dividing the sum of the first lien mortgage amount and the total HELOC credit line limit and any other secondary financing by value, as defined in the "Value" subsection below.
			• To determine if a mortgage meets LTV, TLTV or HTLTV ratio requirements, round each ratio up to the next whole number.
			• Freddie Mac will calculate the LTV ratio for each mortgage it purchases based on data delivered by the lender. Freddie Mac will calculate the LTV ratio to two decimal places and round the result of that calculation up to the next whole number. For example, 94.01 will be rounded up to 95%.
			
			• **Value**
			  ◦ For a purchase transaction, "value" is the lesser of the appraised value of the mortgaged premises on the note date or the purchase price of the mortgaged premises.
			  ◦ For a purchase transaction involving a newly constructed home, multiple contracts may be combined to determine the purchase price of the mortgaged premises (for example, a new home purchase contract combing with a new swimming pool contract).
				Eligible Transactions / Calculation of LTV/TLTV/HTLTV Ratios
				
				Freddie Mac LPA
				Follow LPA requirements, which are as follows:
				• Loan Product Advisor® calculates the loan-to-value (LTV) ratio, total LTV (TLTV) ratio, and Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratio based on the data submitted by the lender.
				  ◦ The LTV ratio is determined by dividing the first lien mortgage amount by value, as defined in the "Value" subsection below.
				  ◦ The TLTV ratio is determined by dividing the sum of the first lien mortgage amount and the disbursed amount of the HELOC and any other secondary financing by value, as defined in the "Value" subsection below.
				  ◦ The HTLTV ratio is determined by dividing the sum of the first lien mortgage amount and the total HELOC credit line limit and any other secondary financing by value, as defined in the "Value" subsection below.
				• To determine if a mortgage meets LTV, TLTV or HTLTV ratio requirements, round each ratio up to the next whole number.
				• Freddie Mac will calculate the LTV ratio for each mortgage it purchases based on data delivered by the lender. Freddie Mac will calculate the LTV ratio to two decimal places and round the result of that calculation up to the next whole number. For example, 94.01 will be rounded up to 95%.
				
				• **Value**
				  ◦ For a purchase transaction, "value" is the lesser of the appraised value of the mortgaged premises on the note date or the purchase price of the mortgaged premises.
				  ◦ For a purchase transaction involving a newly constructed home, multiple contracts may be combined to determine the purchase price of the mortgaged premises (for example, a new home purchase contract combined with a new swimming pool contract).

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			Reference: See the "Fannie Mae's HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac's Energy Conservation Improvements" subtopic for additional guidance regarding the value used to determine the LTV/TLTV/HTLTV.
			• For a refinance, "value " is the appraised value of the mortgaged premises.
			• For certain Loan Product Advisor mortgage transactions, Freddie Mac may accept the "value" to be the lender-provided estimate of value or the purchase price as the basis for the underwriting of the mortgage.
			Reference: See the "Freddie Mac's LPA Automated Collateral Evaluation (ACE)" subtopic subsequently outlined in the "Appraisal Requirements" topic within this document, for additional information on Freddie Mac's LPA automated collateral evaluation.
			--- 	
			Eligible Transactions / Fannie Mae's HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac's Energy Conservation Improvements
			Freddie Mac LPA Loans
			Follow LPA requirements, which are as follows:
			• A mortgage may finance the purchase of a property that is to be retrofitted, refurbished or improved with energy conservation components.
			• If the lender considers the cost of such energy conservation improvements in setting the terms of the mortgage, the purchase price may be considered the price paid for the mortgaged premises by the purchaser plus the actual cost of the energy conservation improvements.
			• The value used to determine the loan-to-value (LTV), total LTV (TLTV) and Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratios is the lesser of this purchase price or the "as completed" appraised value.
			• The appraisal must state the estimated market value after completion of the improvements and be supported by a satisfactory completion certificate reported on Form 442, Appraisal Update and/or Completion Report.
			• Unless a completion escrow account is established in accordance with the incomplete improvements requirements outlined in the "Postponed Improvements" subtopic (within the "Appraisal Requirements" topic), all improvements must be completed before delivery of the mortgage to SunTrust.
			• If the mortgage is to be delivered to SunTrust prior to the completion of the energy conservation improvements, the requirements for incomplete improvements, outlined in the "Postponed Improvements" subtopic (within the "Appraisal Requirements" topic), must be met.
			• **Special Feature Code Requirement**
			  ◦ Use SFC 375 to identify LPA mortgages that finance the purchase of a property that is to be retrofitted, refurbished or improved with energy conservation components.
				Reference: See the "Fannie Mae's HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac's GreenCHOICE Mortgages[SM]" subtopic for additional guidance regarding the value used to determine the LTV/TLTV/HTLTV.
				• For a refinance, "value " is the appraised value of the mortgaged premises.
				• For certain Loan Product Advisor mortgage transactions, Freddie Mac may accept the "value" to be the lender-provided estimate of value or the purchase price as the basis for the underwriting of the mortgage.
				Reference: See the "Freddie Mac's LPA Automated Collateral Evaluation (ACE)" subtopic subsequently outlined in the "Appraisal Requirements" topic within this document, for additional information on Freddie Mac's LPA automated collateral evaluation.
				--- 	
				Eligible Transactions / Fannie Mae's HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac's GreenCHOICE Mortgages[SM]
				Freddie Mac LPA Loans
				Follow LPA requirements, which are as follows:
				• GreenCHOICE Mortgages provide flexibility to finance the costs of energy and/or water efficiency improvements with the proceeds from a purchase or "no cash-out" refinance transaction.
				• Mortgages must be secured by a 1- to 4-unit property, including a condominium unit.
				• **Determination of Value**
				  ◦ Purchase transaction value is the lesser of:
				    ▪ The "as completed" appraised value of the mortgaged premises, or
				    ▪ The total acquisition cost (i.e., the price paid for the mortgaged premises plus the costs of the energy and/or water efficiency improvements). The mortgage file must contain sufficient documentation to calculate the total acquisition cost.
				  ◦ "No cash-out" refinance transaction to finance energy and/or water efficiency improvements: The value is the "as completed" value of the mortgaged premises.
				• **Purchase and "No Cash-Out" Refinance Mortgage to Finance Energy and/or Water Efficiency Improvements**
				  ◦ The proceeds from a purchase or "no cash-out" refinance transaction may be used to finance energy and/or water efficiency improvements completed after the note date subject to the following requirements:
				    ▪ The maximum amount of the proceeds that may be used for the purchase and installation of energy and/or water efficiency improvements is limited to 15% of the "as completed" value of the mortgaged premises. The lender must obtain and retain in the mortgage file copies of all invoices and/or receipts, as applicable, related to the cost of the energy and/or water efficiency improvements.
				    ▪ Proceeds sufficient to cover the cost of the energy and/or water efficiency improvements must be deposited into a completion escrow account on the note date. The escrow account must meet the requirements for incomplete improvements, outlined in the "Postponed Improvements" subtopic (within the "Appraisal Requirements" topic).
				SunTrust Note: The correspondent lender owns the management of a completion escrow.

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				The correspondent lender is responsible for follow-up on all outstanding escrow agreements. If the energy and/or water efficiency improvements are not made as agreed, SunTrust will hold the correspondent lender responsible for completing the energy improvements with the escrowed funds.
				
				• The lender may reimburse the borrower from funds in the escrow account for costs associated with materials purchased to complete improvements being made. The lender may not reimburse the borrower for any labor performed by the borrower. Any funds remaining in the escrow account after the cost of all improvements has been paid to the appropriate party must be used to reduce the UPB, unless the mortgage is delinquent. If the mortgage is delinquent, the lender must apply such funds in accordance with the application of payment requirements in the note and security instrument. If any funds remain after the mortgage is brought current, then the lender must apply the funds as set forth in this bullet for a current mortgage.
				• The lender must obtain an interior and exterior inspection appraisal with an "as completed" value of the subject property subject to the energy and/or water efficiency improvements being completed.
				• After completion of the improvements, the lender must have the appraiser:
				  • Inspect the property to verify that the improvements have been completed, and
				  • Provide the lender with a completion report on Form 442*, Appraisal Update and/or Completion Report*, which must include photographs of the completed items. The lender must retain the completion report in the mortgage file.
				• All energy and/or water efficiency improvements must be completed within 180 days of the note date.
				• The lender must obtain and retain in the mortgage file an energy report meeting Freddie Mac requirements outlined below, except as permitted in "Basic Energy and Water Efficiency Improvements" (below).
				
				• **Basic Energy and Water Efficiency Improvements**
				  • For basic energy and/or water efficiency improvements with an aggregate cost less than or equal to $6,500, the requirements of this section must be met with the exception that an energy report is not required. The lender must document the cost of the energy and/or water efficiency improvements by obtaining copies of all receipts and/or invoices, as applicable, and retain these in the mortgage file.
				  • Eligible basic energy and/or water efficiency improvements include the following:
				    • Programmable thermostats
				    • Caulking or weather stripping
				    • Adding ceiling, wall or floor insulation
				    • Air sealing
				    • Air conditioning/heating replacement to high efficiency
				    • Solar water heaters
				    • Low-flow water fixtures
				    • High efficient refrigerators/freezers, water heaters and light bulbs
				    • Replacement of windows and doors
				
				• **Energy Reports**
				  • **Eligible Energy Reports**
				    • Energy reports must be one of the following:
				      • A Home Energy Rating Systems (HERS) report completed by a certified Residential Energy

Agency Guideline Revisions

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				Services Network (RESNET®) home energy rater • A Department of Energy Home Energy Score Report completed by a Home Energy Score Certified Assessor™ • Comparable rating report or audit completed by a certified home energy rater or consultant indicating the property is a high-performing energy-efficient property • **Energy Report Requirements** • Energy reports must: • Identify the recommended energy improvements and expected costs of the completed improvements • Specify the actual or expected monthly or annual energy savings, and • Verify that the recommended energy improvements are cost effective. Energy improvements are determined to be cost effective when the cost of the improvements, including maintenance, is less than the present value of the energy saved over the useful life of the improvements • Be dated no earlier than 120 days prior to the note date. The cost of the energy report may be included in the total cost of the improvements and must be identified on the settlement statement if the borrower is to be reimbursed. • **Special Feature Code Requirement** • Use SFC J08 to identify a mortgage loan originated as a GreenCHOICE Mortgage. **Note**: Freddie Mac will credit the lender (selling the loan to Freddie Mac) a $500 loan level price adjustment for loans with financed energy and/or water efficiency improvements (that include SFC J08 as a part of the delivery information). At this time, SunTrust is unable to pass this $500 price adjustment credit on to the Correspondent Lender.
			Eligible Transactions / Installment Land Contract **Freddie Mac LPA** Follow LPA requirements, which are as follows: • When the proceeds of a mortgage are used to pay the outstanding balance under a land contract or contract for deed, the mortgage may be considered either a purchase or a "no cash-out" refinance mortgage if the requirements in this section are met. • A copy of the executed land contract or contract for deed must be included in the mortgage file. • For transactions that involve the payoff of a land contract, the property seller is the vendor on the recorded land contract and the Owner of Record of the subject property; and the borrower is a vendee on the recorded land contract. • For the transaction to be considered a purchase transaction: • The land contract or contract for deed must have been executed less than 12 months prior to the application received date • All of the loan proceeds must be used to pay the outstanding balance under the land contract or contract for deed and no loan proceeds may be disbursed to the borrower. • The loan-to-value (LTV) ratio must be calculated using the lesser of the following: • The current appraised value of the mortgaged premises, or • The total acquisition cost (the purchase price indicated in the original land contract or contract for deed, plus any cost the borrower has expended for rehabilitation, renovation, refurbishment or energy conservation improvements). The mortgage file must contain sufficient	**Eligible Transactions / Installment Land Contract** **Freddie Mac LPA** Follow LPA requirements, which are as follows: • When the proceeds of a mortgage are used to pay the outstanding balance under a land contract or contract for deed, the mortgage may be considered either a purchase or a "no cash-out" refinance mortgage if the requirements in this section are met. • A copy of the executed land contract or contract for deed must be included in the mortgage file. • For transactions that involve the payoff of a land contract, the property seller is the vendor on the recorded land contract and the Owner of Record of the subject property; and the borrower is a vendee on the recorded land contract. • For the transaction to be considered a purchase transaction: • The land contract or contract for deed must have been executed less than 12 months prior to the application received date • All of the loan proceeds must be used to pay the outstanding balance under the land contract or contract for deed and no loan proceeds may be disbursed to the borrower. • The loan-to-value (LTV) ratio must be calculated using the lesser of the following: • The current appraised value of the mortgaged premises, or • The total acquisition cost (the purchase price indicated in the original land contract or contract for deed, plus any cost the borrower has expended for rehabilitation, renovation, refurbishment or energy ~~conservation~~ improvements). The mortgage file must contain

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			documentation on which to calculate the total acquisition cost.
			• For the transaction to be considered a "no cash-out" refinance transaction:
			  • The land contract or contract for deed must have been executed at least 12 months prior to the application received date
			  • The LTV ratio must be calculated using the current appraised value of the mortgaged premises
			  • The mortgage file must include third-party documentation evidencing payments in accordance with the land contract or contract for deed for the most recent 12-month period.
			  • The mortgage must meet the requirements for "no cash-out" refinance mortgages subsequently presented in this document.
				sufficient documentation on which to calculate the total acquisition cost.
				• For the transaction to be considered a "no cash-out" refinance transaction:
				  • The land contract or contract for deed must have been executed at least 12 months prior to the application received date
				  • The LTV ratio must be calculated using the current appraised value of the mortgaged premises
				  • The mortgage file must include third-party documentation evidencing payments in accordance with the land contract or contract for deed for the most recent 12-month period.
				  • The mortgage must meet the requirements for "no cash-out" refinance mortgages subsequently presented in this document.

			Eligible Transactions / Property Assessed Clean Energy (PACE) Loans
			
			Freddie Mac LPA
			Follow LPA requirements, which are as follows:
			• A Property Assessed Clean Energy (PACE) or PACE-like obligation (either referred to as a "PACE obligation") refers to any energy retrofit loan that is:
			  • Used to finance energy conservation improvements, and
			  • Repaid through a property tax assessment
			• A purchase or refinance ("no cash-out" and cash-out) loan transaction with a PACE loan **remaining** in a first or subordinate lien position to the new mortgage transaction is not eligible. All PACE obligations **must** be paid off as a condition to obtaining a new mortgage loan.
			• For the "no-cash out" refinance of mortgages secured by properties subject to PACE obligations that result in or provide for first lien priority and where the PACE obligations are paid off with the mortgage proceeds, the following requirements apply:
			  • The new refinance mortgage must be originated in accordance with "no cash-out" refinance mortgage requirements
			  • The mortgage being refinanced must be owned in whole or in part or securitized by Freddie Mac
			  • The PACE obligation must be paid in full
			  • The mortgage file must include evidence that the obligation being paid off is a PACE obligation that results in or provides for first lien priority
			  • Use SFC H61 to identify a Freddie Mac-owned "no cash-out" refinance mortgage where a PACE obligation is paid off with the mortgage proceeds.
			• For the cash-out refinance of mortgages secured by properties subject to PACE obligations and where the PACE obligations are paid off with the mortgage proceeds, the following requirements apply:
			  • The new refinance mortgage must be originated in accordance with cash-out refinance requirements
			  • The PACE obligation must be paid in full
			• For the refinance of mortgages with Freddie Mac Settlement Dates before July 6, 2010 secured by properties subject to PACE obligations originated before July 6, 2010 that result in or provide for first lien priority, if the new refinance mortgage does not meet the requirements of a "no cash-out" refinance mortgage or of a cash-out refinance mortgage, as modified above, then the mortgage is not eligible.
				Eligible Transactions / Property Assessed Clean Energy (PACE) Loans
				
				Freddie Mac LPA
				Follow LPA requirements, which are as follows:
				• A Property Assessed Clean Energy (PACE) or PACE-like obligation (either referred to as a "PACE obligation") refers to any energy retrofit loan that is:
				  • Used to finance energy efficiency improvements, and
				  • Repaid through a property tax assessment
				• A purchase or refinance ("no cash-out" and cash-out) loan transaction with a PACE loan **remaining** in a first or subordinate lien position to the new mortgage transaction is not eligible. All PACE obligations **must** be paid off as a condition to obtaining a new mortgage loan.
				• For the "no-cash out" refinance of mortgages secured by properties subject to PACE obligations that result in or provide for first lien priority and where the PACE obligations are paid off with the mortgage proceeds, the following requirements apply:
				  • The new refinance mortgage must be originated in accordance with "no cash-out" refinance mortgage requirements
				  • The mortgage being refinanced must be owned in whole or in part or securitized by Freddie Mac
				  • The PACE obligation must be paid in full
				  • The mortgage file must include evidence that the obligation being paid off is a PACE obligation that results in or provides for first lien priority
				  • Use SFC H61 to identify a Freddie Mac-owned "no cash-out" refinance mortgage where a PACE obligation is paid off with the mortgage proceeds.
				• For the cash-out refinance of mortgages secured by properties subject to PACE obligations and where the PACE obligations are paid off with the mortgage proceeds, the following requirements apply:
				  • The new refinance mortgage must be originated in accordance with cash-out refinance requirements
				  • The PACE obligation must be paid in full
				• Mortgages secured by properties that are energy efficient and are also subject to PACE obligations may be eligible. See the "Fannie Mae's HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac's GreenCHOICE Mortgages℠" subtopic for additional guidance.
				• For the refinance of mortgages with Freddie Mac Settlement Dates before July 6, 2010 secured by properties subject to PACE obligations originated before July 6, 2010 that result in or provide for first lien priority, if the new refinance mortgage does not meet the requirements of a "no cash-out" refinance mortgage or of a cash-out refinance mortgage, as modified above, then the mortgage is not eligible.

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			Refinances / Limited Cash-Out Refinance (LPA Terminology: “No Cash-Out” Refinance)
			
			Freddie Mac LPA
			Follow LPA requirements, which are as follows:
			• A “no cash-out” refinance mortgage must meet the applicable requirements outlined in the “Continuity of Obligation” subtopic previously presented in this topic.
			• A "no cash-out" refinance mortgage is a mortgage for which the proceeds may be used only to:
			  ◦ Pay off the first mortgage, regardless of its age.
			
			  SunTrust Note: SunTrust provides the following GSE clarification:
			    ▪ If paying off an existing HELOC in first lien position, the HELOC must be paid off and closed.
			
			  ◦ Pay off any junior liens secured by the mortgaged premises, that were used in their entirety to acquire the subject property
			  ◦ Pay related closing costs
			  ◦ Disburse cash out to the borrower (or any other payee) up to the greater of 1% of the new refinance mortgage or $2,000
			  ◦ Pay off the outstanding balance of a land contract or contract for deed if the requirements in the “Installment Land Contract” subtopic are met
			  ◦ Pay off of a Property Assessed Clean Energy (PACE) or PACE-like obligation, subject to the additional requirements outlined in the “Property Assessed Clean Energy (PACE) Loans” subtopic.
			• In the event there are remaining proceeds from the "no cash-out" refinance mortgage after the proceeds are applied as described above:
			  ◦ The mortgage amount must be reduced, or
			  ◦ The excess amount must be applied as a principal curtailment to the new refinance mortgage at closing and must be clearly reflected on the Settlement/Closing Disclosure Statement.
			• Under no circumstances may cash disbursed to the borrower (or any other payee) exceed the maximum permitted for "no cash-out" refinance mortgages.
			• **Secondary financing**
			  ◦ The borrower is not required to satisfy outstanding junior liens secured by the mortgaged premises, provided that the junior liens meet the requirements pertaining to secondary financing (including the special requirements for Affordable Seconds mortgages, if applicable). See the “Secondary Financing” topic subsequently presented in this document for additional details.
			• **Special documentation requirements**
			  ◦ If a junior lien was paid off as part of the "no cash-out" refinance transaction, the lender must maintain documentation in the mortgage file demonstrating that the full amount of the lien was used for the purchase of the subject property.
			
			• **SunTrust Note for Texas only**: For any refinance of a Texas Constitution Section 50(a)(6) loan that results in a loan originated in accordance with and secured by a lien permitted by Article XVI, Section 50(a)(4) of the Texas Constitution, an affidavit referenced in Section 50(f-1) Article XVI of the Texas Constitution must be prepared and recorded in connection with each such transaction.
			
			In addition to the affidavit requirement outlined above, refinances of an owner’s home equity loan as a non-home equity refinance [i.e., non-50(a)(6)] loan under Article XVI, subsection 50(a)(4) of the Texas Constitution must comply with ***all*** Texas state-specific requirements for such transactions.
			
			• **Requirements for Standard Agency “No Cash-Out” Refinance Transactions with LTV, TLTV, and/or HTLTV Ratios Greater than 95%**
				Refinances / Limited Cash-Out Refinance (LPA Terminology: “No Cash-Out” Refinance)
				
				Freddie Mac LPA
				Follow LPA requirements, which are as follows:
				• A “no cash-out” refinance mortgage must meet the applicable requirements outlined in the “Continuity of Obligation” subtopic previously presented in this topic.
				• A "no cash-out" refinance mortgage is a mortgage for which the proceeds may be used only to:
				  ◦ Pay off the first mortgage, regardless of its age.
				
				  SunTrust Note: SunTrust provides the following GSE clarification:
				    ▪ If paying off an existing HELOC in first lien position, the HELOC must be paid off and closed.
				
				  ◦ Pay off any junior liens secured by the mortgaged premises, that were used in their entirety to acquire the subject property
				  ◦ Pay related closing costs
				  ◦ Disburse cash out to the borrower (or any other payee) up to the greater of 1% of the new refinance mortgage or $2,000
				  ◦ Pay off the outstanding balance of a land contract or contract for deed if the requirements in the “Installment Land Contract” subtopic are met
				  ◦ Pay off of a Property Assessed Clean Energy (PACE) or PACE-like obligation, subject to the additional requirements outlined in the “Property Assessed Clean Energy (PACE) Loans” subtopic.
				  ◦ Pay off the existing mortgage debt and finance energy and/or water efficiency improvements, subject to the additional requirements outlined in the “Fannie Mae’s HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac’s GreenCHOICE Mortgages^{SM}” subtopic.
				• In the event there are remaining proceeds from the "no cash-out" refinance mortgage after the proceeds are applied as described above:
				  ◦ The mortgage amount must be reduced, or
				  ◦ The excess amount must be applied as a principal curtailment to the new refinance mortgage at closing and must be clearly reflected on the Settlement/Closing Disclosure Statement.
				• Under no circumstances may cash disbursed to the borrower (or any other payee) exceed the maximum permitted for "no cash-out" refinance mortgages.
				• **Secondary financing**
				  ◦ The borrower is not required to satisfy outstanding junior liens secured by the mortgaged premises, provided that the junior liens meet the requirements pertaining to secondary financing (including the special requirements for Affordable Seconds mortgages, if applicable). See the “Secondary Financing” topic subsequently presented in this document for additional details.
				• **Special documentation requirements**
				  ◦ If a junior lien was paid off as part of the "no cash-out" refinance transaction, the lender must maintain documentation in the mortgage file demonstrating that the full amount of the lien was used for the purchase of the subject property.
				
				• **SunTrust Note for Texas only**: For any refinance of a Texas Constitution Section 50(a)(6) loan that results in a loan originated in accordance with and secured by a lien permitted by Article XVI, Section 50(a)(4) of the Texas Constitution, an affidavit referenced in Section 50(f-1) Article XVI of the Texas Constitution must be prepared and recorded in connection with each such transaction.
				
				In addition to the affidavit requirement outlined above, refinances of an owner’s home equity loan as a non-home equity refinance [i.e., non-50(a)(6)] loan under Article XVI, subsection 50(a)(4) of the Texas Constitution must comply with ***all*** Texas state-specific requirements for such transactions.

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			• For standard Agency transactions, if the LTV, TLTV, and/or HTLTV ratio exceeds 95%, all of the following requirements apply:
			  • The mortgage being refinanced must be owned or securitized by Freddie Mac unless it has secondary financing that is an Affordable Second.
			  • The mortgage being refinanced cannot be a converted ARM loan owned or securitized by Freddie Mac (i.e., Seller-Owned Converted Mortgage).
			  • The mortgage being refinanced cannot be a modified loan owned or securitized by Freddie Mac (i.e., Seller-Owned Modified Mortgage).
			  • At least one borrower on the transaction must have a usable credit score as determined by Loan Product Advisor.
			
			Note: To identify if Freddie Mac owns the mortgage, the borrower can look up the loan in Freddie Mac's Loan Look-Up Tool or authorize the lender to obtain this information on the borrower's behalf.
			
			--- 	
			
			Appraisal Requirements / Appraisal Age, Appraisal Update and/or Completion Report, and Appraisal Use Requirements
			
			Freddie Mac LPA
			Follow LPA requirements, which are as follows:
			
			***Note**: Below is an EXCERPT only of the guidelines from the above referenced section. All other currently published guidelines in this section remain the same.*
			
			• **Appraisals Completed Subject to Completion, Repairs or Alterations, or an Inspection**
			  • For appraisals that are made subject to completion per plans and specifications, or are subject to repairs or alterations:
			    • An appraiser must perform the final inspection of the property and provide a completion report documenting that the property has been completed. Freddie Mac will accept a completion report performed by an unlicensed or trainee (or similar classification) appraiser if a supervisory appraiser signs the completion report.
			    • The completion report must:
			      • Include photographs of the completed items
			      • Be dated before the settlement date (i.e., the date the loan is purchased by Freddie Mac) unless requirements for incomplete improvements have been met. (See "Postponed Improvements" subsequently outlined in this topic for additional information.)
			      • Be retained in the mortgage file
			  • For appraisals that are made subject to an inspection of the property, a licensed professional or another person trained in the particular field of concern (e.g., structural engineer, plumber, pest inspector, etc.) must perform the inspection of the property.
			  • The inspector must provide either:
			    • A report stating that a repair(s) is not required, or
			    • A signed report or invoice stating that the repair has been completed and the issue corrected. The report or invoice must provide the professional's license number when available
				• **Requirements for Standard Agency "No Cash-Out" Refinance Transactions with LTV, TLTV, and/or HTLTV Ratios Greater than 95%**
				  • For standard Agency transactions, if the LTV, TLTV, and/or HTLTV ratio exceeds 95%, all of the following requirements apply:
				    • The mortgage being refinanced must be owned or securitized by Freddie Mac unless it has secondary financing that is an Affordable Second.
				    • The mortgage being refinanced cannot be a converted ARM loan owned or securitized by Freddie Mac (i.e., Seller-Owned Converted Mortgage).
				    • The mortgage being refinanced cannot be a modified loan owned or securitized by Freddie Mac (i.e., Seller-Owned Modified Mortgage).
				    • At least one borrower on the transaction must have a usable credit score as determined by Loan Product Advisor.
				
				Note: To identify if Freddie Mac owns the mortgage, the borrower can look up the loan in Freddie Mac's Loan Look-Up Tool or authorize the lender to obtain this information on the borrower's behalf.
				
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				Appraisal Requirements / Appraisal Age, Appraisal Update and/or Completion Report, and Appraisal Use Requirements
				
				Freddie Mac LPA
				Follow LPA requirements, which are as follows:
				
				***Note**: Below is an EXCERPT only of the guidelines from the above referenced section. All other currently published guidelines in this section remain the same.*
				
				• **Appraisals Completed Subject to Completion, Repairs or Alterations, or an Inspection**
				  • For appraisals that are made subject to completion per plans and specifications, or are subject to repairs or alterations:
				    • An appraiser must perform the final inspection of the property and provide a completion report documenting that the property has been completed. Freddie Mac will accept a completion report performed by an unlicensed or trainee (or similar classification) appraiser if a supervisory appraiser signs the completion report.
				    • The completion report must:
				      • Include photographs of the completed items
				      • Be dated before the settlement date (i.e., the date the loan is purchased by Freddie Mac) unless requirements for incomplete improvements or GreenCHOICE Mortgages have been met. (See the "Postponed Improvements" and "Fannie Mae's HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac's GreenCHOICE Mortgages[SM]" subtopics outlined in this document for additional guidance).
				      • Be retained in the mortgage file
				  • For appraisals that are made subject to an inspection of the property, a licensed professional or another person trained in the particular field of concern (e.g., structural engineer, plumber, pest inspector, etc.) must perform the inspection of the property.
				  • The inspector must provide either:
				    • A report stating that a repair(s) is not required, or

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			• The report or invoice must be:
			  • Dated before the settlement date (i.e., the date the loan is purchased by Freddie Mac)
			  • Retained in the mortgage file
			
			All other currently published guidelines in this section remain the same.
			
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			Appraisal Requirements / Freddie Mac's LPA Automated Collateral Evaluation (ACE)
			
			Freddie Mac LPA
			Follow LPA requirements, which are as follows:
			
			***Note**: Below is an EXCERPT only of the guidelines from the above referenced section. All other currently published guidelines in this section remain the same.*
			
			• **Ineligible Mortgages**
			  • The following mortgages are not eligible for an appraisal waiver:
			    • Mortgages for which an appraisal has been obtained in connection with the mortgage
			    • Cash-out refinances
			    • Texas Equity Section 50(a)(6) mortgages
			    • Mortgages secured by one of the following:
			      • A 2-4 unit property
			      • An investment property
			      • A manufactured home
			      • A leasehold estate
			    • Mortgages secured by mortgaged premises subject to resale restrictions
			    • Construction Conversion and Renovation Mortgages
			    • Non-arm's length transactions
			    • Purchases of REO properties (as identified in the sales contract)
			    • Mortgages with an estimate of value or purchase price greater than $1,000,000
			  • In addition, lenders may not accept the appraisal waiver offer if any of the following apply:
			    • The lender is required by law or regulation to obtain an appraisal
			    • The lender is aware of conditions it believes warrant an appraisal being obtained. Examples include, but are not limited to:
			      • A contaminated site or hazardous substance exists affecting the property or the neighborhood in which the property is located
			      • Adverse physical property conditions that are apparent based on the review of the sales contract, property inspection, disclosure from the borrower, etc.
			
			• **Maintaining Appraisal Waiver Eligibility**
			  • The appraisal waiver offer is valid for 120 days. If the offer is more than 120 days old on the note date, a resubmission to Loan Product Advisor is required to determine ongoing appraisal waiver eligibility.
			
			  Note: If the lender changes key loan data (e.g., address of the property, loan amount, purchase price,
				• A signed report or invoice stating that the repair has been completed and the issue corrected. The report or invoice must provide the professional's license number when available
				• The report or invoice must be:
				  • Dated before the settlement date (i.e., the date the loan is purchased by Freddie Mac)
				  • Retained in the mortgage file
				
				All other currently published guidelines in this section remain the same.
				
				--- 	
				
				Appraisal Requirements / Freddie Mac's LPA Automated Collateral Evaluation (ACE)
				
				Freddie Mac LPA
				Follow LPA requirements, which are as follows:
				
				***Note**: Below is an EXCERPT only of the guidelines from the above referenced section. All other currently published guidelines in this section remain the same.*
				
				• **Ineligible Mortgages**
				  • The following mortgages are not eligible for an appraisal waiver:
				    • Mortgages for which an appraisal has been obtained in connection with the mortgage
				    • Cash-out refinances
				    • Texas Equity Section 50(a)(6) mortgages
				    • Mortgages secured by one of the following:
				      • A 2-4 unit property
				      • An investment property
				      • A manufactured home
				      • A leasehold estate
				    • Mortgages secured by mortgaged premises subject to resale restrictions
				    • Construction Conversion and Renovation Mortgages
				    • Non-arm's length transactions
				    • Purchases of REO properties (as identified in the sales contract)
				    • Mortgages with an estimate of value or purchase price greater than $1,000,000
				    • GreenCHOICE Mortgages[SM]
				  • In addition, lenders may not accept the appraisal waiver offer if any of the following apply:
				    • The lender is required by law or regulation to obtain an appraisal
				    • The lender is aware of conditions it believes warrant an appraisal being obtained. Examples include, but are not limited to:
				      • A contaminated site or hazardous substance exists affecting the property or the neighborhood in which the property is located
				      • Adverse physical property conditions that are apparent based on the review of the sales contract, property inspection, disclosure from the borrower, etc.
				
				• **Maintaining Appraisal Waiver Eligibility**
				  • The appraisal waiver offer is valid for 120 days. If the offer is more than 120 days old on the note date, a resubmission to Loan Product Advisor is required to determine ongoing appraisal waiver eligibility.

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			estimate of value, loan type, property type, occupancy of the property) in a subsequent submission, the original offer will be invalidated and Loan Product Advisor may provide a different appraisal waiver eligibility determination.
			
			• **Appraisal Waiver Eligibility in Disaster Areas**
			  ◦ Lenders may continue to accept an appraisal waiver offer if the lender can represent and warrant the value and marketability of the mortgaged premises has not been adversely impacted. See the "Properties Affected by a Disaster" subtopic subsequently outlined in this document for property condition requirements.
			
			• **Lender Representation of Property Review or Valuation**
			  ◦ A lender that has accepted the appraisal waiver offer in connection with a mortgage must not make any representation that Freddie Mac has performed a property review or obtained a valuation of the mortgaged premises.
			
			• **ACE Messaging**
			  ◦ If eligible for the automated collateral evaluation, the Feedback Certificate will include the following messages in the "Property & Appraisal" section:
			    ▪ Message HA *"Loan is eligible for collateral representation and warranty relief with an appraisal waiver until [expiration date]. Freddie Mac accepts the submitted value estimate or purchase price as the value of the subject property; therefore, an appraisal is not required and Seller is relieved of representation and warranties related to value, condition and marketability. If an appraisal is obtained, it must be submitted to the UCDP, and the associated loan will not be eligible for an appraisal waiver."*
			    ▪ Message B1*"This loan is eligible for an appraisal waiver. If the waiver is not accepted an appraisal is required.*
			
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			Appraisal Requirements / Postponed Improvements
			
			Freddie Mac LPA
			Follow LPA requirements, which are as follows:
			• **Incomplete Improvements**
			  ◦ A mortgage is only eligible for sale to SunTrust prior to the completion of improvements when provided all of the following conditions are satisfied:
			    ▪ The appraiser has provided the 'as completed' value as the opinion of market value.
			    ▪ The appraiser has provided a list of the incomplete items and the appraiser or a disinterested (but relevant) party has provided a cost to complete the incomplete items.
			
			Note: An example of a disinterested (but relevant) party is a contractor/painter who provides an estimate to paint interior walls. A relevant party includes, but is not limited to, a representative of a home improvement store or an independent contractor that performs the services needed to complete the improvements.
			
			    ▪ The incomplete items do not adversely affect the safety, soundness or structural integrity of the mortgaged premises.
			    ▪ The lender determines that the improvements cannot be completed for valid reasons; examples
				Note: If the lender changes key loan data (e.g., address of the property, loan amount, purchase price, estimate of value, loan type, property type, occupancy of the property) in a subsequent submission, the original offer will be invalidated and Loan Product Advisor may provide a different appraisal waiver eligibility determination.
				
				• **Appraisal Waiver Eligibility in Disaster Areas**
				  ◦ Lenders may continue to accept an appraisal waiver offer if the lender can represent and warrant the value and marketability of the mortgaged premises has not been adversely impacted. See the "Properties Affected by a Disaster" subtopic subsequently outlined in this document for property condition requirements.
				
				• **Lender Representation of Property Review or Valuation**
				  ◦ A lender that has accepted the appraisal waiver offer in connection with a mortgage must not make any representation that Freddie Mac has performed a property review or obtained a valuation of the mortgaged premises.
				
				• **ACE Messaging**
				  ◦ If eligible for the automated collateral evaluation, the Feedback Certificate will include the following messages in the "Property & Appraisal" section:
				    ▪ Message HA *"Loan is eligible for collateral representation and warranty relief with an appraisal waiver until [expiration date]. Freddie Mac accepts the submitted value estimate or purchase price as the value of the subject property; therefore, an appraisal is not required and Seller is relieved of representation and warranties related to value, condition and marketability. If an appraisal is obtained, it must be submitted to the UCDP, and the associated loan will not be eligible for an appraisal waiver."*
				    ▪ Message B1*"This loan is eligible for an appraisal waiver. If the waiver is not accepted an appraisal is required.*
				
				--- 	
				
				Appraisal Requirements / Postponed Improvements
				
				Freddie Mac LPA
				Follow LPA requirements, which are as follows:
				• **Incomplete Improvements**
				  ◦ A mortgage is only eligible for sale to SunTrust prior to the completion of improvements when provided all of the following conditions are satisfied:
				    ▪ The appraiser has provided the 'as completed' value as the opinion of market value.
				    ▪ The appraiser has provided a list of the incomplete items and the appraiser or a disinterested (but relevant) party has provided a cost to complete the incomplete items.
				
				Note: An example of a disinterested (but relevant) party is a contractor/painter who provides an estimate to paint interior walls. A relevant party includes, but is not limited to, a representative of a home improvement store or an independent contractor that performs the services needed to complete the improvements.
				
				    ▪ The incomplete items do not adversely affect the safety, soundness or structural integrity of the mortgaged premises.
				    ▪ The lender determines that the improvements cannot be completed for valid reasons;

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			include, but are not limited to, inclement weather or temporary shortages of building materials
			• The improvements will be satisfactorily completed no more than 180 days after the note date.
			• The cost to complete the incomplete items does not exceed 10% of the 'as completed' value of the mortgaged premises.
			• The lender has established a completion escrow account to complete the mortgaged premises and disbursements from that account are controlled by the lender or the servicer.
			• The mortgage insurance and title insurance will not be impaired or adversely affected during and after the completion period.
			• Upon completion of all improvements, the lender will have the appraiser perform the final inspection of the property and complete a certification of completion. The completion report must document that the property has been completed and must be retained in the mortgage file.
			
			Note: Third parties may perform certain incomplete improvement functions identified above as obligations or requirements of the lender. However, the lender remains responsible for compliance with these and all Freddie Mac requirements.
			
			• **Additional SunTrust Instructions**:
			  • Lenders and borrowers must execute an escrow agreement that states how the escrow account will be managed and how funds from the escrow account will be disbursed. The lender may use the *Escrow Agreement for Postponed Improvements* (COR 0016) form or another type of escrow agreement form meeting the requirements stated above.
			  • Send the completed Satisfactory Completion Certificate to the Purchase Relations Specialist.
			  • Send the mechanic's lien waivers to the Purchase Relations Specialist.
			
			  • The correspondent lender is responsible for follow-up on all outstanding escrow agreements. If improvements are not made as agreed, SunTrust will hold the correspondent lender responsible for completing the improvements with the escrowed funds.
			
			• **Requirements for the Energy Conservation Improvements**
			  • Follow the "Incomplete Improvements" guidelines outlined above.
			  • See "Freddie Mac's Energy Conservation Improvements" guidelines in the "Eligible Transactions" topic for additional guidance.
				examples include, but are not limited to, inclement weather or temporary shortages of building materials.
				
				Note: This requirement does not apply to GreenCHOICE Mortgages[SM].
				
				• The improvements will be satisfactorily completed no more than 180 days after the note date.
				• The cost to complete the incomplete items does not exceed 10% of the 'as completed' value of the mortgaged premises; provided however, if the mortgage is a GreenCHOICE Mortgage, the cost to complete the incomplete items may not exceed 15% of the "as completed" value of the mortgaged premises.
				• The lender has established a completion escrow account for the incomplete improvements. The lender and the borrower must execute a written escrow agreement detailing how the funds will be managed and disbursed. A copy of the escrow agreement must be retained in the mortgage file.
				• The mortgage insurance and title insurance will not be impaired or adversely affected during and after the completion period.
				• Upon completion of all improvements, the lender will have the appraiser perform the final inspection of the property and complete a certification of completion. The completion report must document that the property has been completed and must be retained in the mortgage file.
				
				Note: Third parties may perform certain incomplete improvement functions identified above as obligations or requirements of the lender. However, the lender remains responsible for compliance with these and all Freddie Mac requirements.
				
				• **Additional SunTrust Instructions**:
				  • Lenders and borrowers must execute a written escrow agreement. The lender may use the *Escrow Agreement for Postponed Improvements* (COR 0016) form or another type of escrow agreement form meeting the requirements stated above.
				  • Send the completed Satisfactory Completion Certificate to the Purchase Relations Specialist.
				  • Send the mechanic's lien waivers to the Purchase Relations Specialist.
				  • The correspondent lender is responsible for follow-up on all outstanding escrow agreements. If improvements are not made as agreed, SunTrust will hold the correspondent lender responsible for completing the improvements with the escrowed funds.
				
				• **Requirements for GreenCHOICE Mortgages**
				  • Follow the "Incomplete Improvements" guidelines outlined above.
				  • See "Freddie Mac's GreenCHOICE Mortgages" guidelines in the "Eligible Transactions" topic for additional guidance.