

Agency Guideline Revisions

Note: SunTrust specific overlays are underlined.

| Topic | Impacted Document | Impacted Products | Current Guidelines | Revised Guidelines Effective for LOANS LOCKED ON OR AFTER September 7, 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|---|---|--|--|--|--|--|----------------|------------------|------------|----------------------|------------------|--------------------|--------------------------------|---|--------------|---|---------------|--------------|---|---------------|--------------|---|---------------|--------------------|---|--------------|---|-----|---------------|--------------|----------------------|---|-----|---|--|--|--|-----|----|--|--|--|--------------|---|--|--|--|---------------|--|--|--------------------|--|--|--|--|----------------|------------------|------------|----------------------|------------------|--------------------|--------------------------------|---|--------------|---|---------------|--------------|---|--------------|---|---------------|-----|--------------------|---|--------------|---|---------------|--------------|-----|---------------|---|-----|--------------|--------------------------------|---|--------------|---|---------------|--|----------|---|-----|---|
| Eligibility Requirements for Manually Underwritten Loans | Correspondent Section 2.01 Agency Loan Programs-Guideline & Correspondent Section 2.01a Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages | <ul style="list-style-type: none"> • Standard Agency (non-AUS) • HomeReady® Mortgage (non-AUS) • Texas Section 50 (a)(6) Mortgages (non-AUS) | <p>Section 2.01 Agency Loan Programs Credit Requirements / Credit Score Requirements</p> <p>Non-AUS</p> <ul style="list-style-type: none"> • Credit Score Versions <ul style="list-style-type: none"> • Credit scores are required for most mortgage loans purchased or securitized by Fannie Mae. The classic FICO credit score is produced from software developed by Fair Isaac Corporation and is available from the three major credit repositories. Fannie Mae requires the following versions of the classic FICO score: <ul style="list-style-type: none"> • Equifax Beacon® 5.0; • Experian®/Fair Isaac Risk Model V2SM; and • TransUnion FICO® Risk Score, Classic 04. • The lender must request these FICO credit scores for each borrower from each of the three major credit repositories when they order the three in-file merged credit report. If the borrower's credit file includes complete and accurate information to ensure the validity of the credit score, the lender does not need to further evaluate the borrower's creditworthiness. <p>Note: The credit report will indicate if a credit score could not be produced due to insufficient credit. The credit report must be maintained in the mortgage loan file, whether the report includes traditional credit and a credit score or indicates that a credit score could not be produced due to insufficient or frozen credit.</p> <p>Reference: See "Frozen Credit Requirements" in the "Credit Reports" subtopic previously presented in this topic for additional guidance related to underwriting borrowers with frozen credit.</p> <ul style="list-style-type: none"> • Minimum Credit Score Requirements <ul style="list-style-type: none"> • The following minimum credit score requirements apply. The minimum credit score must be based on the representative credit score for the transaction and the HIGHEST of the LTV, TLTV, or HTLTV ratios, as applicable. <p>Note: <u>The credit scores below are based on DTI <=45% and minimum cash reserves.</u></p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #0056b3; color: white;"> <th colspan="5">Maximum DTI <= 45%</th> </tr> <tr style="background-color: #0056b3; color: white;"> <th>Occupancy Type</th> <th>Transaction Type</th> <th># of Units</th> <th>Minimum Credit Score</th> <th>Minimum Reserves</th> </tr> </thead> <tbody> <tr> <td rowspan="6">Primary Residences</td> <td rowspan="3">Purchase & Rate/Term Refinance</td> <td rowspan="3">1</td> <td>720 if > 75%</td> <td rowspan="3">0</td> </tr> <tr> <td>680 if <= 75%</td> </tr> <tr> <td>700 if > 75%</td> </tr> <tr> <td rowspan="3">2</td> <td>660 if <= 75%</td> </tr> <tr> <td>700 if > 75%</td> <td rowspan="2">6</td> </tr> <tr> <td>680 if <= 75%</td> </tr> <tr> <td rowspan="2">Cash-Out Refinance</td> <td>1</td> <td>700 if > 75%</td> <td rowspan="2">2</td> </tr> <tr> <td>2-4</td> <td>680 if <= 75%</td> </tr> <tr> <td>Second Homes</td> <td>Purchase & Rate/Term</td> <td>1</td> <td>700</td> <td>6</td> </tr> <tr> <td></td> <td></td> <td></td> <td>680</td> <td>12</td> </tr> <tr> <td></td> <td></td> <td></td> <td>720 if > 75%</td> <td>2</td> </tr> <tr> <td></td> <td></td> <td></td> <td>680 if <= 75%</td> <td></td> </tr> </tbody> </table> | Maximum DTI <= 45% | | | | | Occupancy Type | Transaction Type | # of Units | Minimum Credit Score | Minimum Reserves | Primary Residences | Purchase & Rate/Term Refinance | 1 | 720 if > 75% | 0 | 680 if <= 75% | 700 if > 75% | 2 | 660 if <= 75% | 700 if > 75% | 6 | 680 if <= 75% | Cash-Out Refinance | 1 | 700 if > 75% | 2 | 2-4 | 680 if <= 75% | Second Homes | Purchase & Rate/Term | 1 | 700 | 6 | | | | 680 | 12 | | | | 720 if > 75% | 2 | | | | 680 if <= 75% | | <p>Section 2.01 Agency Loan Programs Credit Requirements / Credit Score Requirements</p> <p>Non-AUS</p> <ul style="list-style-type: none"> • Credit Score Versions <ul style="list-style-type: none"> • Credit scores are required for most mortgage loans purchased or securitized by Fannie Mae. 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The minimum credit score must be based on the representative credit score for the transaction and the HIGHEST of the LTV, TLTV, or HTLTV ratios, as <u>applicable</u>. <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #0056b3; color: white;"> <th colspan="5">Maximum DTI <= 36%</th> </tr> <tr style="background-color: #0056b3; color: white;"> <th>Occupancy Type</th> <th>Transaction Type</th> <th># of Units</th> <th>Minimum Credit Score</th> <th>Minimum Reserves</th> </tr> </thead> <tbody> <tr> <td rowspan="6">Primary Residences</td> <td rowspan="3">Purchase & Rate/Term Refinance</td> <td rowspan="3">1</td> <td>680 if > 75%</td> <td rowspan="3">0</td> </tr> <tr> <td>640 if <= 75%</td> </tr> <tr> <td>660 if > 75%</td> </tr> <tr> <td rowspan="3">2</td> <td>680 if > 75%</td> <td rowspan="3">6</td> </tr> <tr> <td>640 if <= 75%</td> </tr> <tr> <td>660</td> </tr> <tr> <td rowspan="3">Cash-Out Refinance</td> <td rowspan="3">1</td> <td>680 if > 75%</td> <td rowspan="3">0</td> </tr> <tr> <td>660 if <= 75%</td> </tr> <tr> <td>660 if > 75%</td> </tr> <tr> <td rowspan="2">2-4</td> <td>640 if <= 75%</td> <td rowspan="2">6</td> </tr> <tr> <td>680</td> </tr> <tr> <td rowspan="2">Second Homes</td> <td rowspan="2">Purchase & Rate/Term Refinance</td> <td rowspan="2">1</td> <td>680 if > 75%</td> <td rowspan="2">2</td> </tr> <tr> <td>640 if <= 75%</td> </tr> <tr> <td></td> <td>Cash-Out</td> <td>1</td> <td>680</td> <td>2</td> </tr> </tbody> </table> | Maximum DTI <= 36% | | | | | Occupancy Type | Transaction Type | # of Units | Minimum Credit Score | Minimum Reserves | Primary Residences | Purchase & Rate/Term Refinance | 1 | 680 if > 75% | 0 | 640 if <= 75% | 660 if > 75% | 2 | 680 if > 75% | 6 | 640 if <= 75% | 660 | Cash-Out Refinance | 1 | 680 if > 75% | 0 | 660 if <= 75% | 660 if > 75% | 2-4 | 640 if <= 75% | 6 | 680 | Second Homes | Purchase & Rate/Term Refinance | 1 | 680 if > 75% | 2 | 640 if <= 75% | | Cash-Out | 1 | 680 | 2 |
| Maximum DTI <= 45% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Occupancy Type | Transaction Type | # of Units | Minimum Credit Score | Minimum Reserves | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Primary Residences | Purchase & Rate/Term Refinance | 1 | 720 if > 75% | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 680 if <= 75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 700 if > 75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | 660 if <= 75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 700 if > 75% | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 680 if <= 75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash-Out Refinance | 1 | 700 if > 75% | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2-4 | 680 if <= 75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Second Homes | Purchase & Rate/Term | 1 | 700 | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 680 | 12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 720 if > 75% | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 680 if <= 75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Maximum DTI <= 36% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Occupancy Type | Transaction Type | # of Units | Minimum Credit Score | Minimum Reserves | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Primary Residences | Purchase & Rate/Term Refinance | 1 | 680 if > 75% | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 640 if <= 75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | 2 | 680 if > 75% | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 640 if <= 75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 660 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash-Out Refinance | 1 | 680 if > 75% | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 2-4 | 640 if <= 75% | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 680 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Second Homes | Purchase & Rate/Term Refinance | 1 | 680 if > 75% | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 640 if <= 75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Cash-Out | 1 | 680 | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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|---------------------|--|-------------------|---|--|-----------|--|--------------------------------|----|--|--------------------|---|-----|---|--|--|--|-----|----|--|------------------------------|---|--------------------------------|---|--|--|-----|-----|---|--|---------------------|---|-----|---|--|--|-----|-----|---|--|--------------------|-----|-----|---|--|--|--|-----|----|------|-------------|---|---|---|--|---|--|--|--|-----------|--|--------------------------------|---|---------------------|----------|---|--------------------------------|---|-----|-----|---|--|---------------------|---|-----|---|--|--|-----|-----|---|--|--------------------|-----|-----|---|----------------|------------------|------------|----------------------|------------------|--------------------|--------------------------------|---|--------------------------------|---|--------------------------------|---|---|--------------------------------|---|-----|-----|---|--------------------|---|--------------------------------|---|-----|------------|---------|--------------|--------------------------------|---|--------------------------------|---|--------------------------------|----|--------------------|---|------------|---------|---------------------|----------|---|--------------------------------|---|-----|-----|---|---------------------|---|-----|---|-----|-----|---|--------------------|-----|-----|---|--|-----|----|
| | | | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;"></td> <td style="width: 10%;">Refinance</td> <td style="width: 10%;"></td> <td style="width: 15%;">700 if > 75% 660 if </= 75%</td> <td style="width: 10%;">12</td> </tr> <tr> <td></td> <td>Cash-Out Refinance</td> <td>1</td> <td>700</td> <td>2</td> </tr> <tr> <td></td> <td></td> <td></td> <td>680</td> <td>12</td> </tr> <tr> <td></td> <td>Investment Property Purchase</td> <td>1</td> <td>700 if > 75% 680 if </= 75%</td> <td>6</td> </tr> <tr> <td></td> <td></td> <td>2-4</td> <td>680</td> <td>6</td> </tr> <tr> <td></td> <td>Rate/Term Refinance</td> <td>1</td> <td>680</td> <td>6</td> </tr> <tr> <td></td> <td></td> <td>2-4</td> <td>700</td> <td>6</td> </tr> <tr> <td></td> <td>Cash-Out Refinance</td> <td>1-4</td> <td>720</td> <td>6</td> </tr> <tr> <td></td> <td></td> <td></td> <td>700</td> <td>12</td> </tr> </table> <p>Notes:</p> <ul style="list-style-type: none"> See the "Cash Reserve Requirements" subtopic subsequently presented in this document for additional guidance on reserve requirements when a borrower has multiple financed properties and is financing a second home or investment property. See the "Nontraditional Credit History" subtopic for guidance on when a borrower is relying on nontraditional credit to qualify (or if one borrower has credit scores and other borrowers do not have credit scores). <p>Representative Credit Score</p> <ul style="list-style-type: none"> The representative credit score for the mortgage loan is determined based on the credit scores of each borrower and is used to determine loan eligibility and for pricing purposes (i.e., assessing LLPAs). Follow these steps to calculate the representative credit score for a mortgage: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #003366; color: white;"> <th style="width: 10%;">Step</th> <th style="width: 90%;">Description</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Fannie Mae recommends obtaining at least two credit scores for each borrower.</td> </tr> <tr> <td style="text-align: center;">2</td> <td>Select a single applicable score for underwriting each borrower. <ul style="list-style-type: none"> When two credit scores are obtained, choose the lower score. When three credit scores are obtained, choose the middle score. (If two of the three scores are the same, choose the middle of the three scores. For example: 700, 680, 680 = 680; 700, 700, 680 = 700) </td> </tr> <tr> <td style="text-align: center;">3</td> <td> <ul style="list-style-type: none"> If there is only one borrower, the single applicable score used to underwrite that borrower is the representative credit score for the mortgage. If there are multiple borrowers, determine the applicable credit score for each individual borrower and select the lowest applicable score from the group as the representative credit score for the mortgage. If there is a borrower on the loan who does not have a credit score, determine the representative credit score for the mortgage based on the credit scores of the other borrowers on the mortgage. </td> </tr> </tbody> </table> <p>Foreign Credit Scores</p> <ul style="list-style-type: none"> The use of a credit score from a foreign country is not permitted. <p>Fannie Mae DU Follow DU requirements, which are the same as non-AUS-guidelines, except as follows:</p> | | Refinance | | 700 if > 75% 660 if </= 75% | 12 | | Cash-Out Refinance | 1 | 700 | 2 | | | | 680 | 12 | | Investment Property Purchase | 1 | 700 if > 75% 680 if </= 75% | 6 | | | 2-4 | 680 | 6 | | Rate/Term Refinance | 1 | 680 | 6 | | | 2-4 | 700 | 6 | | Cash-Out Refinance | 1-4 | 720 | 6 | | | | 700 | 12 | Step | Description | 1 | Fannie Mae recommends obtaining at least two credit scores for each borrower. | 2 | Select a single applicable score for underwriting each borrower. <ul style="list-style-type: none"> When two credit scores are obtained, choose the lower score. When three credit scores are obtained, choose the middle score. (If two of the three scores are the same, choose the middle of the three scores. For example: 700, 680, 680 = 680; 700, 700, 680 = 700) | 3 | <ul style="list-style-type: none"> If there is only one borrower, the single applicable score used to underwrite that borrower is the representative credit score for the mortgage. If there are multiple borrowers, determine the applicable credit score for each individual borrower and select the lowest applicable score from the group as the representative credit score for the mortgage. If there is a borrower on the loan who does not have a credit score, determine the representative credit score for the mortgage based on the credit scores of the other borrowers on the mortgage. | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;"></td> <td style="width: 15%;">Refinance</td> <td style="width: 15%;"></td> <td style="width: 15%;">680 if > 75% 640 if </= 75%</td> <td style="width: 10%;">6</td> </tr> <tr> <td rowspan="2">Investment Property</td> <td rowspan="2">Purchase</td> <td>1</td> <td>680 if > 75% 640 if </= 75%</td> <td>6</td> </tr> <tr> <td>2-4</td> <td>660</td> <td>6</td> </tr> <tr> <td></td> <td>Rate/Term Refinance</td> <td>1</td> <td>660</td> <td>6</td> </tr> <tr> <td></td> <td></td> <td>2-4</td> <td>680</td> <td>6</td> </tr> <tr> <td></td> <td>Cash-Out Refinance</td> <td>1-4</td> <td>700</td> <td>6</td> </tr> </table> <p style="text-align: center;">Maximum DTI </= 45%</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #003366; color: white;"> <th style="width: 15%;">Occupancy Type</th> <th style="width: 15%;">Transaction Type</th> <th style="width: 10%;"># of Units</th> <th style="width: 20%;">Minimum Credit Score</th> <th style="width: 10%;">Minimum Reserves</th> </tr> </thead> <tbody> <tr> <td rowspan="5">Primary Residences</td> <td rowspan="3">Purchase & Rate/Term Refinance</td> <td rowspan="2">1</td> <td>720 if > 75% 680 if </= 75%</td> <td>0</td> </tr> <tr> <td>700 if > 75% 660 if </= 75%</td> <td>6</td> </tr> <tr> <td>2</td> <td>700 if > 75% 680 if </= 75%</td> <td>6</td> </tr> <tr> <td>3-4</td> <td>680</td> <td>6</td> </tr> <tr> <td rowspan="2">Cash-Out Refinance</td> <td>1</td> <td>700 if > 75% 680 if </= 75%</td> <td>2</td> </tr> <tr> <td>2-4</td> <td>700 680</td> <td>6 12</td> </tr> <tr> <td rowspan="3">Second Homes</td> <td rowspan="2">Purchase & Rate/Term Refinance</td> <td rowspan="2">1</td> <td>720 if > 75% 680 if </= 75%</td> <td>2</td> </tr> <tr> <td>700 if > 75% 660 if </= 75%</td> <td>12</td> </tr> <tr> <td>Cash-Out Refinance</td> <td>1</td> <td>700 680</td> <td>2 12</td> </tr> <tr> <td rowspan="4">Investment Property</td> <td rowspan="2">Purchase</td> <td>1</td> <td>700 if > 75% 680 if </= 75%</td> <td>6</td> </tr> <tr> <td>2-4</td> <td>680</td> <td>6</td> </tr> <tr> <td rowspan="2">Rate/Term Refinance</td> <td>1</td> <td>680</td> <td>6</td> </tr> <tr> <td>2-4</td> <td>700</td> <td>6</td> </tr> <tr> <td rowspan="2">Cash-Out Refinance</td> <td>1-4</td> <td>720</td> <td>6</td> </tr> <tr> <td></td> <td>700</td> <td>12</td> </tr> </tbody> </table> <p>Notes:</p> <ul style="list-style-type: none"> See the "Cash Reserve Requirements" subtopic subsequently presented in this document for additional guidance on reserve requirements when a borrower has multiple financed properties and is financing a second home or investment property. See the "Nontraditional Credit History" subtopic for guidance on when a borrower is relying on nontraditional credit to qualify (or if one borrower has credit scores and other borrowers do not have credit scores). <p>Representative Credit Score</p> <ul style="list-style-type: none"> The representative credit score for the mortgage loan is determined based on the credit scores of each borrower and is used to determine loan eligibility and for pricing purposes (i.e., assessing | | Refinance | | 680 if > 75% 640 if </= 75% | 6 | Investment Property | Purchase | 1 | 680 if > 75% 640 if </= 75% | 6 | 2-4 | 660 | 6 | | Rate/Term Refinance | 1 | 660 | 6 | | | 2-4 | 680 | 6 | | Cash-Out Refinance | 1-4 | 700 | 6 | Occupancy Type | Transaction Type | # of Units | Minimum Credit Score | Minimum Reserves | Primary Residences | Purchase & Rate/Term Refinance | 1 | 720 if > 75% 680 if </= 75% | 0 | 700 if > 75% 660 if </= 75% | 6 | 2 | 700 if > 75% 680 if </= 75% | 6 | 3-4 | 680 | 6 | Cash-Out Refinance | 1 | 700 if > 75% 680 if </= 75% | 2 | 2-4 | 700 680 | 6 12 | Second Homes | Purchase & Rate/Term Refinance | 1 | 720 if > 75% 680 if </= 75% | 2 | 700 if > 75% 660 if </= 75% | 12 | Cash-Out Refinance | 1 | 700 680 | 2 12 | Investment Property | Purchase | 1 | 700 if > 75% 680 if </= 75% | 6 | 2-4 | 680 | 6 | Rate/Term Refinance | 1 | 680 | 6 | 2-4 | 700 | 6 | Cash-Out Refinance | 1-4 | 720 | 6 | | 700 | 12 |
| | Refinance | | 700 if > 75% 660 if </= 75% | 12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Cash-Out Refinance | 1 | 700 | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 680 | 12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Investment Property Purchase | 1 | 700 if > 75% 680 if </= 75% | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 2-4 | 680 | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Rate/Term Refinance | 1 | 680 | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 2-4 | 700 | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Cash-Out Refinance | 1-4 | 720 | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 700 | 12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Step | Description | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | Fannie Mae recommends obtaining at least two credit scores for each borrower. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | Select a single applicable score for underwriting each borrower. <ul style="list-style-type: none"> When two credit scores are obtained, choose the lower score. When three credit scores are obtained, choose the middle score. (If two of the three scores are the same, choose the middle of the three scores. For example: 700, 680, 680 = 680; 700, 700, 680 = 700) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | <ul style="list-style-type: none"> If there is only one borrower, the single applicable score used to underwrite that borrower is the representative credit score for the mortgage. If there are multiple borrowers, determine the applicable credit score for each individual borrower and select the lowest applicable score from the group as the representative credit score for the mortgage. If there is a borrower on the loan who does not have a credit score, determine the representative credit score for the mortgage based on the credit scores of the other borrowers on the mortgage. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Refinance | | 680 if > 75% 640 if </= 75% | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investment Property | Purchase | 1 | 680 if > 75% 640 if </= 75% | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 2-4 | 660 | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Rate/Term Refinance | 1 | 660 | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 2-4 | 680 | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Cash-Out Refinance | 1-4 | 700 | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Occupancy Type | Transaction Type | # of Units | Minimum Credit Score | Minimum Reserves | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Primary Residences | Purchase & Rate/Term Refinance | 1 | 720 if > 75% 680 if </= 75% | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 700 if > 75% 660 if </= 75% | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 2 | 700 if > 75% 680 if </= 75% | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3-4 | 680 | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Cash-Out Refinance | 1 | 700 if > 75% 680 if </= 75% | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2-4 | | 700 680 | 6 12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Second Homes | Purchase & Rate/Term Refinance | 1 | 720 if > 75% 680 if </= 75% | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 700 if > 75% 660 if </= 75% | 12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Cash-Out Refinance | 1 | 700 680 | 2 12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investment Property | Purchase | 1 | 700 if > 75% 680 if </= 75% | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 2-4 | 680 | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Rate/Term Refinance | 1 | 680 | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 2-4 | 700 | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash-Out Refinance | 1-4 | 720 | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 700 | 12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Agency Guideline Revisions

Note: SunTrust specific overlays are underlined.

| Topic | Impacted Document | Impacted Products | Current Guidelines | Revised Guidelines Effective for LOANS LOCKED ON OR AFTER September 7, 2019 | | | | | | | | |
|-------|--|-------------------|--|--|------|-------------|---|---|---|--|---|--|
| | | | <ul style="list-style-type: none"> Credit scores are not an integral part of DU's risk assessment because DU performs its own analysis of the credit report data. However, lenders must request credit scores for each borrower from each of the three credit repositories when they order the three in-file merged credit report. If one or two of the credit repositories do not contain any credit information for the borrowers who have traditional credit, the credit report is still acceptable as long as: <ul style="list-style-type: none"> credit data is available from one repository, a credit score is obtained from that repository, and the lender requested a three in-file merged report. <p>Notes:</p> <ul style="list-style-type: none"> When a loan casefile is submitted to DU for a borrower with a credit score, but only medical tradelines are reported on the credit report, the loan casefile will receive an Out of Scope recommendation and must be manually underwritten. If the transaction does not meet the above requirements, refer to the "Nontraditional Credit History" subtopic, subsequently presented in this topic, for underwriting and eligibility requirements for DU loans in which one or more borrowers do not have a credit score. The use of a credit score from a foreign country is not permitted. For Agency Plus transactions, Fannie Mae requires that all borrowers must have at least one credit score. The minimum credit score is <u>640</u>, with the following exception: <ul style="list-style-type: none"> If the borrower is financing a second home or investment property, and the borrower will have seven to ten financed properties, the minimum credit score is 720. <p>Notes</p> <ul style="list-style-type: none"> For standard Agency transactions, see the "Nontraditional Credit History" subtopic, subsequently presented in this topic, for guidance on when a borrower is relying on nontraditional credit to qualify (i.e., no borrower has a credit score <i>OR</i> at least one borrower has no credit score and another borrower has a credit score). See the "Cash Reserve Requirements" subtopic subsequently presented in this document for requirements related to minimum reserves. | <p>LLPAs). Follow these steps to calculate the representative credit score for a mortgage:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr style="background-color: #003366; color: white;"> <th style="width: 10%;">Step</th> <th style="width: 90%;">Description</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Fannie Mae recommends obtaining at least two credit scores for each borrower.</td> </tr> <tr> <td style="text-align: center;">2</td> <td>Select a single applicable score for underwriting each borrower. <ul style="list-style-type: none"> When two credit scores are obtained, choose the lower score. When three credit scores are obtained, choose the middle score. (If two of the three scores are the same, choose the middle of the three scores. For example: 700, 680, 680 = 680; 700, 700, 680 = 700) </td> </tr> <tr> <td style="text-align: center;">3</td> <td> <ul style="list-style-type: none"> If there is only one borrower, the single applicable score used to underwrite that borrower is the representative credit score for the mortgage. If there are multiple borrowers, determine the applicable credit score for each individual borrower and select the lowest applicable score from the group as the representative credit score for the mortgage. If there is a borrower on the loan who does not have a credit score, determine the representative credit score for the mortgage based on the credit scores of the other borrowers on the mortgage. </td> </tr> </tbody> </table> <p>Foreign Credit Scores</p> <ul style="list-style-type: none"> <u>The use of a credit score from a foreign country is not permitted.</u> <p>Fannie Mae DU Follow DU requirements, which are the same as non-AUS-guidelines, except as follows:</p> <ul style="list-style-type: none"> Credit scores are not an integral part of DU's risk assessment because DU performs its own analysis of the credit report data. However, lenders must request credit scores for each borrower from each of the three credit repositories when they order the three in-file merged credit report. If one or two of the credit repositories do not contain any credit information for the borrowers who have traditional credit, the credit report is still acceptable as long as: <ul style="list-style-type: none"> credit data is available from one repository, a credit score is obtained from that repository, and the lender requested a three in-file merged report. <p>Notes:</p> <ul style="list-style-type: none"> When a loan casefile is submitted to DU for a borrower with a credit score, but only medical tradelines are reported on the credit report, the loan casefile will receive an Out of Scope recommendation and must be manually underwritten. If the transaction does not meet the above requirements, refer to the "Nontraditional Credit History" subtopic, subsequently presented in this topic, for underwriting and eligibility requirements for DU loans in which one or more borrowers do not have a credit score. The use of a credit score from a foreign country is not permitted. For Agency Plus transactions, Fannie Mae requires that all borrowers must have at least one credit score. The minimum credit score is <u>640</u>, with the following exception: <ul style="list-style-type: none"> If the borrower is financing a second home or investment property, and the borrower will have seven to ten financed properties, the minimum credit score is 720. <p>Notes:</p> | Step | Description | 1 | Fannie Mae recommends obtaining at least two credit scores for each borrower. | 2 | Select a single applicable score for underwriting each borrower. <ul style="list-style-type: none"> When two credit scores are obtained, choose the lower score. When three credit scores are obtained, choose the middle score. (If two of the three scores are the same, choose the middle of the three scores. For example: 700, 680, 680 = 680; 700, 700, 680 = 700) | 3 | <ul style="list-style-type: none"> If there is only one borrower, the single applicable score used to underwrite that borrower is the representative credit score for the mortgage. If there are multiple borrowers, determine the applicable credit score for each individual borrower and select the lowest applicable score from the group as the representative credit score for the mortgage. If there is a borrower on the loan who does not have a credit score, determine the representative credit score for the mortgage based on the credit scores of the other borrowers on the mortgage. |
| Step | Description | | | | | | | | | | | |
| 1 | Fannie Mae recommends obtaining at least two credit scores for each borrower. | | | | | | | | | | | |
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| 3 | <ul style="list-style-type: none"> If there is only one borrower, the single applicable score used to underwrite that borrower is the representative credit score for the mortgage. If there are multiple borrowers, determine the applicable credit score for each individual borrower and select the lowest applicable score from the group as the representative credit score for the mortgage. If there is a borrower on the loan who does not have a credit score, determine the representative credit score for the mortgage based on the credit scores of the other borrowers on the mortgage. | | | | | | | | | | | |

Agency Guideline Revisions

Note: SunTrust specific overlays are underlined.

| Topic | Impacted Document | Impacted Products | Current Guidelines | Revised Guidelines Effective for LOANS LOCKED ON OR AFTER September 7, 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-------------------|----------------------|---|--|--|--|------------------|------------|----------------------|---|---|--------------|----------------|--------------|---|----------------|--------------|----------------|-----|-----|--|---------------------|--|--|------------------|------------|----------------------|---|---|--------------|----------------|---|--------------|----------------|-----|-----|---------------------|--|--|------------------|------------|----------------------|---|---|--------------|----------------|--------------|---|----------------|--------------|----------------|-----|-----|
| | | | <p>Section 2.01a Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Credit Requirements / Credit Score Requirements</p> <p>Non-AUS Section 2.01: Agency Loan Programs non-AUS guidelines apply, except as follows:</p> <ul style="list-style-type: none"> The following minimum credit score requirements apply. The minimum credit score must be based on the representative score for the transaction and the HIGHEST of the LTV/TLTV/HTLTV, as applicable. <p>Note: <u>The credit scores below are based on DTI </=45% and minimum cash reserves.</u></p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #003366; color: white;"> <th colspan="3">Maximum DTI </= 45%</th> </tr> <tr style="background-color: #003366; color: white;"> <th>Transaction Type</th> <th># of Units</th> <th>Minimum Credit Score</th> </tr> </thead> <tbody> <tr> <td rowspan="6">Purchase & Limited Cash-Out (Rate/Term) Refinance</td> <td rowspan="3">1</td> <td>720 if > 75%</td> </tr> <tr> <td>680 if </= 75%</td> </tr> <tr> <td>700 if > 75%</td> </tr> <tr> <td rowspan="3">2</td> <td>660 if </= 75%</td> </tr> <tr> <td>700 if > 75%</td> </tr> <tr> <td>680 if </= 75%</td> </tr> <tr> <td>3-4</td> <td>680</td> </tr> </tbody> </table> <p>Note: See the “Borrowers with Low Credit Scores” section presented below and the “Non-Traditional Credit History” subtopic subsequently presented in this document for guidance on when a borrower has a low credit score or is relying on nontraditional credit to qualify (i.e., at least one borrower has a usable credit score <i>OR</i> no borrowers have a credit score).</p> <ul style="list-style-type: none"> Borrowers with Low Credit Scores <ul style="list-style-type: none"> For HomeReady mortgage loans secured by one-unit properties, when the lender obtains a representative credit score for the borrower, but the score is less than the minimum score required for a HomeReady mortgage (<u>but never less than 640</u>), the borrower may still be eligible if the following requirements are met: <ul style="list-style-type: none"> The credit report indicates that the borrower’s credit score is low due to an insufficient traditional credit history (as documented by reason codes on the credit report that indicate a lack of credit accounts, accounts not opened long enough, lack of usage, etc., as reasons for the low credit score). <u>The borrower’s credit score must be no less than 640</u>. If the borrower’s credit score is low due to derogatory credit or if none of the reason codes noted above appear on the credit report, then the minimum credit score for the transaction must be met (per the minimum credit score requirements previously outlined in this subtopic). The lender must supplement the traditional credit file (referred to as a “thin file”) with the development of an acceptable nontraditional credit profile in accordance with the guidance outlined in the “Non-Traditional Credit History” subtopic. | Maximum DTI </= 45% | | | Transaction Type | # of Units | Minimum Credit Score | Purchase & Limited Cash-Out (Rate/Term) Refinance | 1 | 720 if > 75% | 680 if </= 75% | 700 if > 75% | 2 | 660 if </= 75% | 700 if > 75% | 680 if </= 75% | 3-4 | 680 | <p>Section 2.01a Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Credit Requirements / Credit Score Requirements</p> <p>Non-AUS Section 2.01: Agency Loan Programs non-AUS guidelines apply, except as follows:</p> <ul style="list-style-type: none"> The following minimum credit score requirements apply. The minimum credit score must be based on the representative score for the transaction and the HIGHEST of the LTV/TLTV/HTLTV, as <u>applicable</u>. <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #003366; color: white;"> <th colspan="3">Maximum DTI </= 36%</th> </tr> <tr style="background-color: #003366; color: white;"> <th>Transaction Type</th> <th># of Units</th> <th>Minimum Credit Score</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Purchase & Limited Cash-Out (Rate/Term) Refinance</td> <td rowspan="2">1</td> <td>680 if > 75%</td> </tr> <tr> <td>640 if </= 75%</td> </tr> <tr> <td rowspan="2">2</td> <td>680 if > 75%</td> </tr> <tr> <td>640 if </= 75%</td> </tr> <tr> <td>3-4</td> <td>660</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #003366; color: white;"> <th colspan="3">Maximum DTI </= 45%</th> </tr> <tr style="background-color: #003366; color: white;"> <th>Transaction Type</th> <th># of Units</th> <th>Minimum Credit Score</th> </tr> </thead> <tbody> <tr> <td rowspan="6">Purchase & Limited Cash-Out (Rate/Term) Refinance</td> <td rowspan="3">1</td> <td>720 if > 75%</td> </tr> <tr> <td>680 if </= 75%</td> </tr> <tr> <td>700 if > 75%</td> </tr> <tr> <td rowspan="3">2</td> <td>660 if </= 75%</td> </tr> <tr> <td>700 if > 75%</td> </tr> <tr> <td>680 if </= 75%</td> </tr> <tr> <td>3-4</td> <td>680</td> </tr> </tbody> </table> <p>Note: See the “Borrowers with Low Credit Scores” section presented below and the “Non-Traditional Credit History” subtopic subsequently presented in this document for guidance on when a borrower has a low credit score or is relying on nontraditional credit to qualify (i.e., at least one borrower has a usable credit score <i>OR</i> no borrowers have a credit score).</p> <ul style="list-style-type: none"> Borrowers with Low Credit Scores <ul style="list-style-type: none"> For HomeReady mortgage loans secured by one-unit properties, when the lender obtains a representative credit score for the borrower, but the score is less than the minimum score required for a HomeReady mortgage (<u>but never less than 640</u>), the borrower may still be eligible if the following requirements are met: <ul style="list-style-type: none"> The credit report indicates that the borrower’s credit score is low due to an insufficient traditional credit history (as documented by reason codes on the credit report that indicate a lack of credit accounts, accounts not opened long enough, lack of usage, etc., as reasons for | Maximum DTI </= 36% | | | Transaction Type | # of Units | Minimum Credit Score | Purchase & Limited Cash-Out (Rate/Term) Refinance | 1 | 680 if > 75% | 640 if </= 75% | 2 | 680 if > 75% | 640 if </= 75% | 3-4 | 660 | Maximum DTI </= 45% | | | Transaction Type | # of Units | Minimum Credit Score | Purchase & Limited Cash-Out (Rate/Term) Refinance | 1 | 720 if > 75% | 680 if </= 75% | 700 if > 75% | 2 | 660 if </= 75% | 700 if > 75% | 680 if </= 75% | 3-4 | 680 |
| Maximum DTI </= 45% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Transaction Type | # of Units | Minimum Credit Score | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchase & Limited Cash-Out (Rate/Term) Refinance | 1 | 720 if > 75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 680 if </= 75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 700 if > 75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | 660 if </= 75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 700 if > 75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 680 if </= 75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3-4 | 680 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Maximum DTI </= 36% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Transaction Type | # of Units | Minimum Credit Score | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchase & Limited Cash-Out (Rate/Term) Refinance | 1 | 680 if > 75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 640 if </= 75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | 680 if > 75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 640 if </= 75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3-4 | 660 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Maximum DTI </= 45% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Transaction Type | # of Units | Minimum Credit Score | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchase & Limited Cash-Out (Rate/Term) Refinance | 1 | 720 if > 75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 680 if </= 75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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Agency Guideline Revisions

Note: SunTrust specific overlays are underlined.

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|-------------------------|---|---|---|--|
| | | | <ul style="list-style-type: none"> Special Feature Code Requirement: Use SFC 818 to identify HomeReady mortgage loans that have borrowers with thin files. <p>Note: Special Feature Code 818 should only be used to indicate a “thin file” HomeReady mortgage loan.</p> | <p>the low credit score). <u>The borrower’s credit score must be no less than 640.</u> If the borrower’s credit score is low due to derogatory credit or if none of the reason codes noted above appear on the credit report, then the minimum credit score for the transaction must be met (per the minimum credit score requirements previously outlined in this subtopic).</p> <ul style="list-style-type: none"> The lender must supplement the traditional credit file (referred to as a “thin file”) with the development of an acceptable nontraditional credit profile in accordance with the guidance outlined in the “Non-Traditional Credit History” subtopic. Special Feature Code Requirement: Use SFC 818 to identify HomeReady mortgage loans that have borrowers with thin files. <p>Note: Special Feature Code 818 should only be used to indicate a “thin file” HomeReady mortgage loan.</p> |
| Home Possible Mortgages | Correspondent Section 2.01a – Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages & Correspondent Section 1.08 Loan Delivery and Purchase Review | <ul style="list-style-type: none"> Home Possible® Mortgage (LPA) | <p>Section 2.01a – Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Overview / Product Summary</p> <p>This product description is designed to provide information on SunTrust’s offering of Fannie Mae’s HomeReady® Mortgage and Freddie Mac’s Home Possible® Mortgage loan programs.</p> <p>The HomeReady and Home Possible mortgages are conventional, Agency affordable lending mortgage programs designed for creditworthy, low- to moderate-income borrowers. These loan programs provide expanded eligibility for financing a primary residence in designated low-income, minority, and/or disaster-impacted communities.</p> <p>Loans originated using general loan limits and high-cost area loan limits (i.e., high-balance mortgage loans) are eligible under the HomeReady mortgage loan program. Loans originated using general loan limits only are eligible under the Home Possible mortgage loan program.</p> <p>All HomeReady mortgage loans originated using general loan limits must be underwritten with Fannie Mae’s Desktop Underwriter® (DU®) or be traditionally (i.e., non-AUS) underwritten. All high-balance HomeReady mortgage loans must be underwritten with Fannie Mae’s DU. All DU processed HomeReady loans must receive a DU “Approve/Eligible” or an acceptable “Approve/Ineligible” recommendation.</p> <p>Reference: See “Fannie Mae DU Loans” in the “Underwriting the Borrower” topic within Section 2.01: Agency Loan Programs for additional information regarding acceptable DU “Approve/Ineligible” recommendations.</p> <p>All Home Possible mortgage loans <u>must be underwritten with Freddie Mac’s Loan Product Advisor® (LPA®)</u> and must receive an LPA “Accept/Eligible” recommendation.</p> <p>Eligible loan products available under the HomeReady and Home Possible mortgage loan programs include the following:</p> <ul style="list-style-type: none"> Fully Amortizing Fixed Rate, Fully Amortizing 5/1, 7/1, and 10/1 LIBOR ARMs, and Fully Amortizing 5/5 CMT ARM. <p>Note: For all Home Possible mortgage loans, one- and two-unit properties can be secured by fixed-rate or ARM loans; however, three- and four-unit properties must be secured by fixed-rate loans.</p> <p>Non-AUS and DU guidelines outlined in this product description apply for HomeReady mortgage loan transactions. All LPA guidelines apply for Home Possible mortgage loan transactions. If not specified, the</p> | <p>Section 2.01a – Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Overview / Product Summary</p> <p>This product description is designed to provide information on SunTrust’s offering of Fannie Mae’s HomeReady® Mortgage and Freddie Mac’s Home Possible® Mortgage loan programs.</p> <p>The HomeReady and Home Possible mortgages are conventional, Agency affordable lending mortgage programs designed for creditworthy, low- to moderate-income borrowers. These loan programs provide expanded eligibility for financing a primary residence in designated low-income, minority, and/or disaster-impacted communities.</p> <p>Loans originated using general loan limits and high-cost area loan limits (i.e., high-balance mortgage loans) are eligible under the HomeReady <u>and Home Possible</u> mortgage loan programs.</p> <p>All HomeReady mortgage loans originated using general loan limits must be underwritten with Fannie Mae’s Desktop Underwriter® (DU®) or be traditionally (i.e., non-AUS) underwritten. All high-balance HomeReady mortgage loans must be underwritten with Fannie Mae’s DU. All DU processed HomeReady loans must receive a DU “Approve/Eligible” or an acceptable “Approve/Ineligible” recommendation.</p> <p>Reference: See “Fannie Mae DU Loans” in the “Underwriting the Borrower” topic within Section 2.01: Agency Loan Programs for additional information regarding acceptable DU “Approve/Ineligible” recommendations.</p> <p>All Home Possible mortgage loans <u>must be underwritten with Freddie Mac’s Loan Product Advisor® (LPA®)</u> and must receive an LPA “Accept/Eligible” recommendation.</p> <p>Eligible loan products available under the HomeReady and Home Possible mortgage loan programs include the following:</p> <ul style="list-style-type: none"> Fully Amortizing Fixed Rate, Fully Amortizing 5/1, 7/1, and 10/1 LIBOR ARMs, and Fully Amortizing 5/5 CMT <u>ARM.</u> <p><u>Non-AUS</u> and DU guidelines outlined in this product description apply for HomeReady mortgage loan transactions. All LPA guidelines apply for Home Possible mortgage loan transactions. If not specified, the guidelines apply for both HomeReady and Home Possible mortgage loan transactions.</p> <p>Guidelines not addressed in this product description will follow standard Agency or Agency Plus (for high-balance transactions) requirements, as outlined in Section 2.01: Agency Loan Programs of the <i>Correspondent</i></p> |

Agency Guideline Revisions

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| Topic | Impacted Document | Impacted Products | Current Guidelines | Revised Guidelines Effective for LOANS LOCKED ON OR AFTER September 7, 2019 |
|-------|-------------------|-------------------|---|---|
| | | | <p>guidelines apply for both HomeReady and Home Possible mortgage loan transactions.</p> <p>Guidelines not addressed in this product description will follow standard Agency or Agency Plus (for high-balance transactions) requirements, as outlined in Section 2.01: Agency Loan Programs of the <i>Correspondent Seller Guide</i>.</p> <hr/> <p>Section 2.01a – Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Loan Terms / Minimum Loan Amount</p> <p>General Loan Limits There is no minimum loan amount.</p> <p>High-Cost Area (i.e., High-Balance) Loan Limits</p> <ul style="list-style-type: none"> • \$484,351 for one unit properties • \$620,201 for two unit properties • \$749,651 for three unit properties • \$931,601 for four unit properties <p>Note: High-balance mortgage loans are only permitted under the HomeReady mortgage loan program.</p> <hr/> <p>Section 2.01a – Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Loan Terms / Maximum Loan Amount</p> <p>General Loan Limits</p> <ul style="list-style-type: none"> • \$484,350 for one unit properties • \$620,200 for two unit properties • \$749,650 for three unit properties • \$931,600 for four unit properties <p>High-Cost Area (i.e., High-Balance) Loan Limits</p> <ul style="list-style-type: none"> • High-balance 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: <ul style="list-style-type: none"> • \$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. <p>Note: High-balance mortgage loans are only permitted under the HomeReady mortgage loan program.</p> | <p><i>Seller Guide.</i></p> <hr/> <p>Section 2.01a – Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Loan Terms / Minimum Loan Amount</p> <p>General Loan Limits There is no minimum loan amount.</p> <p>High-Cost Area (i.e., High-Balance) Loan Limits</p> <ul style="list-style-type: none"> • \$484,351 for one unit properties • \$620,201 for two unit properties • \$749,651 for three unit properties • \$931,601 for four unit properties <p>Note: High-balance mortgage loans are only permitted under the HomeReady mortgage loan program.</p> <hr/> <p>Section 2.01a – Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Loan Terms / Maximum Loan Amount</p> <p>General Loan Limits</p> <ul style="list-style-type: none"> • \$484,350 for one unit properties • \$620,200 for two unit properties • \$749,650 for three unit properties • \$931,600 for four unit properties <p>High-Cost Area (i.e., High-Balance) Loan Limits</p> <ul style="list-style-type: none"> • High-balance 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: <ul style="list-style-type: none"> • \$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. <p>Note: High-balance mortgage loans are only permitted under the HomeReady mortgage loan program.</p> |

Agency Guideline Revisions

Note: SunTrust specific overlays are underlined.

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| | | | <p>Section 2.01a – Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Loan Terms / Home Possible Maximum LTV/TLTV/ HLT TV Ratio Requirements</p> <p>Notes:</p> <ul style="list-style-type: none"> Home Possible fixed-rate mortgages with an LTV and/or TLTV ratio greater than 95% are referred to by Freddie Mac as Home Possible Advantage Mortgages. Any specific requirements that apply for these transactions, that differ from standard Home Possible requirements, are referenced in SunTrust guidelines as requirements for Home Possible transactions with an LTV and/or TLTV ratio greater than 95%. When submitting a Home Possible mortgage to LPA: <ul style="list-style-type: none"> Use LPA Offering Identifier Code “241” for LTV/TLTV/HTLT Vs <= 95% Use LPA Offering Identifier Code “250” for LTVs or TLTVs > 95% <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #003366; color: white;"> <th colspan="5" style="text-align: center;">Home Possible Primary Residence – Fixed Rate</th> </tr> <tr style="background-color: #003366; color: white;"> <th>Purpose</th> <th># of Units</th> <th>LTV/TLTV/HTLTV for Non-AUS Loans</th> <th>LTV/TLTV/HTLTV for DU Loans</th> <th>LTV/TLTV/HTLTV for LPA Loans</th> </tr> </thead> <tbody> <tr> <td>Purchase</td> <td>1 2-4</td> <td style="text-align: center;"><u>Not Eligible</u> <u>Not Eligible</u></td> <td style="text-align: center;">Not Eligible Not Eligible</td> <td style="text-align: center;">97%/95%^{1,2}/95% 95%/95%/95%</td> </tr> <tr> <td>Limited Cash-Out Refinance (Rate/Term)</td> <td>1 2-4</td> <td style="text-align: center;"><u>Not Eligible</u> <u>Not Eligible</u></td> <td style="text-align: center;">Not Eligible Not Eligible</td> <td style="text-align: center;">97%/95%^{1,2}/95% 95%/95%/95%</td> </tr> <tr> <td>Cash-Out Refinance</td> <td>1-4</td> <td colspan="3" style="text-align: center;">Not Eligible</td> </tr> </tbody> </table> <p style="font-size: small; margin-top: 5px;">¹ Secondary financing subordinated to a Home Possible mortgage with a 95.01-97% LTV must be an Affordable Second and the Affordable Second financing cannot be a HELOC. ² The TLTV may exceed the limits stated above up to 105% only if the secondary financing is an Affordable Second. 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The maximum LTV and HTLTV for high-balance transactions is 95%. ² The TLTV may exceed the limits stated above up to 105% only if the secondary financing is an Affordable Second. 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| Purpose | # of Units | LTV/TLTV/HTLTV for Non-AUS Loans | LTV/TLTV/HTLTV for DU Loans | LTV/TLTV/HTLTV for LPA Loans | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Purchase | 1-2 3-4 | <u>Not Eligible</u> <u>Not Eligible</u> | Not Eligible Not Eligible | 95%/95%/95% Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | | | <p>Section 2.01a – Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Secondary Financing / General</p> <p>Freddie Mac LPA Section 2.01: Agency Loan Programs LPA guidelines apply, except as follows:</p> <ul style="list-style-type: none"> • General Requirements <ul style="list-style-type: none"> • For LTVs 95.01-97% and/or TLTVs 95.01-105%, secondary financing must be an Affordable Second and the Affordable Second financing cannot be a HELOC. <p>Note: “Affordable Seconds” is Freddie Mac’s terminology for subsidized secondary financing or other type of financial assistance, evidenced in land records, that is provided by an Agency and meets affordable seconds requirements. See the “Community Seconds” (Fannie Mae) / Affordable Seconds (Freddie Mac) subtopic, outlined in Section 2.01: Agency Loan Programs, for additional guidance.</p> <ul style="list-style-type: none"> • For LTVs 95% or less, Affordable Seconds, institutional, privately held, and seller held seconds are permitted. • <u>Rural Housing Service (RHS) Leveraged Seconds are not eligible in conjunction with a Home Possible mortgage.</u> <ul style="list-style-type: none"> • Special Requirements for Home Possible Mortgages with a Temporary Subsidy Buydown <ul style="list-style-type: none"> • If a Home Possible mortgage with a temporary subsidy buydown plan is subject to secondary financing, including an Affordable Second that requires repayment to begin before the due date of the 61st monthly payment under the Home Possible mortgage, the secondary financing must have a fixed-interest rate. | | | | | <p>Section 2.01a – Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Secondary Financing / General</p> <p>Freddie Mac LPA Section 2.01: Agency Loan Programs LPA guidelines apply, except as follows:</p> <ul style="list-style-type: none"> • General Requirements <ul style="list-style-type: none"> • When the TLTV ratio exceeds 97%, the secondary financing must be an Affordable Second and the Affordable Second financing cannot be a HELOC. <p>Note: “Affordable Seconds” is Freddie Mac’s terminology for subsidized secondary financing or other type of financial assistance, evidenced in land records, that is provided by an Agency and meets affordable seconds requirements. See the “Community Seconds” (Fannie Mae) / Affordable Seconds (Freddie Mac) subtopic, outlined in Section 2.01: Agency Loan Programs, for additional guidance.</p> <ul style="list-style-type: none"> • <u>Rural Housing Service (RHS) Leveraged Seconds are not eligible in conjunction with a Home Possible mortgage.</u> <ul style="list-style-type: none"> • Special Requirements for Home Possible Mortgages with a Temporary Subsidy Buydown <ul style="list-style-type: none"> • If a Home Possible mortgage with a temporary subsidy buydown plan is subject to secondary financing, including an Affordable Second that requires repayment to begin before the due date of the 61st monthly payment under the Home Possible mortgage, the secondary financing must have a fixed-interest rate. | | | |
| | | | <p>Section 2.01a – Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Mortgage Insurance / General</p> <p>Freddie Mac LPA Section 2.01: Agency Loan Programs LPA guidelines apply, except as follows:</p> <ul style="list-style-type: none"> • Mortgage Insurance Coverage Requirements <ul style="list-style-type: none"> • Freddie Mac offers two mortgage insurance coverage level options: standard mortgage insurance and custom mortgage insurance. Custom mortgage insurance provides an alternative to standard mortgage insurance coverage. For Home Possible mortgage transactions, <u>SunTrust requires that the standard coverage be obtained.</u> | | | | | <p>Section 2.01a – Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Mortgage Insurance / General</p> <p>Freddie Mac LPA Section 2.01: Agency Loan Programs LPA guidelines apply, except as follows:</p> <ul style="list-style-type: none"> • Mortgage Insurance Coverage Requirements <ul style="list-style-type: none"> • Freddie Mac offers two mortgage insurance coverage level options: standard mortgage insurance and custom mortgage insurance. Custom mortgage insurance provides an alternative to standard mortgage insurance coverage. For Home Possible mortgage transactions, <u>SunTrust requires that the standard coverage be obtained.</u> | | | |

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Note: SunTrust specific overlays are underlined.

| Topic | Impacted Document | Impacted Products | Current Guidelines | Revised Guidelines Effective for LOANS LOCKED ON OR AFTER September 7, 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|-------------------------------|---|--|--|--|--|-----|---------------------------------|-------------------------------|---------------------|----------|--|--|--|-------------|-----|-----|-----|-------------|-----|-----|-----|-------------|-----|-----|-----|-------------|----|-----|-----|---------------------|---|--|--------|--|--------|--|--------|--|--------|---|--------|--|--------|--|--------|--|--------|----------------------------------|--------|----------------------------------|--------|-----------------------------------|--------|--|---------------|--|--|--|-----|---------------------------------|-------------------------------|---------------------|----------|--|--|--|-------------|-----|-----|-----|-------------|-----|-----|-----|-------------|-----|-----|-----|-------------|----|-----|-----|---------------------|---|--|--------|--|--------|--|--------|--|--------|---|--------|--|--------|--|--------|--|--------|--|--------------|--|--------------|--|--------------|
| | | | <ul style="list-style-type: none"> The standard minimum coverage levels apply as stated in the table below: <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr style="background-color: #003366; color: white;"> <th colspan="4" style="text-align: center;">Home Possible</th> </tr> <tr style="background-color: #003366; color: white;"> <th style="width: 15%;">LTV</th> <th style="width: 15%;">Fixed-rate Term <=/ 20 years</th> <th style="width: 15%;">Fixed-rate Term > 20 years</th> <th style="width: 15%;">ARMs (all terms)</th> </tr> <tr style="background-color: #003366; color: white;"> <th colspan="4" style="text-align: center;">Standard</th> </tr> </thead> <tbody> <tr> <td>95.01 – 97%</td> <td>25%</td> <td>25%</td> <td>N/A</td> </tr> <tr> <td>90.01 – 95%</td> <td>25%</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>85.01 – 90%</td> <td>12%</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>80.01 – 85%</td> <td>6%</td> <td>12%</td> <td>12%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Financed Premiums <ul style="list-style-type: none"> For Home Possible Mortgages with LTVs greater than 95%, the Gross LTV ratio must not exceed 97%. 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| LTV | Fixed-rate Term <=/ 20 years | Fixed-rate Term > 20 years | ARMs (all terms) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Standard | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 95.01 – 97% | 25% | 25% | N/A | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 90.01 – 95% | 25% | 25% | 25% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 85.01 – 90% | 12% | 25% | 25% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 80.01 – 85% | 6% | 12% | 12% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Program Description | Program Code for SunTrust Internal Use Only | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Freddie Mac HomePossible 10 Year Fixed | FRHP10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Freddie Mac HomePossible 15 Year Fixed | FRHP15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Freddie Mac HomePossible 20 Year Fixed | FRHP20 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Freddie Mac HomePossible 30 Year Fixed | FRHP30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ARMAIt Freddie Mac HomePossible 30 Year Fixed 2-1 | FRHP30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ARMAIt Freddie Mac HomePossible 30Yr Fixed 1.5-.75 | FRHP30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ARMAIt Freddie Mac HomePossible 30 Year Fixed 1-.5 | FRHP30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Freddie Mac HomePossible 5/1 ARM 2/2/5 | FRHP51 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Freddie Mac HomePossible 5/5 ARM | FRHP55 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Freddie Mac HomePossible 7/1 ARM | FRHP71 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Freddie Mac HomePossible 10/1 ARM | FHP10A | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Home Possible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| LTV | Fixed-rate Term <=/ 20 years | Fixed-rate Term > 20 years | ARMs (all terms) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Standard | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 95.01 – 97% | 25% | 25% | N/A | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 85.01 – 90% | 12% | 25% | 25% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 80.01 – 85% | 6% | 12% | 12% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Freddie Mac HomePossible 10 Year Fixed | FRHP10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Freddie Mac HomePossible 15 Year Fixed | FRHP15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Freddie Mac HomePossible 20 Year Fixed | FRHP20 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Freddie Mac HomePossible 30 Year Fixed | FRHP30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ARMAIt Freddie Mac HomePossible 30 Year Fixed 2-1 | FRHP30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ARMAIt Freddie Mac HomePossible 30Yr Fixed 1.5-.75 | FRHP30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ARMAIt Freddie Mac HomePossible 30 Year Fixed 1-.5 | FRHP30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ARMAIt Freddie Mac HomePossible 30 Year Fixed Fixed 1-.5 | FRHP30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Freddie Mac HomePossible Plus 10 Year Fixed | HPH10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Freddie Mac HomePossible Plus 15 Year Fixed | HPH15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Freddie Mac HomePossible Plus 20 Year Fixed | HPH20 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Agency Guideline Revisions

Note: SunTrust specific overlays are underlined.

| Topic | Impacted Document | Impacted Products | Current Guidelines | Revised Guidelines Effective for LOANS LOCKED ON OR AFTER September 7, 2019 | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|-------------------|-------------------|--|---|---|--|--|---|---|-----------------|---|--|--|---|----------------------------------|--------|--|--------|---|--------|---|-------|--|-------|---------------------------------------|-------|--|--------|--|
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| | | | <p>Section 1.08 Loan Delivery and Purchase Review Funding Process / Funding Formula</p> <ul style="list-style-type: none"> To derive the amount of purchase funds, the following items are added or subtracted from the loan amount. <ul style="list-style-type: none"> 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: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>Delegated Document Review Fee</td><td style="text-align: right;">\$250</td></tr> <tr><td>Delegated Document Review Fee Jumbo Surcharge (includes Agency Plus, HomeReady High-Balance, VA and FHA Jumbo)</td><td style="text-align: right;">\$130</td></tr> <tr><td>Non-Delegated Division Document Review Fee*</td><td style="text-align: right;">\$650</td></tr> <tr><td>Tax Service Fee</td><td style="text-align: right;">\$84</td></tr> <tr><td>Underwriting Fee (*Underwriting Fee will not be charged in addition to Non-Delegated Division Document Review Fee)</td><td style="text-align: right;">\$500</td></tr> </table> 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. | Delegated Document Review Fee | \$250 | Delegated Document Review Fee Jumbo Surcharge (includes Agency Plus, HomeReady 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 | <p>Section 1.08 Loan Delivery and Purchase Review Funding Process / Funding Formula</p> <ul style="list-style-type: none"> To derive the amount of purchase funds, the following items are added or subtracted from the loan amount. <ul style="list-style-type: none"> 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: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>Delegated Document Review Fee</td><td style="text-align: right;">\$250</td></tr> <tr><td>Delegated Document Review Fee Jumbo Surcharge (includes Agency Plus, HomeReady High-Balance, <u>Home Possible High-Balance</u>, VA and FHA Jumbo)</td><td style="text-align: right;">\$130</td></tr> <tr><td>Non-Delegated Division Document Review Fee*</td><td style="text-align: right;">\$650</td></tr> <tr><td>Tax Service Fee</td><td style="text-align: right;">\$84</td></tr> <tr><td>Underwriting Fee (*Underwriting Fee will not be charged in addition to Non-Delegated Division Document Review Fee)</td><td style="text-align: right;">\$500</td></tr> </table> 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. | Delegated Document Review Fee | \$250 | Delegated Document Review Fee Jumbo Surcharge (includes Agency Plus, HomeReady High-Balance, <u>Home Possible High-Balance</u> , 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 | | | | | |
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Agency Guideline Revisions

Note: SunTrust specific overlays are underlined.

| Topic | Impacted Document | Impacted Products | Current Guidelines | Revised Guidelines Effective for LOANS LOCKED ON OR AFTER September 7, 2019 |
|------------------------|---|---|---|---|
| | | | <ul style="list-style-type: none"> Escrow deposits as collected on the Closing Disclosure will be subtracted from the wire. | <p>implications.</p> <ul style="list-style-type: none"> Escrow deposits as collected on the Closing Disclosure will be subtracted from the wire. |
| Principal Curtailments | <p>Correspondent Section 2.01 Agency Loan Programs-Guideline</p> <p style="text-align: center;">&</p> <p>Correspondent Section 1.08 Loan Delivery and Purchase Review</p> | <ul style="list-style-type: none"> Standard Agency (non-AUS, DU & LPA) Agency Plus (DU & LPA) HomeReady® Mortgage (non-AUS & DU) Home Possible® Mortgage (LPA) Texas Section 50 (a)(6) Mortgages (non-AUS, DU & LPA) | <p>Section 2.01 Agency Loan Programs Eligible Transactions/Purchase Transactions</p> <p>Non-AUS</p> <ul style="list-style-type: none"> Proceeds from the transaction may not be used to give the borrower cash back other than the following: <ul style="list-style-type: none"> an amount representing reimbursement for the borrower's overpayment of fees and charges, including refunds that may be required in accordance with certain federal laws or regulations. The settlement statement must clearly indicate the refund, and the loan file must include documentation to support the amount and reason for the refund; and a legitimate pro-rated real estate tax credit in locales where real estate taxes are paid in arrears. If the borrower receives cash back for a permissible purpose as listed above, the lender must confirm that the minimum borrower contribution requirements associated with the selected mortgage product, if any, have been met. <p>Fannie Mae DU Follow DU requirements, which are the same as non-AUS guidelines, with the following exception:</p> <ul style="list-style-type: none"> For transactions with LTV/TLTV/HTLTV ratios of 95.01 — 97%: at least one borrower must be a first-time home buyer, as indicated on the <i>Uniform Residential Loan Application</i> (Form 1003) in Section VIII., when at least one borrower responds "No" to Declaration M: Have you had an ownership interest in a property in the last three years? at least one borrower on the loan must have a credit score. <p>Note: The TLTV ratio can be up to 105% if the subordinate lien is a Community Seconds loan.</p> <p>Freddie Mac LPA Follow LPA requirements, which are the same as non-AUS guidelines. The following additional requirements apply:</p> <ul style="list-style-type: none"> Requirements for Standard Agency Purchase Transactions with LTV, TLTV, and/or HTLTV Ratios Greater than 95% <ul style="list-style-type: none"> For standard Agency transactions, if the LTV, TLTV, and/or HTLTV ratio exceeds 95%, the following requirements apply: <ul style="list-style-type: none"> At least one borrower must be a first-time homebuyer At least one borrower on the transaction must have a usable credit score as determined by Loan Product Advisor When all borrowers are first-time homebuyers, at least one borrower must participate in a homeownership education program according to the requirements outlined in the "Homeownership Education and Housing Counseling" subtopic within the "Eligible Borrowers" topic. <hr/> <p>Section 2.01 Agency Loan Programs Closing and Loan Settlement Documentation/Principal Curtailments</p> <p>The table below show principal curtailment guidelines.</p> | <p>Section 2.01 Agency Loan Programs Eligible Transactions/Purchase Transactions</p> <p>Non-AUS</p> <ul style="list-style-type: none"> Proceeds from the transaction may not be used to give the borrower cash back other than the following: <ul style="list-style-type: none"> an amount representing reimbursement for the borrower's overpayment of fees and charges, including refunds that may be required in accordance with certain federal laws or regulations. The settlement statement must clearly indicate the refund, and the loan file must include documentation to support the amount and reason for the refund; and a legitimate pro-rated real estate tax credit in locales where real estate taxes are paid in arrears. If the borrower receives cash back for a permissible purpose as listed above, the lender must confirm that the minimum borrower contribution requirements associated with the selected mortgage product, if any, have been met. <p>Reimbursements or refunds permitted above may also be applied as a principal curtailment.</p> <p>Fannie Mae DU Follow DU requirements, which are the same as non-AUS guidelines, with the following exception:</p> <ul style="list-style-type: none"> For transactions with LTV/TLTV/HTLTV ratios of 95.01 — 97%: at least one borrower must be a first-time home buyer, as indicated on the <i>Uniform Residential Loan Application</i> (Form 1003) in Section VIII., when at least one borrower responds "No" to Declaration M: Have you had an ownership interest in a property in the last three years? at least one borrower on the loan must have a credit score. <p>Note: The TLTV ratio can be up to 105% if the subordinate lien is a Community Seconds loan.</p> <p>Freddie Mac LPA Follow LPA requirements, which are the same as non-AUS guidelines. 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| | | | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%; background-color: #e0e0e0;">Non-AUS Loans</th> <th style="width: 33%; background-color: #e0e0e0;">Fannie Mae DU "Approve/Eligible" Loans</th> <th style="width: 33%; background-color: #e0e0e0;">Freddie Mac LP "Accept/Eligible" Loans</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> If the Settlement Statement reflects the borrower receiving more cash back than is permitted for a limited cash-out refinance, the lender can apply a principal curtailment for the excessive cash back. This is to reduce the amount of cash back to the borrower, thus bringing the loan into compliance with the maximum cash-back requirement. Otherwise, the loan amount must be recalculated and loan documents updated. <ul style="list-style-type: none"> If the lower loan amount based on the principal curtailment would result in the removal or reduction of required MI or a loan pricing adjustment, then the loan amount must be recalculated. The maximum amount of the principal curtailment cannot exceed the lesser of \$2,500 or 2% of the loan amount for the subject loan. If a principal curtailment is made at the time of closing, it must be documented on the Settlement Statement with the amount of the principal curtailment and reason. No other loan documents (i.e., Loan Estimate, Initial Disclosures, and 1003) must reflect the principal curtailment amount. These documents must only show the maximum allowable cash back to the borrower. <p>Special Feature Code Requirement: 69 in the "Abbreviated Status" field on the origination system denotes a principal curtailment was applied.</p> </td> <td style="vertical-align: top;"> <p>Non-AUS guidelines apply, with the following additional requirements:</p> <ul style="list-style-type: none"> DU must not be resubmitted to reflect the principal curtailment amount or show the principal curtailment amount as cash back to the borrower. The "Details of Transaction" screen in DU must only reflect the maximum allowable cash back to the borrower (lesser of 2% of the new loan amount or \$2000). </td> <td style="vertical-align: top;"> <p>Non-AUS guidelines apply, with the following additional requirements:</p> <ul style="list-style-type: none"> LP must not be resubmitted to reflect the principal curtailment amount or show the principal curtailment amount as cash back to the borrower. The "Details of Transaction" screen in LP must only reflect the maximum allowable cash back to the borrower (lesser of 2% of the new loan amount or \$2000). </td> </tr> </tbody> </table> | Non-AUS Loans | Fannie Mae DU "Approve/Eligible" Loans | Freddie Mac LP "Accept/Eligible" Loans | <ul style="list-style-type: none"> If the Settlement Statement reflects the borrower receiving more cash back than is permitted for a limited cash-out refinance, the lender can apply a principal curtailment for the excessive cash back. This is to reduce the amount of cash back to the borrower, thus bringing the loan into compliance with the maximum cash-back requirement. Otherwise, the loan amount must be recalculated and loan documents updated. <ul style="list-style-type: none"> If the lower loan amount based on the principal curtailment would result in the removal or reduction of required MI or a loan pricing adjustment, then the loan amount must be recalculated. The maximum amount of the principal curtailment cannot exceed the lesser of \$2,500 or 2% of the loan amount for the subject loan. If a principal curtailment is made at the time of closing, it must be documented on the Settlement Statement with the amount of the principal curtailment and reason. No other loan documents (i.e., Loan Estimate, Initial Disclosures, and 1003) must reflect the principal curtailment amount. These documents must only show the maximum allowable cash back to the borrower. <p>Special Feature Code Requirement: 69 in the "Abbreviated Status" field on the origination system denotes a principal curtailment was applied.</p> | <p>Non-AUS guidelines apply, with the following additional requirements:</p> <ul style="list-style-type: none"> DU must not be resubmitted to reflect the principal curtailment amount or show the principal curtailment amount as cash back to the borrower. The "Details of Transaction" screen in DU must only reflect the maximum allowable cash back to the borrower (lesser of 2% of the new loan amount or \$2000). | <p>Non-AUS guidelines apply, with the following additional requirements:</p> <ul style="list-style-type: none"> LP must not be resubmitted to reflect the principal curtailment amount or show the principal curtailment amount as cash back to the borrower. The "Details of Transaction" screen in LP must only reflect the maximum allowable cash back to the borrower (lesser of 2% of the new loan amount or \$2000). | <ul style="list-style-type: none"> Overview <ul style="list-style-type: none"> A principal curtailment is the application of funds that are used to reduce the unpaid principal balance of the mortgage loan. Fannie Mae permits certain curtailments prior to loan delivery (to SunTrust). Acceptable Curtailments <ul style="list-style-type: none"> Fannie Mae permits curtailments for the following reasons: <ul style="list-style-type: none"> The lender may apply a curtailment to refund the overpayment of fees or charges paid by the borrower, in any amount, in accordance with applicable regulatory requirements. If the borrower receives more cash back than is permitted for limited cash-out refinances, the lender can apply a curtailment to reduce the amount of cash back to the borrower to bring the loan into compliance with the maximum cash-back requirement. The maximum amount of the curtailment cannot exceed the lesser of \$2,500 or 2% of the original loan amount for the subject loan. <ul style="list-style-type: none"> For example, if the borrower received \$3,500 cash back at closing on a loan amount of \$200,000, the lender could apply a \$1,500 curtailment prior to delivery. This would result in "net cash back" to the borrower of \$2,000, thus meeting Fannie Mae's limited cash-out refinance requirement. Fannie Mae also allows additional principal payments remitted by a borrower to prepay the mortgage loan as permitted by the loan documents. All borrower-remitted curtailments received by the lender prior to delivery must be applied prior to delivery of the loan to SunTrust. Documentation <ul style="list-style-type: none"> If the curtailment is made at the time of closing, the amount must be clearly documented on the Settlement/Closing Disclosure statement. If the curtailment is applied after closing, but before delivery to SunTrust, the mortgage loan file must be documented with the amount of the curtailment and the reason or source of the curtailment (for example, lender refund or borrower). <p>Reference: See the "Lender Contributions / Lender Credit" subtopic previously presented in this document for additional information when the principal curtailment involves a lender credit.</p> <p>Fannie Mae DU Follow DU requirements, which are the same as non-AUS guidelines.</p> <p>Freddie Mac LPA References:</p> <ul style="list-style-type: none"> See the "Limited Cash-Out Refinance (LPA Terminology: "No Cash-Out" Refinance)" subtopic previously presented in this document for guidance. See the "Lender Contributions / Lender Credit" subtopic previously presented in this document for additional information when the principal curtailment involves a lender credit. |
| Non-AUS Loans | Fannie Mae DU "Approve/Eligible" Loans | Freddie Mac LP "Accept/Eligible" Loans | | | | | | | | |
| <ul style="list-style-type: none"> If the Settlement Statement reflects the borrower receiving more cash back than is permitted for a limited cash-out refinance, the lender can apply a principal curtailment for the excessive cash back. This is to reduce the amount of cash back to the borrower, thus bringing the loan into compliance with the maximum cash-back requirement. Otherwise, the loan amount must be recalculated and loan documents updated. <ul style="list-style-type: none"> If the lower loan amount based on the principal curtailment would result in the removal or reduction of required MI or a loan pricing adjustment, then the loan amount must be recalculated. The maximum amount of the principal curtailment cannot exceed the lesser of \$2,500 or 2% of the loan amount for the subject loan. If a principal curtailment is made at the time of closing, it must be documented on the Settlement Statement with the amount of the principal curtailment and reason. No other loan documents (i.e., Loan Estimate, Initial Disclosures, and 1003) must reflect the principal curtailment amount. These documents must only show the maximum allowable cash back to the borrower. <p>Special Feature Code Requirement: 69 in the "Abbreviated Status" field on the origination system denotes a principal curtailment was applied.</p> | <p>Non-AUS guidelines apply, with the following additional requirements:</p> <ul style="list-style-type: none"> DU must not be resubmitted to reflect the principal curtailment amount or show the principal curtailment amount as cash back to the borrower. The "Details of Transaction" screen in DU must only reflect the maximum allowable cash back to the borrower (lesser of 2% of the new loan amount or \$2000). | <p>Non-AUS guidelines apply, with the following additional requirements:</p> <ul style="list-style-type: none"> LP must not be resubmitted to reflect the principal curtailment amount or show the principal curtailment amount as cash back to the borrower. The "Details of Transaction" screen in LP must only reflect the maximum allowable cash back to the borrower (lesser of 2% of the new loan amount or \$2000). | | | | | | | | |
| | | | <p>Section 1.08 Loan Delivery and Purchase Review Principal Curtailments/General</p> <p>Eligible Loan Programs</p> <ul style="list-style-type: none"> Principal curtailments are eligible for Agency, Agency Plus, Key Loan, FHA and VA loan programs. | <p>Section 1.08 Loan Delivery and Purchase Review Principal Curtailments/General</p> <p>Eligible Loan Programs</p> <ul style="list-style-type: none"> Principal curtailments are eligible for all Agency, Key Loan, FHA and VA loan programs. | | | | | | |

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| | | | <p>References:</p> <ul style="list-style-type: none"> • See the <i>Principal Curtailment</i> subtopic in the <i>Closing and loan Settlement Documentation</i> topic in the Underwriting topic in Section 2.01: Agency Loan Programs for the application of principal curtailments at closing for Agency and Agency Plus transactions. • See the <i>Premium Pricing on FHA Loans</i> subtopic in the “Origination Through Post-Closing/Endorsement” chapter in FHA Handbook 4000.1. • See the <i>Principal Curtailments</i> subtopic in the <i>Closing and Loan Settlement Documentation</i> topic in Section 2.06: Key Loan Program for the application of principal curtailments at closing for Key Loan transactions. | <p>References:</p> <ul style="list-style-type: none"> • See the “Principal Curtailments” subtopic in the “Closing and Loan Settlement Documentation” 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. |