

Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

January 10, 2014 • COR14-004



Alert

Update

Reminder

Clarification

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Preview

Revisions to Points and Fees Limitations for Agency Loan Transactions

SunTrust Mortgage, Inc. announces revisions to points and fees limitations for Agency loan transactions. We revise the guidance previously announced in Correspondent Bulletin [COR13-126](#) for points and fees limitations for investment property cash-out refinance transactions.

Impacted Agency loan programs include the following: standard Agency, Agency Plus, and DU Refi Plus™. These guideline revisions apply for all occupancy types, all transaction types (i.e., purchase and refinance), and all underwriting methods (i.e., non-automated underwriting system [non-AUS], Fannie Mae Desktop Underwriter [DU], and Freddie Mac Loan Prospector [LP]).

Intended Audience

Origination Processing	Secondary Marketing	Underwriting	Closing Delivery Funding	Compliance Legal	Other
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Effective Dates

Friday, January 10, 2014

Effective for loan applications dated on or after this date.

Background Information

The Consumer Financial Protection Bureau (CFPB) issued a final rule on January 10, 2013, implementing the ability to repay (ATR) provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). At the direction of the Federal Housing Finance Agency (FHFA), to address the CFPB final rule, Fannie Mae and Freddie Mac revised their current policies regarding points and fees limitations.

Upon further review of requirements for investment property transactions, we determined that points and fees on investment property cash-out refinance transactions may not exceed 3% or such different amount in accordance with the qualified mortgage (QM) provisions of Regulation Z (12 CFR §1026.43(e)(3)).

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Bulletin Details

Summary of Changes

Fannie Mae and Freddie Mac retires their existing Agency points and fees test and replaces it with the points and fees test outlined below.

- Primary Residence and Second Home Loans: Total points and fees may not exceed 3% of the total loan amount or such different amount in accordance with the qualified mortgage (QM) provisions of Regulation Z (12 CFR §1026.43(e)(3)).
- Investment Property Loans:
 - Purchase and Rate/Term Refinance Transactions: Total points and fees may not exceed 5% of the total loan amount.
 - Cash-Out Refinance Transactions: Total points and fees may not exceed 3% of the total loan amount or such different amount in accordance with the qualified mortgage (QM) provisions of Regulation Z (12 CFR §1026.43(e)(3)).

As a reminder, SunTrust Mortgage will not purchase or fund any loan delivered as an Agency high cost/high fee loan.

SunTrust Mortgage will include all discount points in our initial high-cost loan test.

- If a loan fails the high-cost test, Correspondent lenders will be asked to provide documentation that discount points are bona fide.
- If documentation can be provided to show discount points are bona fide, they will be excluded from the high-cost loan test.

Information contained in this bulletin should not be deemed to constitute the provision of legal/compliance advice by SunTrust Mortgage. Correspondent lenders are urged to consult with their Legal/Compliance departments for information, interpretation, and/or additional requirements related to the ability to repay (ATR) provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).

Revised Materials

Click [Agency Loan Programs](#) and [SunTrust Compliance Overview](#) to review the revised product materials.

Action Required

Origination, Processing, Secondary Marketing, Underwriting, Closing, Delivery, Funding, Compliance, and Legal Starting January 10, 2014

Follow the guidance outlined in this bulletin for loan applications dated on or after January 10, 2014.

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Former Guidelines

Previously, the following points and fees limitations applied for Agency loan transactions:

- For loan amounts less than or equal to \$20,000, points and fees charged to the borrower may not exceed \$1,000.
- For loan amounts greater than \$20,000, points and fees charged to the borrower may not exceed 5% of the loan amount.

Other Resources

Support Group	Description and Contact Information:
Account Manager or Correspondent Relations Coordinator	Specific questions on applying this procedure to specific loan files. Direct contact information for each account manager or correspondent relations coordinator is located in General Section 1.01: The Correspondent Division
Resource Center	Provides phone and email support on products, policies, and procedures as well as new product rollout and existing product enhancement. Contact the Resource Center at 800.382.2111, Option 1, Option 2.

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