

Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

March 7, 2014 • COR14-030



Alert

Update

Reminder

Clarification

Training
Information

Preview

Revised Project Eligibility Requirement for Conventional Loans Regarding Common Expense Assessments

SunTrust Mortgage, Inc. updates and clarifies a condominium and Planned Unit Development (PUD) project eligibility requirement for conventional loans pertaining to common expense assessments.

Intended Audience

Origination
Processing

Secondary Marketing

Underwriting

Closing
Delivery
Funding

Compliance
Legal

Other

Effective Dates

Friday, March 7, 2014
Effective on or after this date
for new conventional loan
applications.

Background Information

Per Fannie Mae announcement SEL-2014-02, condominium and PUD projects in states which allow more than six months of regular common expense assessments to have priority over Fannie Mae's mortgage lien are no longer eligible, unless the applicable law providing for greater than six months priority was enacted on or before January 14, 2014 (such as Connecticut and Florida).

For loans delivered to SunTrust Mortgage, this requirement applies for all conventional loans, including the Key loan program.

Bulletin Details

Ineligible Condominium and PUD Projects (Fannie Mae and Freddie Mac)
For both condominium and PUD projects, the following characteristic now appears under Ineligible Projects:

Projects located in states where more than six months of unpaid regular association common expense assessments may have priority over the mortgage lien, unless the applicable law providing for greater than six months priority was enacted on or before January 14, 2014.

Action Required

Origination, Processing, and Underwriting Starting March 7, 2014
Be aware of the revised requirement for condominium and PUD projects referenced in this bulletin.

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Bulletin Details, continued

Freddie Mac Condominium Requirements – New and Established Projects

We also clarified the following Freddie Mac requirement for new and established condominium projects:

Any first mortgagee (lender) who obtains title to a condominium unit pursuant to the remedies in the mortgage or through foreclosure will not be liable for more than six (6) months of the unit's unpaid regularly budgeted dues or charges accrued before the acquisition of the title to the unit by the lender, unless a state law enacted on or before January 14, 2014, provides a longer priority period for the association's lien. If the condominium association's lien priority includes costs of collecting unpaid dues, the Seller/Servicer will be liable for any fees or costs related to the collection of the unpaid dues.

Revised Material

Click [SunTrust Condominium and PUD Approval Requirements](#) to review the revised material.

Former Guideline

Conventional loan eligibility requirements for condominium and PUD projects did not previously address the enactment of state laws which may allow greater than six months of regular common expense assessments to have priority over the first mortgage lien.

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.
Condo Desk	For general questions or additional information please email the SunTrust Mortgage Condominium Department at mortgage.condodesk@suntrust.com .

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