

Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

April 18, 2014 • COR14-045



Alert

Update

Reminder

Clarification

Training
Information

Preview

Cash Reserve Requirements for Key Loan Program

SunTrust Mortgage, Inc., clarifies cash reserve guidance for the Key Loan program, and updates cash reserve requirements based on loan amount.

Intended Audience

Origination Processing	Secondary Marketing	Underwriting	Closing Delivery Funding	Compliance Legal	Other
------------------------	---------------------	--------------	--------------------------	------------------	-------

Effective Dates

Monday, April 21, 2014
Effective with loans locked on or after this date.

Background Information

SunTrust Mortgage periodically reviews guidelines seeking opportunity to enhance clarity and increase efficiency. By revising the cash reserve requirements for the Key Loan Program, we strive to delight our correspondent lenders.

Bulletin Details

Cash Reserve Requirements

The below guidance details cash reserve requirements.

- Cash reserves must be comprised of financial assets that a borrower can readily access, as outlined in the assets section.
- Cash reserves must include the following components of the monthly housing expenses (PITIA):
 - principal and interest
 - hazard, flood, and mortgage insurance (MI) premiums
 - real estate taxes
 - ground rent
 - special assessments
 - HOA dues (excluding any utility charges that apply to the individual unit)
 - subordinate financing payments
- Base cash reserves for all transactions on the fully amortizing PITIA payment at the qualifying rate.

Action Required

Origination, Processing, Underwriting, Closing, Delivery, and Funding Starting January 1, 2013
Follow published guidance.

Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

April 18, 2014 • COR14-045



Bulletin Details, continued

Cash Reserve Requirements, continued

- The borrower may use assets received as a gift to supplement his or her own funds, but cannot rely solely on gift assets in satisfying any applicable financial reserve requirement.
- If the transaction involves a cash-out refinance, cash received by the borrower at closing is not considered “reserves” or an asset.
- Reserve requirements are as follows:
 - Standard LTV/TLTV

Loan Amount	Reserves Requirement
<= \$1,000,000	6 months
> \$1,000,000	12 months

- Cash-out may NOT be used to meet reserve requirements.

Revised Materials

Click [Key Loan Program](#) and Key Loan Eligibility Checklist ([COR 0650](#)) to view the revised material.

Former Guideline

Previously, the cash reserves section did not specify types of assets the reserves must be comprised of, or components to be included in calculating the monthly expenses. Also, reserve requirements were contained in the LTV tables.

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.

This information is for use by mortgage professionals only and should not be distributed to or used by consumers or other third parties. This is not for solicitation of sales. Information is accurate as of date of posting and is subject to change without current product details and lending procedure. SunTrust Mortgage, Inc. does not guarantee or assume liability for any third-party products or services. ©2011 SunTrust Banks, Inc. SunTrust, SunTrust Mortgage and Live Solid. Bank Solid. are federally registered service marks of SunTrust Banks, Inc.