

# Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

June 20, 2014 • COR14-066



Alert

Update

Reminder

Clarification

Training  
Information

Preview

## Assumptions for Agency, Key, and FHA

SunTrust Mortgage, Inc., clarifies assumption guidance for the Federal Housing Administration (FHA) 203b and Agency loan programs. Additionally, we announce the eligibility of assumptions for Key Loan Program Adjustable Rate Mortgage (ARM) transactions.

### Intended Audience

Origination  
Processing

Secondary Marketing

Underwriting

Closing  
Delivery  
Funding

Compliance  
Legal

Other

### Effective Dates

**Friday, June 20, 2014**  
Effective with new and existing applications.

### Background Information

SunTrust Mortgage recently conducted a review of our assumption guidelines. We identified opportunities to clarify existing guidelines and to implement improvements for best execution.

### Bulletin Details

#### Key Loan Program

In order to assure alignment with the security instrument, the Key Loan Program guidance states the following:

- Fixed rate products are not assumable, except as permitted by state and federal law.
- The following information applies to assumptions of ARM products:
  - the 5/1, 7/1, and 10/1 ARMs are assumable after the initial fixed rate period (i.e., after 60 months for the 5/1 ARM, after 84 months for the 7/1 ARM, and after 120 months for the 10/1 ARM).
- Lenders should advise borrower(s) to contact their current mortgage servicer for additional information.

### Action Required

**Origination, Processing, Underwriting, Closing, Delivery, and Funding**

**As of June 20, 2014**

Follow the guidelines outlined in this bulletin.

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## Bulletin Details, continued

### Agency Loan Programs

Clarifications to the Agency Loan Programs include the following:

- Fixed rate products are not assumable, except as permitted by state and federal law.
- Lenders should advise borrower(s) to contact their current mortgage servicer for additional information.

### FHA 203b Loan Program

Simplifying the guidance regarding assumptions, FHA assumption guidelines state all FHA-insured loans are assumable. Lenders should advise borrower(s) to contact their current mortgage servicer for additional information.

### Revised Materials

Click [Agency Loan Programs](#), [FHA](#), and [Key Loan Program](#) to view the revised material.

## Former Guideline

Formerly, the following guidance was in place regarding assumptions:

- Key reflected "not eligible",
- Agency loan programs did not specify fixed rate products were not assumable, except as permitted by state and federal law, and
- FHA provided specific guidance on the underwriting of assumptions, rather than instruct the lender to have the borrower(s) contact the current mortgage servicer for additional information.

## 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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