

Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

July 11, 2014 • COR14-075



Alert

Update

Reminder

Clarification

Training
Information

Preview

Student Housing: Second Home or Investment?

SunTrust Mortgage, Inc. clarifies guidelines for Agency loan program transactions originated to provide housing for a dependent while attending school. Originate, process, and close these transactions as investment properties; not second homes.

Additionally, we clarify that these transactions are ineligible under the Key Loan Program because investment properties are an ineligible occupancy type.

Intended Audience

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

No new effective date.

Background Information

We recently received inquiries regarding the ability to treat a property as a second home when a borrower's dependent child occupies the property while attending school (i.e., college). Fannie Mae and Freddie Mac confirmed that transactions originated for the purpose of providing housing for a dependent while attending school, must be treated as investment properties rather than second homes. We take this opportunity to clarify our existing guidelines to enhance customer experience and mitigate risk.

Bulletin Details

For a property to be eligible as a second home, it must meet the definition of a second home as defined in our currently published underwriting guidelines. This includes the requirement that the property must be available for the borrowers' exclusive use and enjoyment at all times.

Purchase and refinance transactions, originated to provide housing for a dependent while attending school, do not meet this exclusive use and enjoyment requirement. As a result, treat these transactions as investment properties.

Note: These transactions are ineligible under the Key Loan Program.

Action Required

Origination, Processing, Underwriting, Closing, Delivery, and Funding
Starting July 11, 2014
Follow the published guidance.

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Bulletin Details, continued

Revised Materials

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

Former Guideline

Previously, SunTrust Mortgage guidelines did not specifically address transactions originated to provide housing for a dependent while attending school.

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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