

# Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

August 29, 2014 • COR14-092



Alert

Update

Reminder

Clarification

Training  
Information

Preview

## Enhanced Large Deposit Requirements

SunTrust Mortgage, Inc. updates large deposit underwriting guidelines to align with investor guidelines for Agency transactions. Additionally, we take this opportunity to revise our large deposit guidance for the Key Loan Program.

### Intended Audience

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

#### Friday, August 29, 2014

Effective for new and existing loan applications on or after this date.

### Background Information

Fannie Mae and Freddie Mac both released bulletins amending their guidelines for what defines a large deposit. In response to these announcements, SunTrust Mortgage updates large deposit underwriting guidance for Agency loan programs to align with investor requirements for a better client experience. Specifically, we have increased the threshold for what defines a large deposit from 25% to 50% of total qualifying income.

We also identified the opportunity to review and revise existing large deposit guidelines for the Key Loan Program to enhance clarity and increase efficiency.

### Bulletin Details

#### Impacted Agency Loan Programs

The Agency updates outlined in this bulletin impact the following loan programs and apply for all underwriting methods (non-AUS, DU, and LP):

- Standard Agency
- Agency Plus
- Texas Cash-Out Refinance [50(a)(6)] First Mortgages

### Action Required

**Origination, Processing, Underwriting, Closing, Delivery, and Funding**  
**Starting August 29, 2014**  
Apply the guidance outlined in this bulletin.

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## Bulletin Details, continued

### Agency Large Deposit Updates

The following is a summary of the updates:

- A large deposit is defined as a single deposit that exceeds 50% of the total monthly qualifying income for the loan.
- If funds from a large deposit are needed to complete a purchase transaction (that is, are used for the down payment, closing costs, or financial reserves), documentation must be provided to confirm that those funds are from an acceptable source.
- Documentation or explanations for large deposits are not required for refinances, however, additional due diligence and documentation may be required by the underwriter to ensure that the large deposit is not borrowed funds.
- When a deposit has both documented and undocumented funds, only the undocumented portion must be used to calculate whether or not the deposit(s) must be considered a large deposit.
- Verified funds must be reduced by the amount (or portion) of the undocumented large deposit, and it must be confirmed that the remaining funds are sufficient for the down payment, closing costs, and financial reserves. When a reduced asset amount is used, net of the undocumented amount of a large deposit, that reduced amount must be used for qualifying purposes (whether the mortgage loan is underwritten manually, through DU, or LP).
- The source of a deposit of any amount must be documented, regardless of the transaction type, (purchase or refinance) if there is any indication that the funds are borrowed or are not from an eligible source.

### Key Large Deposit Updates

The following is a summary of the updates and clarifications:

- All assets needed to complete the transaction (used for the down payment, closing costs, or financial reserves) must be documented with evidence that the funds are from an acceptable source.
- The definition of large deposit remains as single or multiple deposits that exceed 25% of total monthly qualifying income.
- Explanations for large deposits will continue to be required for both purchase and refinance transactions.
- Verified funds must be reduced by any undocumented amount (or portion) of the large deposit. The underwriter must confirm that the remaining funds are sufficient for the down payment, closing costs, and financial reserves.

**Note:** The Key Loan Program large deposit updates also apply to the Jumbo Solutions Second Mortgage Loan Program.

### Before-and-After Matrix

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the updates effective for existing and new loan applications on or after August 29 2014.

### Revised Materials

Click [Agency Loan Programs](#), [Key Loan Program](#), and [Correspondent Agency Credit Overlay Matrix](#) to review the revised materials.

### Former Guideline

See the before-and-after matrix provided in the Bulletin Details section to access the former guidelines.

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## Other Resources

Support Group	Description and Contact Information:
Correspondent Relations Coordinator	Specific questions on applying this procedure to specific loan files. Direct contact information for each correspondent relations coordinator is located in General Section 1.01: The Correspondent Division.
Emerging Banker Account Executive	Specific questions on applying this procedure to specific loan files. Direct contact information for each account executive 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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