

Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

August 29, 2014 • COR14-093



Alert

Update

Reminder

Clarification

Training
Information

Preview

Important Disaster Area Guidelines to Remember

This communication is in response to the recent earthquakes and flash flooding, which has occurred in several market areas across the country, including, but not limited to Northern California and Washington State. As a reminder, correspondent lenders are responsible for being aware of the localities that have been impacted by a natural disaster, severe weather, or are located in a FEMA declared disaster area.

Intended Audience

Origination
Processing

Secondary
Marketing

Underwriting

Closing
Delivery
Funding

Compliance
Legal

Emerging
Bankers

Effective Dates

Wednesday, August 27, 2014
No new guideline revisions.

Background Information

SunTrust Mortgage publishes guidelines to assist lenders determine what defines a disaster area and when an additional property inspection is required. These guidelines apply to all conventional and government loan programs (AUS and traditionally underwritten), except where additional product guidance is provided.

Bulletin Details

What is an Adverse Event?

An adverse event is defined as one that causes substantial damage to numerous homes or a disruption in the economy in a geographic area. Adverse events include, but are not limited to, hurricanes, earthquakes, floods, landslides, tornadoes, wildfires, volcanic eruptions, civil unrest, and terrorist attacks.

SunTrust Mortgage Disaster Area Requirements

SunTrust requires the correspondent lender to make sure the property is still in existence using an inspection on the appropriate form. Lenders are reminded of their representations and warrants under the *Correspondent Loan Purchase Agreement* for Secured Property condition. The position of SunTrust Mortgage is that, regardless of whether or not FEMA has declared an area a disaster area, the requirements outlined in this communication and the published guideline must be met.

Action Required

Correspondent and Emerging Banker Lenders Beginning August 27, 2014
Review any loan files impacted by a recent disaster. Continue to follow Disaster Area Procedures outlined in the *Correspondent Seller Guide*.

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Bulletin Details, continued

Inspection guidelines

SunTrust Mortgage accepts the following inspection formats for a required inspection after an adverse event:

- A final inspection or appraisal update (Fannie Mae Form 1004D/Freddie Mac Form 442) signed by the original appraiser, OR
- A licensed appraiser, home inspector, general contractor, or third party inspection company must complete the acceptable inspection report.
- SunTrust Mortgage provides specific guidance in the Disaster Area Procedures located in the *Correspondent Seller Guide*.

Additional Verification Requirements

In addition to inspections, SunTrust requires other verifications prior to the purchase of the loan. These and all other disaster specific guidelines are found in [Disaster Area Guidelines](#). Regarding employment verification:

- If a disaster incident occurs after the Verbal Verification of Employment (VVOE), the lender must obtain an additional VVOE to ensure the borrower is still employed and that they are continuing to receive the same amount of income stated on the loan application.
- If at the time of closing, the borrower is no longer employed or the qualifying income has been reduced (i.e. verify for self-employed borrowers that the business is not impacted by the adverse event), this information must be reported to the underwriter for evaluation and re-approval prior to closing the loan.

FEMA Information

FEMA maintains a current list of all federally declared disaster areas on the FEMA website. If the FEMA website is not available, FEMA may be contacted at 800.621.FEMA (3362) for the listing.

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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