

Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

October 3, 2014 • COR14-099



Alert

Update

Reminder

Clarification

Training
Information

Preview

Enhancements to Rent Loss Insurance Requirements

SunTrust Mortgage, Inc. announces enhancements to rent loss insurance requirements for Agency loan transactions.

Intended Audience

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

Friday, October 3, 2014

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

Background Information

Freddie Mac Seller Guide Bulletin 2014-6 announced revisions to rent loss insurance requirements for two- to four-unit primary residences. In response to this update, we conducted a review of our Agency rent loss insurance requirements for primary residence and investment property transactions for all underwriting methods. We identified opportunities to implement revisions to align with investor requirements for overlay relief.

Bulletin Details

Impacted Loan Programs

The updates outlined in this bulletin impact the following loan programs:

- Standard Agency
- Agency Plus
- DU Refi Plus™

Action Required

Origination, Processing, Secondary Marketing, Underwriting, Closing, Delivery, Funding, Compliance, and Legal

Starting October 3, 2014

Apply the revised guidance outlined in this bulletin.

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Bulletin Details, continued

Summary of Updates

A summary of the updates are as follows:

- Rent loss insurance is no longer required on the following Agency loan transactions:
 - two- to four-unit primary residence non-AUS, DU, and LP transactions, and
 - one- to four-unit investment property, non-AUS and DU transactions.
- Rent loss insurance is now only required on Freddie Mac LP one- to four-unit investment property (subject property) transactions when rental income is being used to qualify.
- Fannie Mae and Freddie Mac allow the omission of Section D. Rent Loss insurance of the 1-4 Family Rider (form 3170 or state-specific version) when rent loss insurance is not required. If the subject property is a two- to four-unit primary residence, Freddie Mac states that originators must delete paragraph D ("Rent Loss Insurance Coverage") from the 1-4 Family Rider. 1-4 Family Rider authorized changes related to Section D. Rent Loss Insurance Coverage are outlined in the table below.

Subject Property Type	Fannie Mae Non-AUS or DU Loans	Freddie Mac LP Loans
2-4 Unit Primary Residence	<ul style="list-style-type: none">• Removal of Section D. Rent Loss Insurance Coverage is permitted, but not required.	<ul style="list-style-type: none">• Removal of Section D. Rent Loss Insurance Coverage is required.
1-4 Unit Investment Property	<ul style="list-style-type: none">• Removal of Section D. Rent Loss Insurance Coverage is permitted, but not required.	<ul style="list-style-type: none">• When rental income is NOT being used to qualify, removal of Section D. Rent Loss Insurance Coverage is permitted, but not required.• When rental income IS being used for qualification, removal of Section D. Rent Loss Insurance Coverage is NOT permitted.

Before-and-After Matrices

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the updates effective for new and existing loan applications on or after October 3, 2014.

Revised Materials

Click [Agency Loan Programs](#) and [Loan Delivery and Purchase Review](#) 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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