

Product Support Bulletin



Information for Correspondent Lenders of SunTrust Mortgage, Inc.
November 28, 2014 • COR14-108

Alert

Update

Reminder

Clarification

Training
Information

Preview

Agency Revisions and Other Guideline Improvements

SunTrust Mortgage, Inc. revises Agency product guidelines to align with recently announced Fannie Mae updates. Additionally, we announce our first installment of Agency guideline improvements.

Intended Audience

Origination Processing	Secondary Marketing	Underwriting	Closing Delivery Funding	Compliance Legal	Other
---------------------------	------------------------	--------------	--------------------------------	---------------------	-------

Effective Dates

Friday, November 28, 2014

All updates are effective immediately for existing and new loan applications on or after this date.

Background Information

On September 30, 2014, Fannie Mae published Selling Guide Announcement SEL-2014-12 that outlined updates for the following: automated asset verification, rental income treatment, employment related assets, and title insurance. In response to these updates, we identified opportunities to implement revisions to align with Agency requirements.

We are also addressing the feedback you provided regarding the presentation of our guidelines. Over the upcoming months we will be modifying our guidelines to more closely reflect the Agencies' language to ensure that there are no unintentional differences when we are fully aligning and to be transparent regarding the small number of SunTrust Mortgage overlays that will be maintained.

Bulletin Details

Agency Guideline Improvements

We listened to your feedback! Substantial guideline improvements are underway that will allow SunTrust Mortgage to offer market contemporary terms.

Over the upcoming months, we will reduce the number of overlays on our Agency products. We will also refresh our guideline documents to replicate Agencies' language for consistency and to eliminate redundancies. For ease of recognition, as topics are updated, we will underline any maintained overlays within the guideline documents.

Action Required

Origination, Processing, Secondary Marketing, Underwriting, Closing, Delivery, Funding, Compliance, and Legal Starting November 28, 2014

Apply the guidelines outlined in the Bulletin Details and related before-and-after matrix.

Product Support Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.
November 28, 2014 • COR14-108



Bulletin Details, continued

Impacted Loan Programs

Updates outlined in this bulletin impact the following Agency loan programs:

- Standard Agency
- Agency Plus
- DU Refi Plus™ transactions where guidance currently reverts to standard Agency guidelines
- Texas Cash-Out Refinances [50(a)(6)] First Mortgages

Note: Review the before-and-after matrix subsequently presented in this bulletin for a detailed overview of the impacted loan programs per update and underwriting method.

Guideline Updates

A summary of the updates are as follows:

- For non-AUS, DU, and LP transactions, clarified appraisal-reporting requirements for the price range and age range of properties in the subject neighborhood.
- For non-AUS and DU transactions, revised asset documentation requirements as follows:
 - incorporated new guidelines allowing third-party vendor verifications of asset and depository information

Note: We will embrace Freddie Mac's allowance of third-party vendor verifications of asset and depository information in our next installment of Agency updates, targeted for release on Friday, December 12, 2014.

- updated the age of asset documentation requirements
- For non-AUS and DU transactions, updated employment-related assets guidelines to:
 - Permit the eligibility of a retirement account (i.e., 401(k), IRA, SEP, or Keogh retirement account) when it is subject to a penalty. If a penalty applies, you must reduce the asset by the amount of any penalty that could apply upon distribution when determining the income stream
 - Revise the income stream calculation, which is now based on the term of the loan (in months) instead of always using 360 months
- For non-AUS, DU, and LP transactions, revised the listing of ineligible properties to more closely align with Fannie Mae and Freddie Mac published requirements
- For non-AUS and DU transactions, incorporated rental income changes and clarifications to address:
 - Rental income received through a partnership or an S-corporation
 - Borrowers who own multiple financed properties and rental income has been used to qualify
 - Using a current lease agreement to document rental income
- For non-AUS, DU, and LP transactions, revised guidelines within the following topics to align with Agency requirements:
 - Boarder income

Note: We eliminated the overlay that did not permit the payment of rent by the boarder directly to a third party.

- Occupancy Types / Investment properties
- Occupancy Types / Primary residences
- Title insurance

Note: We eliminated the overlay that required the purchase of a short form title policy.

Note: All other updates made were in support of the guideline improvements noted above (i.e., adopting Agency specific language, eliminating redundancies, and underlining overlays in the updated topics).

Product Support Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.
November 28, 2014 • COR14-108



Bulletin Details, continued

Before-and-After Matrix

[Click here](#) to see the before-and-after matrix that provides a detailed overview of all updates.

Revised Materials

Click [Agency Loan Programs](#), [Texas Cash-Out \[50\(a\)\(6\)\] Refinance First Mortgages](#), [DU Refi Plus™ Loan Program](#), [Agency Plus Loan Program](#), [Appraisal Guidelines](#), [Title Insurance](#), [Correspondent Agency Overlay Matrix](#), and [Correspondent DU Refi Plus Overlay Matrix](#) to review the revised product materials.

Former Guidelines

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

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.
Product Support	Provides phone and email support on products, policies, and procedures as well as new product rollout and existing product enhancement. Contact Product Support at 800.382.2111, option 4.

Confidential: This communication is provided for internal SunTrust teammate review only. The information contained herein is intended solely for the review of SunTrust Mortgage teammates and may contain confidential and/or privileged material. Any review, retransmission, dissemination, or other use of, or taking action in reliance upon, this information by person or entities other than the intended recipients is prohibited.