

Product Support Bulletin



Information for Correspondent Lenders of SunTrust Mortgage, Inc.
February 27, 2015 • COR15-012

Alert

Update

Reminder

Clarification

Training
Information

Preview

Agency Revisions and Additional Overlay Relief!

SunTrust Mortgage, Inc. revises Agency product guidelines to more closely align with recently announced Fannie Mae updates. Additionally, we announce our next installment of Agency overlay relief and guideline improvements.

Intended Audience

Origination
Processing

Secondary
Marketing

Underwriting

Closing
Delivery
Funding

Compliance
Legal

Other

Effective Dates

Friday, February 27, 2015

All updates, except the removal of the Florida second home geographic restriction, are effective immediately for both existing and new loan applications on or after this date.

Monday, March 2, 2015

The removal of the maximum 80% LTV/TLTV/HTLTV Florida second home geographic restriction is effective for loans locked on or after this date.

Background Information

Fannie Mae recently announced updates impacting several Agency guidelines in the following publications: Fannie Mae Announcements SEL-2014-13 and 2014-15. In response to these updates, we identified opportunities to implement revisions to align more closely with Fannie Mae requirements.

Additionally, we are presenting our next installment of overlay relief and guideline simplification to be competitive and to offer market contemporary terms.

Bulletin Details

Impacted Loan Programs

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

- Standard Agency
- Agency Plus
- DU Refi Plus™
- Texas Cash-Out Refinances [50(a)(6)] First Mortgages

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

Action Required

Origination, Processing, Secondary Marketing, Underwriting, Closing, Delivery, Funding, Compliance, and Legal Starting February 27, 2015

Apply the guidelines, that are effective immediately, outlined in the Bulletin Details and related before-and-after matrix.

Starting March 2, 2015

Apply the revised Florida second home guideline outlined in the Bulletin Details and related before-and-after matrix.

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Bulletin Details, continued

Guideline Updates

A summary of the updates are as follows:

- We removed the maximum 80% LTV/TLTV/HTLTV Florida second home geographic restriction in its entirety.
- Revised the maximum number of financed properties guidelines. Updates include, but are not limited to, the following:
 - For non-AUS, DU (including Agency Plus), and LP primary residence transactions, there is now no limit on the number of properties the borrower can currently be financing.

Note: Second home and investment property guidelines remain unchanged at this time. Overlays are underlined.

- For STM to STM DU Refi Plus transactions, removed the maximum \$2.5 million dollar borrower exposure limit. For all other transactions, maximum borrower exposure limitations remain unchanged. Overlays are underlined.
- For non-AUS, DU, and LP transactions, business assets are now an eligible source of funds for financial reserves. All other guidelines also now align with Fannie Mae and Freddie Mac requirements.
- For non-AUS, DU, and LP transactions, aligned alimony, child support, and maintenance payment (liability) guidelines with Fannie Mae and Freddie Mac guidelines regarding the treatment of voluntary payments.
- For non-AUS and DU transactions, aligned co-signed debt and court assigned debt guidelines with Fannie Mae requirements.
- For LP transactions, revised retirement fund guidelines to remove the requirement for the documentation of the terms for withdrawal for IRAs.
- For non-AUS, DU, and LP transactions, revised rural property guidelines to align with Fannie Mae and Freddie Mac guidance.
- Revised secondary financing guidelines. Overlays that remain are underlined.
- Revised spousal/partner buyout and inherited properties guidance for non-AUS and DU transactions:
 - We now permit temporary buydowns on these transactions.
 - The eligible occupancy type is no longer restricted to a primary residence.
 - We now base the ownership timeframe of the subject property on the disbursement date rather than application date.

Note: LP transactions remain ineligible.

- For LP transactions, the maximum amount charged or advanced on a credit card to pay fees associated with the mortgage application process may now not exceed the greater of 2% of the mortgage amount *or* \$1500.
- For non-AUS and DU transactions, revised individual development account guidelines to remove all overlays regarding the maximum ratio of matching funds.
- For non-AUS, DU, and LP transactions, removed all minimum borrower contribution overlay requirements from trade equity guidelines.
- For non-AUS, DU, and LP transactions, revised trust income guidelines to align with Fannie Mae and Freddie Mac requirements.
- For non-AUS transactions, revised non-traditional credit history requirements to align with Fannie Mae requirements.

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Bulletin Details, continued

Guideline Updates, continued

- Revised delayed financing cash-out refinance guidelines to align with Fannie Mae and Freddie Mac requirements.
- For STM to STM DU Refi Plus transactions, revised guidelines to permit non-seasonal unemployment compensation income.

Other Guideline Improvements

All other updates made were in support of our guideline improvements initiative (i.e., adopting Agency specific language, eliminating redundancies, relocating guidance, and underlining overlays in the updated topics).

As an example, for the following topics, we revised guidelines to adopt Agency (Fannie Mae and Freddie Mac) specific language and/or underline overlays. Guideline intent remained the same.

- Credit Score Requirements
- Donations by Entities
- Installment Debt
- Loans Secured by Financial Assets
- Mortgage Differential Payments
- Seasonal Income / Seasonal Unemployment Income (for non-HARP transactions)

Impact of Updates to our Agency Overlays and Agency & DU Refi Plus Overlay Matrices

With the release of the above referenced updates, we removed a total of 18 Agency overlays!

We updated the Agency Overlay Matrix to reflect the overlays removed as a result of these updates. In addition, we also updated the Agency and DU Refi Plus Overlay Matrices to reflect the overlays we have maintained (that are related to the topics addressed in this bulletin), including those that previously existed; however, not previously reflected on the overlay matrices. We will continue to evaluate opportunities to remove overlays throughout the year.

Before-and-After Matrices

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the updates effective immediately for new and existing applications on or after February 27, 2015.

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the updates effective for loans locked on or after March 2, 2015.

Revised Materials

Click [Agency Loan Programs](#), [Agency Plus](#), [DU Refi Plus™ Loan Program](#), [Appraisal Guidelines](#), [Maximum Number of Financed Properties and Borrower Exposure](#), [DU Refi Plus™ Loan Program Eligibility Checklist for Current SunTrust Customer\(s\) \(STM to STM\) \(COR 0161\)](#), [DU Refi Plus™ Loan Program Eligibility Checklist \(Non-STM to STM\) \(COR 1385\)](#), [Correspondent Agency Overlay Matrix](#), and [Correspondent DU Refi Plus Overlay Matrix](#) to review the revised product materials.

Former Guidelines

See the before-and-after matrices 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.
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.

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