

Product Support Bulletin



Information for Correspondent Lenders of SunTrust Mortgage, Inc.
June 3, 2016 • COR16-016

Alert

Update

Reminder

Clarification

Training
Information

Preview

Overlay Relief for Veterans Administration Loans

SunTrust Mortgage, Inc. revises guidelines for Veterans Administration (VA) loans to reduce overlays and more closely align with requirements of the VA Lenders Handbook.

Intended Audience

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

Monday, June 6, 2016
Effective for locks on or after this date.

Background Information

SunTrust Mortgage identified opportunities to align the guidelines of our VA loan program with requirements of the [VA Lenders Handbook](#). These guideline changes improve the lending experience for our correspondent clients, while also managing risk to our business.

Bulletin Details

Highlights of the Guideline Enhancements

Enhancements to our VA Loan Program include the following:

- Minimum 640 credit score for all loan amounts
- No minimum requirement for cash reserves
- Condominiums – no minimum square footage requirement; condos in Florida allowed
- Privately-held mortgages – removed SunTrust-specific requirements
- Cash-out refinances – borrower letter explaining use of loan proceeds no longer required
- Conversion of former primary residence into rental property – removed SunTrust-specific requirements
- Improved guidelines for outstanding collection accounts
- Explanation for credit inquiries reduced from 120 days to 90 days
- Improved guidelines for cash-out refinances on properties listed for sale prior to loan application
- Secondary financing allowed for loan amounts greater than \$417,000
- Additional assets no longer required when borrower charges cost of appraisal to a credit card

Action Required

Origination, Processing, Underwriting, Closing, Delivery, and Funding Starting June 6, 2016

Apply the new guidelines to VA loans locked on or after June 6, 2016.

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Bulletin Details, continued

Revised Material

Click [Veterans Administration \(VA\) Loan Program](#), [Government Credit Overlay Matrix](#), [VA Jumbo Eligibility Checklist \(COR 0360\)](#) to review the revised material.

Former Guidelines

- Minimum 640 credit score required, except as follows:
 - Minimum 680 credit score required for purchases on loan amounts \$417,001 to \$750,000
 - Minimum 700 credit score required for purchases on loan amounts to \$750,001 to \$1,033,000 and for cash-out refinances on loan amounts \$417,001 to \$1,033,000
- Two months of cash reserves required for loan amounts greater than \$417,000
- Condominium units less than 600 square feet not eligible unless readily marketable in the area and supported by comparable sales; condos in Florida not allowed
- Included SunTrust-specific requirements for payment verification of a privately-held mortgage
- Borrower letter explaining use of loan proceeds required for cash-out refinances
- Included SunTrust-specific requirements for conversion of former primary residence into rental property
- Outstanding collection accounts totaling more than \$5,000 required to be paid in full prior to closing
- Explanation required for credit inquiries in last 120 days
- More restrictive guidelines for cash-out refinances on properties listed for sale in last 12 months
- Secondary financing not allowed for loan amounts greater than \$417,000
- Additional assets required when borrower charges cost of appraisal to a credit card

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.
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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