

Product Support Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.
July 15, 2016 • COR16-021



Alert

Update

Reminder

Clarification

Training
Information

Preview

Agency Student Loan Debt and Other Revisions

SunTrust Mortgage, Inc. revises Agency student loan repayment options, acceptable social security income documentation requirements, and single-closing construction-permanent loan modification requirements in response to recently announced Fannie Mae updates.

Intended Audience

Origination
Processing

Secondary
Marketing

Underwriting

Closing
Delivery
Funding

Compliance
Legal

Other

Effective Dates

Friday, July 15, 2016

All construction-permanent updates are effective for new loan applications on or after this date.

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

Background Information

In SEL-2016-04, Fannie Mae announced updates to their student loan repayment options, acceptable social security income documentation requirements, and single-closing construction-permanent loan modification requirements when qualifying the borrower. In response to this publication, we reviewed impacted guidelines for all underwriting methods and identified opportunities to more closely align with Fannie Mae language and/or presentation of guidance.

Bulletin Details

Guideline Updates

A summary of the updates are as follows:

- For non-AUS and DU loans, aligned with Fannie Mae by adding the option to calculate a fully amortizing student loan payment when qualifying the borrower

Note: This option is in addition to using the actual fully amortizing payment, or a payment based on 1% of the outstanding balance of the loan(s).

Action Required

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

Starting July 15, 2016

Apply the guidelines as outlined in this bulletin and related Before-and-After Matrices.

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Bulletin Details, continued

Guideline Updates, continued

- For non-AUS and DU loans, aligned with Fannie Mae by clarifying that a recently issued Social Security Award letter is acceptable to document social security income if the borrower will begin receiving payments on or before the first payment date of the subject mortgage
- For non-AUS and DU loans, aligned with Fannie Mae by revising single-closing construction-permanent loan modification requirements to:
 - Provide specific guidance about terms that can change when converting the loan to the permanent phase
 - Include legal documentation requirements for the original construction loan and the modification
 - Clarify the loan must be underwritten based on the terms of the permanent financing. If the permanent financing terms are modified, and no longer reflect the terms on which the underwriting was based, the loan must be re-underwritten subject to certain re-underwriting tolerances.
 - For DU loans, aligned with Fannie Mae by:
 - Requiring the loan be re-submitted to DU if the final (modified) terms of the loan do not match the last submission to DU, subject to certain re-underwriting tolerances
 - Revising the timeframe for resubmission to DU after closing
 - Revise guidelines to adopt Fannie Mae specific language and presentation of guidance.
- For non-AUS loans, removing the overlay requiring underwriters to sign *The Uniform Underwriting and Transmittal Summary (Form 1008)*

Before and After Matrices

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the guideline updates effective immediately for new loan applications on or after July 15, 2016.

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the guideline updates effective immediately for existing and new loan applications on or after July 15, 2016.

Revised Material

Click [Agency Loan Programs](#) to review the revised product material.

Former Guidelines

See the before-and-after matrices 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
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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