

# Product Support Bulletin



Information for Correspondent Lenders of SunTrust Mortgage, Inc.  
September 2, 2016 • COR16-025

Alert

**Update**

Reminder

Clarification

Training  
Information

Preview

## Agency Overlay Relief!

SunTrust Mortgage, Inc. revises several Agency product guidelines to reduce overlays and more closely align with Fannie Mae and Freddie Mac requirements, and to reflect other guideline improvements. With this publication, we remove an additional 16 Agency overlays!

### Intended Audience

Origination  
Processing

Secondary  
Marketing

Underwriting

Closing  
Delivery  
Funding

Compliance  
Legal

Other

### Effective Dates

#### Friday, September 2, 2016

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

### Background Information

SunTrust Mortgage recently reviewed all Agency guidelines to determine where we can further align with investor requirements. We identified opportunities to implement revisions to more closely align with Fannie Mae and Freddie Mac requirements, while managing risk to our business.

Additionally, in support of our guideline improvement initiative, we continue to modify our guidelines to more closely reflect the Agencies' language and presentation of guidance.

### 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 matrix subsequently presented in this bulletin for a detailed overview of the impacted loan programs per update and underwriting method.

### Action Required

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

#### Starting September 2, 2016

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

# Product Support Bulletin

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## Bulletin Details, continued

### Agency Overlay Relief and Guideline Revisions

The table below outlines the overlay relief and guideline enhancements:

Overlay Removed	Guideline Enhancement
IRS form 4506-T	Eliminated the processing requirement for self-employed and investment income
Co-Signers	Added co-signers and guarantors as eligible borrowers
Condominiums	Removed the requirement for Loan Product Advisor (LPA) loans to follow non-AUS guidance when an environmental problem is identified
Escrow Waivers	Eliminated the requirement to establish an escrow account for leasehold estate ground rent when the ground lease agreement is in the name of the borrower
Job Related Expenses (Unreimbursed Employee Business Expenses)	Removed the requirement for LPA loans to follow non-AUS guidelines
Leasehold Estate Transactions	Added leasehold estate transactions as an eligible property type for LPA loans
Living Trust (Inter Vivos Trusts)	Aligned with Fannie Mae and Freddie Mac's guidance, resulting in the following guideline improvements: <ul style="list-style-type: none"> <li>• Institutional trustees permitted</li> <li>• Trustee signatures may be accomplished via power of attorney</li> <li>• Hypothecation Letter (COR 0008) recommended, but no longer required</li> <li>• Non-Revocation Affidavit (COR 0009) recommended, but no longer required</li> </ul>
MCCs	Added mortgage credit certificates (MCCs) as an eligible income type
Multiple Financed Properties	For second home and investment property transactions, increased the maximum number of financed properties for DU loans to ten; revised cash reserve requirements apply  <b>Note:</b> See the important note below regarding the revised cash reserve requirement associated with this update.
Non-Permanent Resident Aliens	Eliminated the requirement for a two year established credit history for LTV/TLTV/HTLTVs > 80%
Properties Affected by a Disaster	Removed the requirement for employment and income re-verification
Second Appraisals	Aligned with Fannie Mae and Freddie Mac guidance, resulting in Desk Review Appraisal (including Form 1033) eligibility for non-AUS and DU loans
Second Homes	Eliminated the requirement to treat purchase and refinance transactions, originated to provide housing for a dependent while attending school, as an investment property for DU loans

**Important Note:** For DU transactions, the revised cash reserve requirement referenced above in the **Multiple Financed Properties update, must be confirmed manually outside of DU.** Fannie Mae will automate this requirement with their upcoming DU 10.0 release, which is currently scheduled for the weekend of September 24, 2016.

# Product Support Bulletin

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## Bulletin Details, continued

### Other Guideline Improvements

All other updates made support our guideline improvements initiative (i.e., adopting Agency specific language, eliminating redundancies, and relocating guidance). Examples include but are not limited to:

- Refreshed the following topics to adopt Fannie Mae and Freddie Mac specific language and presentation of guidance:
  - Co-signers
  - Escrow Waivers
  - Job Related Expenses (Unreimbursed Employee Business Expenses)
  - Leasehold Estates
  - Living Trust (Inter Vivos Trust)
  - Second Appraisals
- Removed certain Agency guidance from the following General sections and relocated that guidance to Section 2.01: Agency Loan Programs of the *Correspondent Seller Guide*:
  - Section 1.08 Loan Delivery and Purchase Review
  - Section 1.10 Leasehold Estates
  - Section 1.31 Disaster Area Procedures

### Before and After Matrix

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

### Revised Material

Click [Agency Loan Programs](#), [DU Refi Plus Loan Program](#), [Condominium and PUD Approval Requirements](#), [Appraisal Guidelines](#), [Loan Delivery and Purchase Review](#), [Leasehold Estate Guidelines](#), [Non-Permanent Resident Alien Requirements](#), [Disaster Area Procedures](#), [Correspondent Agency Overlay Matrix](#) and [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
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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