

Product Support Bulletin



Information for Correspondent Lenders of SunTrust Mortgage, Inc.
September 23, 2016 • COR16-028

Alert

Update

Reminder

Clarification

Training
Information

Preview

FHA Overlay Relief and Streamline Expansion!

SunTrust Mortgage, Inc. revises several Federal Housing Agency (FHA) product guidelines to reduce overlays and more closely align with FHA requirements. Additionally, SunTrust Mortgage now offers Non-Credit Qualifying Streamline Refinances. With this publication, we remove 17 FHA overlays!

Intended Audience

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

Monday, September 26, 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 FHA guidelines to determine where we can further align with their requirements. We identified opportunities to more closely align with FHA requirements, while managing risk to our business.

We are expanding our streamline refinance offering to include a non-credit qualifying streamline for loans currently serviced by SunTrust Mortgage and credit qualifying streamline for loans not serviced by SunTrust Mortgage.

In support of our guideline improvement initiative, we continue to modify our guidelines to align more closely with FHA requirements.

Bulletin Details

Overlays Removed

Overlay relief for all loan amounts include the following:

- Minimum cash reserves required removed.
- Cash reserves from retirement accounts no longer restricted to 60% of the vested balance
- Verbal verification of employment (VVOE) for self-employed borrowers no longer required
- Removed requirement for executed 4506-T at both application and at closing.
- Removed restrictions on maximum number of financed properties and maximum exposure limits.

Action Required

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

Starting September 26, 2016

Apply the guidelines that are outlined in this bulletin and related before-and-after matrix.

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Bulletin Details, continued

Highlights of Guidelines Enhancements, continued

Overlay enhancements for all loan amounts include the following:

- Mixed-use Leasehold properties now permitted.
- Eligible borrowers include corporations, partnerships or sole proprietors.
- 203(b) with repair escrows are permitted with non-occupant co-borrower/co-signor provided they are a parent
- Borrower paid temporary interest rate Buydowns allowed.
- Energy Efficient Mortgages (EEM) and Good Neighbor Next Door (GNND) Incentive Programs now eligible.
- Fixed rate amortization period no longer limited to 30 years only.
- Minimum credit score reduced to 640 for all transactions, except non SunTrust Mortgage serviced credit qualifying streamlines.
- For cash-out refinances where the property was recently listed for sale, the property must be off the market for 60 days prior to loan application..

New Streamline Offerings

Non-credit Qualifying Streamline refinances is now available for current SunTrust Mortgage serviced loans that meet the following credit requirements:

- 0 x 30 12 month Mortgage payment history on all mortgages on the subject property reporting since the 1st payment due date of the mortgage that is being refinanced.

Credit Qualifying Streamlines refinances are now available for loans serviced by lenders other than SunTrust Mortgage that meet the following credit requirements:

- 0 x 30 12 month Mortgage payment history on all mortgages on the subject property reporting since the 1st payment due date of the mortgage that is being refinanced.
- Minimum 720 credit score for all borrowers.

Credit Qualifying Streamline refinances continue to be available for current SunTrust Mortgage serviced loans that meet the following credit requirements:

- 0 x 30 12 month Mortgage payment history on all mortgages on the subject property reporting since the 1st payment due date of the mortgage that is being refinanced.
- Minimum 640 credit score for all borrowers.

Other Guidelines Improvements

All other updates support our guideline improvement initiative. Revisions include but are not limited to the following:

- Removed HOI-6 (walls-in) insurance for condominiums, borrower required social security number (Tax Identification Number unacceptable) and waiver of escrows not permitted as redundant to FHA requirements..
- Updated Geographic Restrictions to align with SunTrust Mortgage policy.
- Non-permanent resident alien borrower guidance updated to provide more concise requirements and align with SunTrust Mortgage policy.
- Ineligible transactions list updated to permit Investment Properties on Non-Credit Qualifying Streamline refinance (STM to STM).
- Non-credit Qualifying Streamline of a loan not serviced by SunTrust Mortgage listed as an Ineligible Transaction.
- 105% CLTV/TLTV maximum updated to include Streamline refinances.

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Bulletin Details, continued

Before and After Matrix

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

Revised Materials

Click [Federal Housing Administration \(FHA\) Loan Programs](#), [Maximum Number of Financed Properties and Borrower Exposure](#), [Non-Permanent Resident Alien Requirements](#), [Verbal Verification of Employment Guidelines](#) and [Correspondent Government Overlay Matrix](#)

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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