

# Product Support Bulletin



Information for Correspondent Lenders of SunTrust Mortgage, Inc.  
January 20, 2017 • COR17-003

Alert

**Update**

Reminder

Clarification

Training  
Information

Preview

## Information Provided to Appraisers and Property Value Enforcement Relief

SunTrust Mortgage, Inc. revises Agency product guidelines to align with recently announced Fannie Mae updates. With these updates, we:

- identify when lenders must provide the appraiser with updates to the sales contract and circumstances that warrant updates to the appraisal
- add property value representations and warranties relief guidance for loans underwritten by the Correspondent lender

### Intended Audience

**Origination  
Processing**

Secondary Marketing

**Underwriting**

**Closing  
Delivery  
Funding**

**Compliance  
Legal**

Other

### Effective Dates

**Friday, January 20, 2017**  
These updates are effective immediately for existing and new loan applications on or after this date.

### Background Information

In SEL-2016-09, Fannie Mae announced revisions to their appraisal requirements regarding when lenders must provide the appraiser with updates to the sales contract and circumstances that warrant updates to the appraisal, and enforcement relief of representations and warranties related to the property value for certain loan casefiles. In response to this publication, we reviewed impacted guidelines and identified opportunities to align with Fannie Mae requirements.

### Bulletin Details

#### Information Provided to the Appraiser

For non-AUS and Desktop Underwriter® (DU®) loans, aligned with Fannie Mae by:

- Specifying that lenders must disclose changes to financial information (such as loan fees or charges, and subordinate financing by interested parties) to the appraiser only for purchase transactions

### Action Required

**Origination, Processing, Underwriting, Closing, Delivery, Funding, Compliance, and Legal Starting January 20, 2017**

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

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## Bulletin Details, continued

### Information Provided to the Appraiser, continued

- Revising appraisal requirements to reflect that if the contract is amended after the effective date of the appraisal in a way that does not affect the description of the property, then the lender is not required to provide the amended contract to the appraiser nor obtain a revised appraisal. Examples of amendments that do not require the lender to provide the amended contract nor obtain revisions to the already-completed appraisal report include:
  - sale price,
  - transaction terms,
  - financing concessions,
  - seller-paid closing costs,
  - names or initials,
  - closing date, and
  - correction of minor clerical errors such as misspellings.

### Enforcement Relief of Representations and Warranties on Property Value

For DU loans underwritten by the Correspondent lender, aligned with Fannie Mae as follows:

- To be eligible for enforcement relief, a loan must meet the following criteria:
  - be secured by a one-unit detached, attached, or condo property;
  - received a DU Approve/Eligible recommendation; and
  - the appraisal receives a Collateral Underwriter (CU™) risk score of 2.5 or below.
- When this criteria is met, the lender is not responsible for the following requirements:
  - underwriting the appraisal report to determine whether the subject property presents adequate collateral for the mortgage;
  - ensuring the appraisal accurately reflects the market value of the property;
  - ensuring the appraiser used sound reasoning and provided evidence to support the methodology chosen to develop the opinion of value; and
  - analyzing the comparable sales used in the appraisal report, including the description, selection, adjustments, and reconciliation of the comparables.
- The lender remains responsible for the description of the property, and the accuracy and completeness of all data on the appraisal that pertains to the property and project (if applicable). This includes the property's condition and quality ratings. The lender is also responsible for ensuring the property meets the property eligibility requirements. Lastly, the lender remains responsible for all other representations and warranties on the loan, including any life-of-loan representations and warranties that may apply to the property or the appraisal.

### Before and After Matrices

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

### Revised Materials

Click [Agency Loan Programs](#) and [Appraisal Guidelines](#) 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.

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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
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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