

# Product Support Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.  
May 26, 2017 • COR17-019



Alert

Update

Reminder

Clarification

Training  
Information

Preview

## Day 1 Certainty™ Alignment and Other Agency Revisions

SunTrust Mortgage, Inc. revises Agency product guidelines to fully align with Fannie Mae's Day 1 Certainty initiative and other recently announced updates. With these updates, we:

- expand property value representations and warranties relief to include non-AUS loans
- embrace property value representations and warranties relief guidance for loans underwritten by SunTrust Mortgage
- revise Desktop Underwriter® (DU®) validation service guidelines
- clarify homeownership education and housing counseling requirements

We also revise Agency product guidelines as a result of recently announced Freddie Mac Loan Product Advisor® (LPA®) updates to:

- align with Freddie Mac and now permit mortgages for borrowers without credit scores
- add collateral representation and warranty relief for loans underwritten by the Correspondent lender

### Intended Audience

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

#### Sunday, May 14, 2017

The LPA updates for borrowers without credit scores are effective for loan casefiles **originally** submitted to LPA on or after this date.

#### Friday, May 26, 2017

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

### Background Information

Fannie Mae and Freddie Mac announced updates impacting Agency guidelines in the following publications: Fannie Mae Announcements SEL-2017-02 and SEL-2017-03, and Freddie Mac Bulletins 2017-2 and 2017-3. In response to these publications, we reviewed impacted guidelines and identified opportunities to implement revisions to more closely align with Fannie Mae and Freddie Mac requirements.

In Correspondent Bulletin [COR17-003](#), published January 20, 2017, we aligned with Fannie Mae's property value representations and warranties relief guidance for loans underwritten by the Correspondent lender. At this time, we are implementing revisions to align with these Fannie Mae requirements for loans underwritten by SunTrust Mortgage.

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## Bulletin Details

### Day 1 Certainty Alignment Updates

A summary of the updates are as follows:

- For non-AUS and DU loans:
  - Expanding representations and warranties relief on the property value to include non-AUS loans
  - Loans underwritten by SunTrust Mortgage are now eligible for representations and warranties relief on the property value
- For loans utilizing the DU validation service:
  - Clarifying that lenders may obtain a verification report from either a report supplier or a report distributor

### Homeownership Education and Housing Counseling Updates

For non-AUS and DU loans, aligning with Fannie Mae by:

- Updating definitions to more clearly distinguish homeownership education from housing counseling
  - Specifying when education or counseling completion is required
    - Homeownership education completion is required prior to loan closing
    - Housing counseling completion is required prior to execution of the sales contract
  - Updating and renaming *Certificate of Completion of Housing Counseling* (Fannie Mae Form 1017); previously named *Certificate of Completion of Pre-purchase Housing Counseling*

**Note:** *Certificate of Completion of Housing Counseling* (Fannie Mae Form 1017) is required to document completion of housing counseling.

### Borrowers Without Credit Scores

For LPA loans, aligning with Freddie Mac by allowing certain LPA loan casefiles in which:

- No borrower on the mortgage has a credit score, or
- Not all borrowers on the mortgage have a usable credit score (i.e., at least one borrower has a usable credit score and at least one borrower does not have a usable credit score, as determined by LPA).

Specific eligibility requirements apply.

**Note:** With this update, SunTrust Mortgage removes our existing overlay for LPA transactions that required all borrowers on the loan to have at least one credit score.

## Action Required

**Origination, Processing, Secondary Marketing, Underwriting, Closing, Delivery, Funding, Compliance, and Legal Starting May 14, 2017**

Apply the guidelines that are effective for loan casefiles originally submitted to LPA on or after this date, as outlined in this bulletin and related Before-and-After Matrix.

## Starting May 26, 2017

Apply the guidelines that are effective immediately for new and existing loan applications on or after this date, as outlined in this bulletin and related Before-and-After Matrix.

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## Bulletin Details, continued

### Collateral Representation and Warranty Relief

For LPA loans underwritten by the Correspondent lender, aligning with Freddie Mac's collateral representation and warranty relief related to value, condition, and marketability of the subject property, as follows:

- The following requirements must be met for mortgages to be eligible for collateral representation and warranty relief:
  - The mortgage must be submitted to Loan Product Advisor (LPA)
  - The mortgage must be a purchase or no-cash out refinance transaction
  - The mortgage must be secured by a 1-unit dwelling
  - The borrower must be an individual or a living trust
  - Upon assessment of the appraisal by Loan Collateral Advisor<sup>®</sup>, the following message and/or indicator must be returned:
    - Uniform Collateral Data Portal<sup>®</sup> (UCDP<sup>®</sup>), feedback message FRE0000 indicating the appraisal is eligible for collateral representation and warranty relief
    - Loan Collateral Advisor indicator that the appraisal is eligible for collateral representation and warranty relief

**Note:** If the Mortgage Insurance (MI) company does not honor the associated representation and warranty relief, lenders are responsible for any consequences of the MI company rescinding coverage.

### Before and After Matrix

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the LPA guideline updates for borrowers without credit scores effective for loan casefiles originally submitted to LPA on or after May 14, 2017.

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the guideline effective immediately for both new and existing loan applications on or after May 26, 2017.

### Revised Materials

Click [Agency Loan Programs](#), [Appraisal Guidelines](#), [Underwriting](#), and [Correspondent Agency Overlay Matrix](#) to review the revised product materials.

## 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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