

# Product Support Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.  
September 1, 2017 • COR17-032



Alert

Update

Reminder

Clarification

Training  
Information

Preview

## Validation of Parties

SunTrust Mortgage, Inc announces changes to our Fraud Prevention Guidelines for our Key Loan, Federal Housing Administration (FHA) and Veterans Administration (VA) mortgage programs in regard to validation of parties to the mortgage transaction.

## Intended Audience

Origination  
Processing

Secondary Marketing

Underwriting

Closing  
Delivery  
Funding

Compliance  
Legal

Other

### Effective Dates

**Friday, September 1, 2017**  
Effective with new and existing loan applications on or after this date.

### Background Information

To improve guideline requirements and presentation, SunTrust Mortgage reviewed the validation of parties to the mortgage transaction guidelines and provides the enhancements outlined in the Bulletin Details section below.

## Bulletin Details

### Key Loan Program—Validation of Parties to the Mortgage Transaction

- For all transactions, it must be confirmed, as of the note date, that all borrowers and all parties that played a role in the origination of the mortgage or the underlying real estate transaction are not found on the U.S. General Services Administration Excluded Parties List [GSA EPL](#), HUD Limited Denial of Participation List [HUD LDP](#), or SunTrust Ineligible Lists.
  - If a party whose name is on the [GSA EPL](#), [HUD LDP](#), or SunTrust Ineligible List is the borrower on the mortgage or played a role in the origination of a mortgage or the underlying real estate transaction, the mortgage is not eligible to be funded or purchased by SunTrust Mortgage.

#### Notes:

- Name variations (AKAs) including maiden names, etc. shown on the credit report, in addition to the borrowers' names must be checked.

### Action Required

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

**Starting September 1, 2017**

Apply the guidelines as outlined in this bulletin.

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## Bulletin Details, continued

### Key Loan Program-Validation of Parties to the Transaction, continued

- Parties to the transaction must be checked prior to the loan closing, but not rechecked after the closing documents have been returned.
- If a positive result for any of the parties to the transaction is returned, additional due diligence and investigative measures are required to ensure that the applicable party to the loan is not the party found on the exclusionary list (using information such as prior addresses and employment checks).
- The lender is required to document and implement as part of its hiring process a procedure for checking all employees, including management, involved in the origination of mortgage loans (including application through closing) against the [GSA EPL](#), the [HUD LDP](#) List and the Federal Housing Finance Agency's (FHFA) Suspended Counterparty Program ([SCP](#)) list.
- Allowing individuals on these lists to manage or perform origination functions may increase the lender's exposure to fraud. Therefore, SunTrust Mortgage requires that if, at the time of hire, the lender has determined that an individual is on the GSA, LDP, or SCP list, the lender may not permit that employee to manage or perform origination functions on loans funded or purchased by SunTrust Mortgage.

**Note:** An individual confirmed to be on one of these lists for any reason may not be permitted to manage or perform origination functions on any loans funded or purchased by SunTrust Mortgage. For example, an individual who is excluded from participating in HUD multifamily programs should be excluded from involvement in the origination of any SunTrust Mortgage loans.

- Lenders can access the GSA, LDP, and SCP lists via the links provided below:
  - GSA EPL – available through [GSA's System for Award Management](#) website. The review of GSA EPL must include a search for actions taken across all federal agencies.
  - HUD's LDP List – available through [HUD's website](#).
  - FHFA's SCP List – available through [FHFA's website](#).
- The GSA and LDP lists are also available via [AllRegs](#).

### Documentation Requirements

- Certification of exclusionary list results must reflect the date checked, validate that all parties to the transaction are not reflected on any lists, and retained in the loan file. Lenders can access the GSA, LDP, and SCP lists via the links provided below:

#### Before and After Matrix

[Click here](#) to see the before and after matrix that provides a complete overview of all validation of parties guideline revisions.

#### Revised Materials

Click [Key Loan Program](#), [FHA 203b Loan Program](#), [Veterans Administration \(VA\) Loan Program](#), [Fraud Prevention Guidelines](#) to review the revised material.

### Former Guidelines

See the before and after matrix provided in the Bulletin Details section of this bulletin to access the former validation of parties 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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