

Product Support Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.
January 12, 2018 • COR18-002



Alert

Update

Reminder

Clarification

Training
Information

Preview

Refreshed Guidelines for Agency Texas Section 50(a)(6) Mortgage Loans

SunTrust Mortgage, Inc. announces refreshed guidelines for Agency Texas Section 50(a)(6) first mortgages.

Intended Audience

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

Friday, January 12, 2018
Effective for Agency Texas Section 50(a)(6) first mortgages and Agency Texas Section (a)(4) first mortgages meeting requirements under Subsection 50(f)(2)(D), closed after this date.

Background Information

Fannie Mae Announcement SEL-2017-10 announced changes for Texas 50(a)(6) first mortgages, resulting from recently approved amendments to the Texas Constitution affecting home equity lending. In response to these changes, SunTrust Mortgage reviewed the impacted guidelines and identified opportunities to more closely align with Fannie Mae requirements.

Additionally, in support of our guideline improvement initiative, we reviewed our guidelines in their entirety and identified opportunities to refresh our guidelines to more closely reflect the Agencies' language and/or presentation of guidance.

Bulletin Details

Important Reminder

As announced in our Product Support Bulletin [COR17-048](#), SunTrust Mortgage will not purchase Agency Texas Section 50(a)(6) first mortgages that closed during the first 12 days of 2018.

Guideline Updates

A summary of the updates are as follows:

- under the Refinance topic, an update pertaining to existing Section 50(a)(6) mortgages that are closed as **non**-Section 50(a)(6) loans under Section (a)(4) of the Texas Constitution

Note: Non-Section 50(a)(6) loans under Section (a)(4) that meet specific requirements under Subsection 50(f)(2)(D), are eligible for purchase with SunTrust Mortgage as a standard Agency limited cash-out refinance [Non-AUS, Desktop Underwriter® (DU®) and Loan Product Advisor® (LPA®)] as long as they comply with all Texas state-specific requirements for such transactions (i.e., applicable seasoning, max 80% limitation, restrictions on funds advanced in the new transaction, and disclosure requirements).

Action Required

Origination, Underwriting, Closing, Delivery, Funding, Compliance, and Legal Starting January 12, 2018

Follow the revised requirements as outlined in this bulletin.

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Bulletin Details, continued

Guideline Updates, continued

- under the Appraisal Requirements topic, an update stating that the appraisal must be attached to the written acknowledgement of value, and
- under the Closing and Loan Settlement topic, revised mortgage documentation requirements for Agency Texas Section 50(a)(6) first mortgages.

Guideline Improvements

- In addition to the guideline updates outlined above, we removed the following topics which are covered in Texas state law:
 - Rural Homesteads,
 - Urban Homesteads, and
 - Use of Loan Proceeds

Note: Although SunTrust Mortgage guidelines will no longer outline the above referenced topics, by sale of a Texas Section 50(a)(6) mortgage to SunTrust Mortgage, Correspondent lenders represent and warrant that the mortgage loan complies with all requirements of Article XVI, Section 50(a)(6) of the Texas Constitution and all applicable SunTrust Mortgage requirements, as outlined in the [Texas Cash-Out \[50\(a\)\(6\)\] Refinance First Mortgages](#) document.

Revised Material

Click [Texas Cash-Out \[50\(a\)\(6\)\] Refinance First Mortgages](#) and [Agency Loan Programs](#) to review the revised material.

Former Guidelines

Our guidelines for Agency Texas Section 50(a)(6) first mortgages previously included:

- the following topics containing information specific to Texas state law:
 - Rural Homesteads,
 - Urban Homesteads, and
 - Use of Loan Proceeds
- an explanation of the consumer safeguards represented in the *Texas Home Equity Affidavit and Agreement First Lien* (Form 3185).

Non-Section 50(a)(6) loans under Texas Section (a)(4) and Subsection 50(f)(2)(D) were not previously allowed in the state of Texas.

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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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