

Product Support Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.
March 23, 2018 • COR18-014



Alert

Update

Reminder

Clarification

Training
Information

Preview

VA Lender Paid Buydown and Principal Curtailment

SunTrust Mortgage, Inc. revises Veterans Affairs (VA) guidelines to align with recently announced clarification for lender paid temporary interest rate buydowns including the discontinuance of the Adjustable Rate Mortgage (ARM) Alternative. Additionally, we continue to provide overlay relief for principal curtailment.

Effective Dates

Friday, March 23, 2018

Background Information

Circular 26-18-4 clarifies VA policy prohibiting lender paid temporary interest rate buydowns.

Additionally, SunTrust Mortgage reviewed VA guidelines and identified an opportunity to align with VA for principal curtailments.

Bulletin Details

Lender Paid Temporary Interest Rate Buydown

VA prohibits lenders from paying temporary buydown fees and charges; however, it is acceptable for a seller to pay these fees and charges.

VA has observed that some lenders are funding temporary buydown accounts and escrow accounts in order to subsidize payments through an above market interest rate, or a combination of discount points and above market interest rate. VA views this as a cash-advance on principal and prohibits.

As a result, we are removing references to ARM Alternative.

Principal Curtailment

Align with VA by permitting principal curtailments.

Before and After Matrix

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

Revised Materials

Click [Veterans Administration \(VA\) Loan Programs](#), [ARM Alternative](#), and [Loan Delivery and Purchase Review](#) to review revised materials.

Former Guidelines

See the before-and after matrix provided in the Bulletin Details section to access former guidelines.

Product Support Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.
March 23, 2018 • COR18-014



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.

This information is for use by mortgage professionals only and should not be distributed to or used by consumers or other third parties. This is not for solicitation of sales. Information is accurate as of date of posting and is subject to change without current product details and lending procedure. SunTrust Mortgage, Inc. does not guarantee or assume liability for any third-party products or services. ©2018 SunTrust Banks, Inc. SunTrust, and SunTrust Mortgage are federally registered service marks of SunTrust Banks, Inc.