

# Product Release



Information for Correspondent Lenders of SunTrust Bank  
October 26, 2018 • COR18-052

Alert

Update

Reminder

Clarification

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Preview

## Agency Guideline Revisions

SunTrust Bank (SunTrust) revises Agency product guidelines to align with recently announced Fannie Mae updates for non-AUS and Desktop Underwriter<sup>®</sup> (DU<sup>®</sup>) transactions. With these updates we:

- clarify the maximum time period permitted between the final disbursement of a loan and the borrower's first payment date
- update guidance related to Fannie Mae's DU loan casefile archival policy
- revise the name and description of Special Feature Code 588 Detached Condominium Unit
- revise HomeStyle Renovation requirements related to the process of disbursing renovation funds

We also clarify first payment date requirements for Freddie Mac LPA transactions and continue to improve the presentation of our guidelines.

### Effective Dates

All updates are effective immediately for new and existing loan applications on or after October 26, 2018.

### Background Information

Fannie Mae SEL-2018-06 announced updates impacting several Agency guidelines. In response to this publication, we reviewed impacted guidelines (for all underwriting methods) and identified opportunities to implement revisions to align with Fannie Mae and Freddie Mac requirements. Additionally, in support of our guideline improvement initiative, we continue to refresh our guidelines to more closely reflect the Agencies' language and/or presentation of guidance.

### Bulletin Details

#### First Payment Date

We clarify the maximum time period permitted between the final disbursement of a loan and the borrower's first payment date as follows:

- For non-AUS and DU transactions, the first payment date must be no later than two months from the final disbursement date of the loan proceeds. In the case of a single-close construction-to-permanent loan, the two month period begins at the time of the conversion to permanent financing.
- For LPA transactions, amortization must begin no later than 62 days after final disbursement of the mortgage proceeds.

#### DU Loan Casefile Archival Policy

We revise guidelines to reflect that DU loan casefiles are archived and no longer retained in DU 26 months from the date the loan casefile was last updated. Fannie Mae no longer uses the date the loan casefile was created to determine when it should be archived.

#### Special Feature Code 588 Detached Condominium Unit

For non-AUS and DU transactions, we update the name and description of Special Feature Code 588 **Detached Condominium Unit** to clarify it applies to detached units in an attached or detached condominium project.

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## Bulletin Details, continued

### Disbursement of HomeStyle Renovation Funds

For non-AUS and DU HomeStyle Renovation mortgage transactions, we revise guidelines related to the process of disbursing renovation funds as follows:

- Renovation funds may be disbursed using wire transfers as long as the lender has obtained written consent from the borrower to release funds to the contractor. Lenders continue to have the option to disburse renovation funds using a check jointly issued to the borrower and the contractor.
- All mechanics liens must be cleared or waived prior to the final disbursement at the completion of the renovation project. Lenders are no longer required to obtain lien waivers at each disbursement.

### Important Reminders:

- All HomeStyle Renovation mortgage transactions must be underwritten by the Correspondent lender (approved by SunTrust for delegated underwriting authority). HomeStyle Renovation mortgage transactions are not eligible for purchase if SunTrust underwrites the loan.
- Due to the unique activities and responsibilities required after closing (and prior to purchase) for HomeStyle Renovation Mortgage transactions, for additional clarity, all references to "lender" in the above update and published HomeStyle Renovation guidelines (unless otherwise noted) refers to the Correspondent lender underwriting and monitoring the completion of the HomeStyle Renovation Mortgage transaction.

### Other Guideline Improvement Updates

We revise the topics outlined below to more closely reflect Fannie Mae's language and/or presentation of guidance. For the impacted revisions, guideline intent remains the same.

- Reporting of Gross Monthly Rent (for investment properties and 2-4 unit primary residences)
- Validation of Parties to the Mortgage Transaction

### Before and After Matrix

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

### Revised Materials

Click [Condominium and PUD Approval Requirements](#) and [Agency Loan Programs](#) to review the revised product materials.

### Former Guidelines

See the before and after matrix provided in the Bulletin Details section of this bulletin 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 3.

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