

Product Release



Information for Correspondent Lenders of SunTrust Bank
December 21, 2018 • COR18-063

Alert

Update

Reminder

Clarification

Training
Information

Preview

Agency Home Possible 5/5 ARM and Texas Section 50(a)(6) Enhancements

SunTrust Bank (SunTrust) revises Agency product guidelines to expand Loan Product Advisor[®] (LPA[®]) eligibility of the 5/5 Constant Maturity Treasury (CMT) adjustable rate mortgage (ARM) to include Home Possible mortgages.

Additionally, we announce overlay relief and guideline improvements for our Texas Section 50(a)(6) first mortgages including: expanding eligible underwriting methods to include traditional underwriting (i.e., non-AUS) and LPA, permitting non-AUS and LPA fixed rate and LIBOR ARM transactions, and adding a limited cash-out (rate/term) refinance option.

Effective Dates

All updates are effective for loans locked on or after December 21, 2018.

Background Information

Freddie Mac Bulletin 2017-26 announced updates related to eligibility requirements for Home Possible mortgages and Texas Section 50(a)(6) mortgages. In response to these publications, we reviewed impacted guidelines and implemented revisions to align with Freddie Mac requirements. Additionally, we continue to provide overlay relief and improve the presentation of our guidelines.

Bulletin Details

Home Possible 5/5 ARM Update

For LPA loans, aligning with Freddie Mac by expanding eligibility of 5/5 ARMs to include Home Possible mortgages

Texas Section 50(a)(6) Mortgage Updates

A summary of the overlay relief and guideline improvements for Agency Texas Section 50(a)(6) mortgages are as follows:

- Expanding underwriting methods to include non-AUS and LPA
- Permitting fully amortizing fixed rate and 7/1 and 10/1 LIBOR ARMS as eligible loan products (non-AUS and LPA)
- Adding a limited cash-out (rate/term) refinance option (all underwriting methods)
- Incorporating Fannie Mae and Freddie Mac specific guidance (all underwriting methods)
- Updating the name of the Texas Cash-Out 50(a)(6) Refinance First Mortgages loan program to now reflect the name of Texas Section 50(a)(6) Mortgages

Note: By sale of a Texas Section 50(a)(6) mortgage to SunTrust, 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 requirements, as outlined in the [Texas Section 50\(a\)\(6\) Mortgages](#) document located on the *Correspondent Seller Guide*.

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Bulletin Details, continued

Before and After Matrix

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

Revised Materials

Click [Eligible Mortgage Loans](#), [Automated Underwriting](#), [Underwriting](#), [Subordination of SunTrust Second Mortgage Loans](#), [Fannie Mae HomeReady®](#) and [Freddie Mac Home Possible® Mortgages](#), [Texas Section 50\(a\)\(6\) Mortgages](#), Texas Automatic Subordination Checklist ([COR 1380](#)), and [Correspondent Agency Overlay Matrix](#) to review the revised 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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