

Product Release

Information for Correspondent Lenders of SunTrust Bank
February 8, 2019 • COR19-003



Alert

Update

Reminder

Clarification

Training
Information

Preview

LPA Self-Employment Income and Other Agency Revisions

SunTrust Bank (SunTrust) revises Agency Loan Product Advisor[®] (LPA[®]) guidelines to align with recently announced Freddie Mac updates. With these updates we:

- revise self-employment income requirements when the income is not used for qualifying purposes
- revise authorized user account guidance
- simplify primary residence guidance for borrowers who provide housing for a parent or disabled child
- expand property condition guidance to include examples
- allow an alternate equivalent form to Form 1077, *Uniform Underwriting and Transmittal Summary*

Effective Dates

All updates are effective immediately for new and existing loan applications on or after February 8, 2019.

Background Information

Freddie Mac Bulletin 2018-13 and 2018-15 announced updates related to the following: Form 1077, self-employment income, authorized user accounts, primary residence transactions, and property condition. In response to these publications, we reviewed impacted guidelines and identified opportunities to implement revisions to align with Freddie Mac requirements.

Bulletin Details

Self-Employment Income Revisions

For LPA loans, we align with Freddie Mac by removing the requirement to document or evaluate self-employment income or loss when the income is not used for qualifying purposes, for each borrower who:

- Has a primary source of income, other than self-employment, used for qualifying, and
- Is self-employed, and the self-employment income is a secondary source of income

Other Guideline Revisions

For LPA loans, we align with Freddie Mac by:

- Revising authorized user account guidance as follows:
 - Lenders will only be required to meet existing additional requirements if the Feedback Certificate contains a feedback message regarding authorized user accounts
- Simplifying primary residence guidance for borrowers who provide housing for a parent or disabled child by:
 - Permitting the borrower to be considered an occupying borrower if the property is occupied as a primary residence by an individual(s) who:
 - Is the borrower's parent(s), or
 - Has a physical or developmental disability and the borrower is the individual(s) parent or legal guardian
 - Removing the SFC H32 requirement (for both Desktop Underwriter[®] (DU[®]) and LPA transactions)
- Expanding property condition guidance by providing:
 - Examples of types of conditions that would cause a property to be identified with a C5 or C6 condition rating
 - Additional examples of acceptable minor needed repairs or deficiencies, or deferred maintenance items that do not need to be repaired
- Allowing an alternative equivalent form (e.g., a Feedback Certificate) to be included in the mortgage file in lieu of Form 1077, *Uniform Underwriting and Transmittal Summary*

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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 updates.

Revised Materials

Click [Appraisal Guidelines](#) 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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