

# Product Release

Information for Correspondent Lenders of SunTrust Bank  
September 6, 2019 • COR19-040



Alert

Update

Reminder

Clarification

Training  
Information

Preview

## Home Possible Enhancements and Other Agency Revisions

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

- permit transactions originated using high-cost area (i.e., high-balance) loan limits
- allow adjustable rate mortgage (ARM) transactions for 3- to 4-unit properties
- consolidate Home Possible and Home Possible Advantage mortgage requirements into one offering

We also revise manually underwritten (non-AUS) eligibility requirements, for loans with maximum debt-to-income ratios (DTIs) of 36%, to more closely align with Fannie Mae requirements.

Additionally, in support of our guideline improvement initiative, we refresh principal curtailments guideline requirements (for all underwriting methods).

### Effective Dates

These updates are effective for loans locked on or after September 7, 2019.

### Background Information

Fannie Mae SEL-2019-02 and Freddie Mac Bulletin 2018-13 announced updates impacting several Agency guidelines. In response to these publications, we reviewed impacted guidelines and identified opportunities to implement revisions to more closely align with Fannie Mae and Freddie Mac requirements.

In support of our guideline improvement initiative, we reviewed principal curtailments guideline requirements and identified opportunities to refresh our guidelines to align with the Agencies' language and/or presentation of guidance.

### Bulletin Details

#### Home Possible Enhancements

For LPA loans, we align with Freddie Mac by revising Home Possible guidelines as follows:

- Permitting transactions originated using high-balance loan limits with maximum LTV/TLTV/HTLTV ratios of 95% (a TLTV ratio of less than or equal to 105% is permitted for mortgages with Affordable Seconds®)
- Allowing 5/1, 5/5, 7/1, and 10/1 ARMs for mortgages secured by 3- to 4-unit properties with maximum LTV/TLTV/HTLTV ratios of 75%
- Combining current requirements for Home Possible and Home Possible Advantage mortgages into a consolidated Home Possible mortgage offering, including:
  - Continuing to offer up to 97% financing (for fixed-rate mortgages on one-unit properties)
  - Permitting standard secondary financing, including HELOCs, for mortgages with a TLTV/HTLTV ratio of less than or equal to 97% (for fixed-rate mortgages on one-unit properties)
  - Removing all references to the Home Possible Advantage naming convention

#### Non-AUS Eligibility Requirements Revisions

For non-AUS loans, we more closely align with Fannie Mae by embracing the standard eligibility requirements, related to credit score and minimum cash reserves, for loans with a maximum DTI of 36%.

**Note:** A minimum 640 credit score requirement applies. This is an overlay.

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## Bulletin Details, continued

### Principal Curtailments Guideline Improvements Updates

For non-AUS, Desktop Underwriter<sup>®</sup> (DU<sup>®</sup>), and LPA loans, we revise principal curtailments guideline requirements to align with the Agencies' language/or and presentation of guidance. For these guideline improvement revisions, guideline intent remains the same.

### Before and After Matrix

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

### Revised Materials

Click [Loan Delivery and Purchase Review](#), [Agency Loan Programs](#), [Fannie Mae HomeReady<sup>®</sup>](#) and [Freddie Mac Home Possible<sup>®</sup> Mortgages](#), and [Correspondent Agency Overlay Matrix](#) 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. Contact Correspondent Relations Coordinators at 800.382.2111, Option 1.
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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