

Product Release

Information for Correspondent Lenders of SunTrust now Truist Bank
March 13, 2020 • COR20-008



Alert

Update

Reminder

Clarification

Training
Information

Preview

LPA CHOICERenovation Mortgages and Other Agency Revisions

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

- provide new financing options available in conjunction with Freddie Mac's CHOICERenovationSM mortgage
- revise gift fund requirements
- clarify general income documentation requirements when taxpayer consent is required

Additionally, we update credit report guidelines to require that all three credit repositories have been accessed and none are currently frozen (for all underwriting methods).

Effective Dates

- Updates related to gift funds and frozen credit are effective immediately for new loan applications on or after March 13, 2020.
- All other updates are effective immediately for existing and new loan applications on or after March 13, 2020.

Background Information

Freddie Mac Bulletin 2019-14 and 2020-1 announced updates impacting various LPA guideline requirements. In response to these publications, we reviewed impacted guidelines and identified opportunities to implement revisions to more closely align with Freddie Mac requirements.

Additionally, based on a comprehensive merger-related credit risk assessment, we update our credit report requirements regarding frozen credit.

Bulletin Details

CHOICERenovation Mortgages

- Freddie Mac's new CHOICERenovation mortgage enables a borrower to use mortgage proceeds from a purchase or "no cash-out" refinance transaction to pay for repairs and/or improvements to the property.
- All CHOICERenovation mortgage transactions must be underwritten by the Correspondent lender (approved by SunTrust now Truist for delegated underwriting authority). CHOICERenovation mortgage transactions are not eligible for purchase if we underwrite the loan.
- We require delivery of all CHOICERenovation loans for purchase within 9 months of the date of the mortgage note. Additionally, we require all renovation work to be complete when the loan is delivered for purchase.
- To identify a loan originated using Freddie Mac's CHOICERenovation mortgage feature:
 - Use SFC J25
 - Select the "ChoiceRenovation" loan category in LendingSpace
- See the attached before and after matrix for additional details related to this new offering.

Gift Funds

For LPA loans, we align with Freddie Mac and require that in all instances when gift funds are used, the lender must provide evidence of:

- Transfer of funds from the donor's account in a financial institution to the borrower's account, or
- Transfer of the funds from the donor's account in a financial institution to the settlement or closing agent.

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Bulletin Details, continued

Frozen Credit

For non-AUS, Desktop Underwriter® (DU®), and LPA loans, we revise credit report requirements to state that the credit report utilized to make the credit decision must reflect all three credit repositories have been accessed and none are currently frozen. This is a new overlay.

General Income Documentation Requirements

For LPA loans, we align with Freddie Mac and add a note clarifying that when taxpayer consent is required under the Taxpayer First Act (needed when lenders obtain the borrower's tax return information), lenders must ensure that the form of consent obtained permits the use and sharing of tax return information with another party.

Before and After Matrices

- [Click here](#) to see the before and after matrix that provides a detailed overview of the updates that are effective immediately for new loan applications.
- [Click here](#) to see the before and after matrix that provides a detailed overview of the updates that are effective immediately for existing and new loan applications.

Revised Materials

Click [Underwriting](#), [Loan Delivery and Purchase Review](#), [Agency Loan Programs](#), [Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages](#), and [Correspondent Agency Overlay Matrix](#) to review the revised product materials.

Former Guidelines

See the before and after matrices 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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