

# Product Release

Information for Correspondent Lenders of SunTrust now Truist Bank  
May 29, 2020 • COR20-019



Alert

Update

Reminder

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## Agency Guideline Revisions

SunTrust now Truist Bank (Truist) revises Agency non-AUS and Desktop Underwriter<sup>®</sup> (DU<sup>®</sup>) guidelines to align with recently announced Fannie Mae updates related to calculating the real estate tax amount included in the monthly housing expense for loan qualification and escrow account purposes.

Additionally, we revise non-AUS and DU spousal/partner buy-out and inherited properties guidance to remove outdated clarification language.

### Effective Dates

- The calculation of monthly real estate tax (for loan qualification and escrow account purposes) updates are effective for new loan applications on or after June 1, 2020.
- The spousal/partner buy-out and inherited properties update is effective immediately for existing and new loan applications on or after May 29, 2020.

### Background Information

Fannie Mae SEL-2020-02 announced updates related to calculating the real estate tax amount included in the monthly housing expense for loan qualification and escrow account purposes. In response to this publication, we reviewed impacted guidelines and identified opportunities to implement revisions to align with Fannie Mae requirements.

Additionally, in support of our guideline improvement initiative, we reviewed our spousal/partner buy-out and inherited properties guidelines and identified an opportunity to remove outdated clarification language and align with Fannie Mae's presentation of guidance.

### Bulletin Details

#### Calculation of Monthly Real Estate Tax and Escrow Accounts

For non-AUS and DU loans, we revise guidelines related to calculating the real estate tax amount included in the monthly housing expense for loan qualification and escrow account purposes as follows:

- Currently, when calculating the real estate tax amount included in the monthly housing expense, for construction-related transactions, the lender must use a reasonable estimate of the real estate taxes based on the value of the land and all new and existing improvements. With today's update, we align with Fannie Mae and add this requirement for purchase transactions.

**Note:** This requirement also applies to properties in jurisdictions where a transfer of ownership typically results in a reassessment of property taxes.

- When calculating the monthly real estate tax amount used to establish an escrow account, lenders must comply with all applicable federal and state regulations.

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## Bulletin Details, continued

### Spousal/Partner Buy-Out and Inherited Properties

For non-AUS and DU loans, we remove the following outdated clarification language, based on guidance from Fannie Mae: Non-purchase money seconds may be paid off through this transaction and remain a limited cash-out refinance.

### Before and After Matrices

[Click here](#) to see the before and after matrix for a detailed overview of the calculation of monthly real estate tax and escrow account updates.

[Click here](#) to see the before and after matrix for a detailed overview of the spousal/partner buy-out and inherited properties clarification.

### Revised Material

Click [Agency Loan Programs](#) to review the revised product material.

## 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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