

Product Support Bulletin



Information for Correspondent Lenders of SunTrust Mortgage, Inc.
July 31, 2015 • COR15-037

Alert

Update

Reminder

Clarification

Training
Information

Preview

Agency Enhancements

In an effort to streamline the underwriting process and support the priority of a stress-free mortgage experience, SunTrust Mortgage, Inc. updates income guidelines, appraisal comparable sales selection guidelines, and unreimbursed expenses guidelines to more closely align with Fannie Mae and Freddie Mac

Intended Audience

Origination Processing	Secondary Marketing	Underwriting	Closing Delivery Funding	Compliance Legal	Other
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Effective Dates

Friday, July 31, 2015

Updates are effective for new and existing loan applications on or after this date.

Background Information

In bulletin 2015-7, Freddie Mac announced updates to stable monthly income qualification sources and documentation requirements, revisions to income continuance requirements and changes to appraisal comparable sales selection guidelines. Additionally, in announcement 2015-07 Fannie Mae announced updates to income documentation requirements and revisions to unreimbursed employee expenses guidelines. In response to these investor publications and in support of our purpose of financial well-being, we identified opportunities to align with Fannie Mae and Freddie Mac requirements.

Furthermore, we continue to provide guideline simplification to be competitive and to offer market contemporary terms.

Bulletin Details

Income Guideline Updates

Highlights of the updates are as follows:

- Update LP guidelines to state the income “must continue” for the following income types because continuance is always defined and documentable.
 - Mortgage Differential
 - Notes Receivable

Action Required

**Origination, Processing, Underwriting,
Closing, Delivery, and Funding
Starting July 31, 2015**

Apply revised guidelines outlined in this bulletin and related Before-and-After matrix.

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Bulletin Details, continued

Income Guideline Updates, continued

- Update LP guidelines to no longer require income continuance documentation because the following income types do not always have defined and/or documentable continuances.
 - Overtime Income
 - Tip Income
 - Tax Exempt Income
- Update the following income types to base documentation for LP processed transactions on whether the income source exists or newly established.
 - Long Term Disability Income
 - Public Assistance income
 - Retirement, Government Annuity, and Pension
 - Social Security Income
- Allow documentation alternatives for LP processed transactions using the following types of income to qualify:
 - Automobile Allowance and Expense Account Payments income
 - Bonus and Overtime Income
- Update Alimony Income to require that non-recurring alimony payments be deducted from the borrower's total income reported on the client's IRS Form 1040.
- Update Bonus and Overtime Income guidelines as follows:
 - A separate statement confirming bonus and/or overtime income is likely to continue is no longer required
 - A new guide for calculating monthly bonus and commission income is available
- Update Employment Related Assets as Qualifying Income (Fannie Mae)/Assets as a Basis for Mortgage Qualification (Freddie Mac) guidelines to clarify how to determine income stability and eligibility.
- Clarify for non-AUS and DU processed transactions that Housing or Parsonage income allowance:
 - May be added to income but may not be used offset the monthly housing payment
 - May be considered qualifying income if there is documentation to evidence the income has been received for the most recent 12 months and the income is likely to continue for the next three years.
- Update non-AUS and DU Mortgage Differential income guidelines to allow the employer to be an interested party to the transaction.
- Update Section 8 Income as follows:
 - For non-AUS and DU loans: Allow lender to develop an adjusted gross income for the borrower when Section 8 income is determined to be nontaxable.
 - For non-AUS, DU and LP loans: Clarify that documentation must reflect that the payments are paid directly to the borrower and not to the mortgage servicer for the income to be consider qualifying income. Income paid directly to the servicer is not eligible.
- Update Seasonal Income/Seasonal Unemployment Income to include standard verification guidance that was inadvertently removed with the publication of bulletin [COR 15-012](#) on February 27, 2015.
- Update Social Security Income guidelines as follows:
 - For non-AUS and DU: Clarify guidelines regarding Social Security Benefits vs. Social Security Income
 - For LP: Further clarify guidelines regarding:
 - Social Security Retirement Income
 - Survivor and Dependent Benefit Income
 - Social Security Supplemental Security Income
- Additional tip income not reported on the employer Form 1005, paystub and W-2 form may be used to qualify the borrower if the most recent two-years of federal income tax returns with Form 4137 is obtained.

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Bulletin Details, continued

Appraisal Guideline Updates

- Update Comparable Sales guidelines and layout to align with Fannie Mae and Freddie Mac.
- Provide consistency in the selection of comparable sales guidelines for properties located in new subdivisions, units located in new PUDs and units located in recently converted and New Condominium projects.
- Clarify that Desk Review Appraisals, including the new Freddie Mac Form 1033, One Unit Residential Appraisal Desk Review report, remain ineligible as an additional appraisal service.

Other Guideline Revisions

- Update non-AUS and DU Job Related Expenses (Unreimbursed Employee Business Expenses) guidelines to only require documentation and reduction of qualifying income from unreimbursed employee business expenses for borrowers using commission income of 25% or more of monthly income. No documentation or deduction from monthly income is required for salary, bonus, overtime, or commission income of less than 25% of monthly income.

Before-and-After Matrix

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

Revised Materials

Click [Agency Loan Programs](#), [Appraisal Guidelines](#), [Income Analysis](#) 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 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.
Emerging Banker Account Executive	Specific questions on applying this procedure to specific loan files. Direct contact information for each account executive 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 4.

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