

## Section 1.02 – Eligible Mortgage Loans

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## Related Bulletins

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### General

Related bulletins are provided below in PDF format. To view the list of published bulletins, select the applicable year below.

- [2018](#)
- 2017
- [2016](#)

**Note:** There were no related bulletins published in 2017.

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## Approved Products and Services

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### General

- All approved products and services in accordance with the Correspondent Seller Guide are eligible.
- The following products are eligible for Non-Delegated lenders to originate, close and sell to SunTrust:
  - Agency Loan Programs
  - Agency Plus Loan Program

Note: Non-Delegated lenders are not eligible to sell SunTrust the single-close construction-to-permanent purchase and rate/term transactions under any Agency program.

- Texas Cash Out 50(a)(6) Refinance First Mortgages
- The ARM Alternative
- The Bi-Weekly Mortgage Payment Plan<sup>SM</sup>
- DU Refi Plus<sup>TM</sup> Loan Program
- Key Loan Program

Note: Non-Delegated lenders are not eligible to sell SunTrust the single-close construction-to-permanent purchase and rate/term transactions under the Key Loan Program.

- Jumbo Solution Second Mortgage
  - The following products are ineligible for Non-Delegated lenders to originate, close and sell to SunTrust:
    - FHA 203(b) Loan Program
    - Veterans Administration (VA) Loan Program
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## SunTrust Employee Loans

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### General

SunTrust employee loans sold to and serviced by SunTrust must meet SunTrust Teammate Loan Policy requirements that are not available to Correspondent lenders.

Note: When SunTrust will service the loan, we require the SunTrust Direct Channel to originate all SunTrust employee loans to specific guidelines.

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## Eligible Property and Lien Status

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### General

- A mortgage loan must be secured by a first-priority lien mortgage on a one-to-four family residential dwelling located in a state or jurisdiction in the United States approved by SunTrust.
  - SunTrust relies upon the Correspondent lender's representations and warranties that the loans are enforceable in accordance with the terms of the Conventional Loan Purchase Agreement and comply with all applicable laws.
  - Correspondents are responsible for adhering to all state, federal and/or regulatory lending guidelines, as well as licensing requirements.
  - Correspondent Lenders must be a member of Mortgage Electronic Registration System (MERS) in good standing.
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## SunTrust Geographic Restrictions

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### Alaska, Hawaii, Minnesota and Other States

- Loans on properties in the States of Alaska and Hawaii, or any U.S. territories, are not eligible for purchase or funding.
  - SunTrust is not able to purchase mortgage loan transactions for participants in the Minnesota "Safe at Home Act".
  - Refer to the individual product descriptions for further product specific geographic lending restrictions.
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## Warehouse Line of Credit Extended By Others

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### General

- Correspondents may borrow money to fund the origination of mortgage loans from a warehouse lender of their choice.
- Loans funded by the correspondent lenders' corporate or personal funds and/or lines of credit not obtained through a warehouse lender are not eligible for sale to SunTrust.
- SunTrust requires bailee letters be submitted with the original Note from warehouse lenders for all closed loans.

**Note:** Correspondent lenders, who are financial institutions (banks, savings and loans, credit unions) or who are wholly owned subsidiaries of a financial institution, are NOT required to attach bailee letters to the original Note. However, these "exempt" lenders must provide correct wiring instructions using either the *SunTrust Wire Authorization* form ([COR 0004](#)) or a similar form, provided the same information is made available to SunTrust.

- SunTrust has the option to decline to purchase mortgage loans funded through any loan or line of credit which creates additional risk or unreasonable workload in connection with purchasing a mortgage loan
- Examples of line of credit requirements that would cause SunTrust to decline to purchase mortgage loans are:
  - The warehouse lender requires SunTrust to transmit the purchase proceeds before releasing the note.
  - The warehouse lender will not release its security interest in the mortgage loan or note upon transmittal of the purchase proceeds.
  - The warehouse lender requires SunTrust to enter into agreements other than a typical collateral bailee agreement.

**Reference:** See "Assignment of the Security Instrument" and "The Note" topics in [Section 1.08: Loan Delivery and Purchase Review](#) of the *Correspondent Seller Guide* for additional information and requirements for warehouse lenders.

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## Warehouse Line of Credit Extended By Others, Continued

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### Warehouse Line Verification

- Prior to funding each loan, SunTrust will verify that the warehouse lender information matches the data previously provided by the correspondent lender during the initial application and/or recertification process.
- SunTrust will validate any new wire authorization with the correspondent lender for each loan purchased.

Reference: See “Wire Authorization” topic in [Section 1.08: Loan Delivery and Purchase Review](#) of the *Correspondent Seller Guide* for additional information and requirements for wire authorizations and the requirement for all known warehouse lenders to be disclosed to SunTrust.

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## Third Party Mortgage Loans

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### General

- Only delegated Correspondent lenders with prior TPO approval may sell a third party originated loan to SunTrust for funding and purchase.
  - The Third Party Originated Purchase Agreement Component Advice specifies the types of third party Mortgage Loans that the Correspondent may sell to SunTrust. Each third party originated loan is treated in all respects as a loan originated by the Correspondent and is subject to all of the provisions and requirements of the Purchase Agreement and Third Party Originated Purchase Agreement Component Advice.
  - A third party originated loan is defined as any loan originated by a person or entity other than the Seller or if any of the following conditions, exist: (a) the loan application was taken by, or (b) documents evidencing the creditworthiness of the Borrower were collected by, or (c) the appraisal of the Secured Property was obtained by, or (d) the Mortgage Loan was closed by and/or in the name of a person or entity other than the Seller..
  - Seller shall provide SunTrust with such information regarding the originator of third party originated loans from time to time in SunTrust's sole discretion. SunTrust has the right to disapprove any such third party originator in SunTrust's sole discretion by notice to Seller at any time. In the event SunTrust issues a notice of disapproval of any third party originator to Seller, SunTrust shall have no obligation to purchase any Mortgage Loan originated by such third party originator from the time such notice is given, including any loans in process at the time such notice is given.
  - Contact your Account Manager for additional information and eligibility criteria.
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## Redemption Rights of the Delinquent Borrower

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### General

- A delinquent borrower who has had real property sold at a foreclosure sale has one year from and after the sale date to redeem the real property from the purchaser of the real property at the foreclosure sale.
- It is possible for the delinquent borrower to redeem the real property by paying the purchaser the amount paid for the real property at the foreclosure sale.
- Until the one year redemption period has expired, the title company for the new purchaser will include an exception on the final title policy for the redemption right of the delinquent borrower. This is reflected in the final title policy as an exception.
- SunTrust will not purchase loans where the final title policy has taken exception to a “Redemption Right of the Delinquent Borrower.”

Reference: See the topic, “Unacceptable Exceptions” in the General *Section 1.16: Title Insurance* of the *Correspondent Seller Guide* for additional information.

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