

## Section 1.26: Subordination of SunTrust Second Mortgage Loans

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## Overview

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### Summary

- The *Subordination of SunTrust Second Mortgage Loans Policy* provides guidelines for the subordination of eligible existing SunTrust Bank second mortgage liens (i.e., Combo, Equity Lines and Equity Loans).
- If the existing second is a SunTrust Bank equity line or equity loan, the subordination request must be processed through the Orlando Consumer Lending Sales Center (CLSC).

**Note:** All subordination requests must be approved by SunTrust.

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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](#)
- [2016](#)

**Note:** No bulletins were published in 2017.

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## Subordination of SunTrust Combo Second Mortgage and EZ Two Loans

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### General

- Existing SunTrust Combo second mortgage loans that are not being paid off with the proceeds of the new first mortgage are eligible for subordination in accordance with the guidelines outlined in this policy.

**Note:** In all cases where an existing SunTrust Combo second mortgage lien is not being paid off with the proceeds of the new first mortgage, the second lien **MUST** remain in second lien position. A Subordination Agreement must be executed.

- The existing SunTrust Combo second mortgage **MUST** be subordinated behind a new SunTrust first mortgage. The existing SunTrust Combo second mortgage cannot be subordinated behind a “Non-SunTrust” first mortgage loan.
- If the existing second lien is a SunTrust equity line (Flex Equity or Access 3), the second is eligible behind a “Non-SunTrust” first mortgage loan.

**Notes:**

- SunTrust Combo second mortgage loans are identified by a ten (10) digit loan number.
- The EZ Two second mortgage is also assigned a ten (10) digit loan number. Correspondent clients must contact SunTrust’s Customer Service at 800-382-2111, Option 3 and 2 to verify the ten (10) digit loan number is not an EZ Two second.
- If the existing SunTrust second is an EZ Two, the second is not eligible for subordination.
- A SunTrust Bank Equity Line is also eligible for subordination. It can be identified by a seventeen (17)-Digit loan number.
- The new first mortgage product must allow for the subordination of an existing SunTrust second lien.
- Additionally, the new LTV/TLTV must meet the more restrictive of the specific new first mortgage guidelines or the guidelines outlined in this policy.

**Reference:** See the applicable first mortgage product description for secondary financing guidelines.

- A subordination agreement is required to assure the second lien remains in second lien position.

**Notes:**

- For existing SunTrust Combo second mortgages, the subordination agreement is drafted by the closing attorney/settlement agent.
- The subordination agreement is executed at the closing of the new first mortgage and is recorded with the first mortgage documents.

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## Subordination of SunTrust Combo Second Mortgage and EZ Two Loans,

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### Eligible Occupancy and Property Types

- Primary residences
- 1 - 4 unit properties
- Investment properties
- Warrantable condominiums (including condominium conversions)
- Leasehold properties
- Modular housing
- Properties in excess of 10 acres
- Second homes

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### Ineligible Occupancy and Property Types

- Condotels
- Cooperatives
- Georgia Power leaseholds
- Non-warrantable condominiums
- Non-warrantable PUDs
- Properties Listed for Sale

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### New First Lien Requirements

- If the new first mortgage loan is a short-term ARM (i.e., 3/1, 1 year), the SunTrust Combo second mortgage is NOT eligible for subordination.
- The maximum term of the new first mortgage loan is 30 years.
- Cash-out refinances are permitted if funds are being used to reduce the unpaid principal balance of the SunTrust Combo second mortgage lien.
- The new loan may include normal and customary closing costs up to a maximum of **five percent (5.00%) of the new loan amount or \$10,000, whichever is less.**
- The new loan must be the same or a more stable product than the current first mortgage when subordination of a Combo Second Mortgage or EZ Two is required. Fixed rate mortgages are only eligible for refinanced to a new fixed rate loan, ARM loans must go to either a same term ARM, longer term ARM or a fixed rate mortgage.
- The new loan should put the borrower in a more favorable financial position, by either:
  - reducing the interest rate; or
  - replacing an interest-only or balloon reset mortgage with a fixed, fully amortized mortgage
- There is no maximum P&I payment increase; however, when the new P&I payment increases by more than twenty percent (20.00%) of the existing P&I or interest-only payment, the income and employment must be documented and the **maximum debt-to-income (DTI) is fifty-five percent (55.00%).**

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## Subordination of SunTrust Combo Second Mortgage and EZ Two Loans,

Continued

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### New First Lien Requirements, (continued)

- When calculating the payment increase for existing loans with adjusting payments, the **current** payment must have been made for at least seven (7) consecutive months; otherwise the lowest P&I payment or interest-only payment made during the most recent twelve (12) months must be used.

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### Existing Combo Second Requirements

The Combo Second must be current and cannot have any 30-day late payments within the last 12 months.

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### Geographic Restrictions

References:

- See the applicable new first mortgage product description for specific geographic restrictions that may apply.
- If the subject property is located in the state of Virginia, see the “Automatic Subordination Process for Virginia Properties” topic subsequently presented in this policy for information on the state of Virginia’s automatic subordination procedures.
- If the subject property is located in the state of Texas, see the “Automatic Subordination Process for Texas Properties” topic subsequently presented in this policy for information on the state of Texas’s automatic subordination procedures.

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### Maximum TLTV

- The maximum TLTV may NOT exceed 95% in any case.
- If the subject property is a condominium, the maximum TLTV is reduced by five percent (5.00%)

**Note:** If there are multiple reductions that apply to a single property, then all are applied cumulatively.

Example: A condominium in a declining market would be subject to a ten percent (10.00%) TLTV reduction.

- If the TLTV exceeds 95%, then the loan must be conditioned for a principal curtailment of the existing Combo second Mortgage or EZ Two to meet the TLTV guidelines.
- The current unpaid principal balance of the Combo second mortgage or EZ Two must be used in calculating the TLTV.
- The current payment of the existing Combo second mortgage or EZ Two must be used when calculating the housing and debt-to-income (DTI) ratios on the new first mortgage.
- There is no maximum LTV on the Combo second mortgage or EZ Two.

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## Subordination of SunTrust Combo Second Mortgage and EZ Two Loans,

Continued

### Underwriting Requirements

#### General

- Unless otherwise published in this policy, borrowers must meet all of the guidelines for secondary financing for the new first mortgage product [including, but not limited to minimum credit score, maximum debt-to-income (DTI) ratio, maximum LTV/TLTV, AUS requirements, etc.].

Reference: See the applicable first mortgage product description for secondary financing guidelines.

- Third lien positions are NOT acceptable.

#### Declining Markets Policy

- The following guideline must be followed for all existing SunTrust Combo second mortgage liens being subordinated when the subject property is located in a declining market:
  - If the subject property is located in a declining market, the maximum TLTV must be reduced by five percent (5%).

**Note:** A property shall be deemed to be located in a declining market if either of the following apply:

- The appraiser marked the appraisal report that property values are declining or referenced that values are declining in the appraisal comments, or
- the [SunTrust Declining Market Index](#) indicates a declining market.

#### Maximum Number of Financed Properties

Reference: See [Section 1.22: Maximum Number of Financed Properties and Borrower Exposure](#) of the *Correspondent Seller Guide* for policy guidelines.

**Note:** The maximum total exposure is \$2.5 million dollars on all SunTrust loan products (including any existing SunTrust Bank seconds being subordinated).

### Appraisal Documentation

- A full appraisal (i.e. form 1004/70, form 1025/72 etc.) is required.
- The new appraisal must be dated within 120 days at time of underwriting.
- Appraisal waivers [i.e., DU appraisal waivers and LPA Automated Collateral Evaluation (ACE)], Freddie Mac Form 2055, and automated valuation models (AVMs) are NOT acceptable.

## Subordination of SunTrust Combo Second Mortgage and EZ Two Loans,

Continued

**Procedures for the Subordination Request** The following steps must be followed when requesting a subordination of a *Combo* second mortgage:

Step	Action
1	<ul style="list-style-type: none"> <li>• It is the responsibility of the Correspondent Client to advise the closing attorney/settlement agent that a subordination agreement will be required.</li> <li>• SunTrust will NOT draft or create the subordination agreement. The closing attorney/settlement agent is responsible for preparing the subordination agreement.</li> <li>• The Subordination Agreement <i>must include in the upper left hand corner of the document</i> the following information:               <p style="margin-left: 40px;"><i>When Recorded Return To:</i>                  SunTrust                  1001 Semmes Avenue                  3<sup>rd</sup> Floor                  Mail Code RVW-5043                  Attn: Final Docs                  Richmond, VA 23224                  Loan Number: _____</p> <p><b>Note:</b> The loan number of the SunTrust Combo Second Mortgage must be referenced on the Subordination Agreement.</p> <p><b>Reference:</b> See the subtopic “<i>Subordination Agreement Requirements</i>” subsequently published in this topic.</p> </li> <li>• If the Combo loan being subordinated is a MERS (Mortgage Electronic Registration System) loan, the subordination agreement must be prepared in the name of MERS.</li> <li>• The settlement agent must insert the following verbiage in the Subordination Agreement:               <ul style="list-style-type: none"> <li>• <i>"MERS" is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. MERS is organized and existing under the laws of Delaware, and has a mailing address of P.O. Box 2026, Flint, MI 48501-2026, and/or a street address of 1901 E. Voorhees Street, Suite C, Danville, IL 61834. The MERS telephone number is (888) 679-MERS. FOR PURPOSES OF RECORDING THIS DOCUMENT MERS IS THE MORTGAGEE OF RECORD.</i></li> </ul> </li> </ul> <p><b>Note:</b> SunTrust will <u>NOT</u> subordinate to a 3<sup>rd</sup> lien position.</p>

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## Subordination of SunTrust Combo Second Mortgage and EZ Two Loans,

Continued

**Procedures for the Subordination Request,**  
(continued)

The following steps must be followed when requesting a subordination of a *Combo* second mortgage:

Step	Action
2	<ul style="list-style-type: none"> <li>• The Correspondent client must complete the <i>SunTrust Combo Second Subordination Request</i> (<a href="#">COR 0238</a>) form, and send it along with a self-addressed overnight package addressed to the person or company who should receive the signed Subordination Agreement, and the Subordination Agreement.</li> </ul> <p><b>Notes:</b></p> <ul style="list-style-type: none"> <li>• A Substitution of Trustee form prepared by the attorney or settlement agent will be required when the Subordination Agreement is submitted to SunTrust for approval and signature if the following applies:               <ul style="list-style-type: none"> <li>• if the original trustee on the recorded Deed of Trust is no longer serving as trustee, and</li> <li>• the Subordination Agreement requires the signature of the trustee.</li> </ul> </li> <li>• The Substitution of Trustee form and the Subordination Agreement should list the applicable trustee by state.</li> <li>• <a href="#">Click here</a> for a list of trustees by state.</li> </ul> <ul style="list-style-type: none"> <li>• Submit the fully completed and signed <i>SunTrust Combo Second Subordination Request</i> (<a href="#">COR 0238</a>) as follows:               <ul style="list-style-type: none"> <li>• FAX: 804.675.9792</li> <li>• Email: <a href="mailto:fnmafhlmcsubordinations@suntrust.com">fnmafhlmcsubordinations@suntrust.com</a></li> <li>• Mail: SunTrust 1001 Semmes Avenue Richmond, VA 23224 Attn: Final Docs</li> </ul> </li> <li>• Upon approval of the subordination request, the signed <i>Subordination Agreement</i> will be sent to the Correspondent client or the specified attorney/settlement agent by the SunTrust Subordination Department.</li> </ul>
3	<ul style="list-style-type: none"> <li>• The SunTrust Subordination Department is responsible for notifying the Correspondent client listed on the <i>SunTrust Combo Second Subordination Request</i> (<a href="#">COR 0238</a>) form that the request for subordination has been approved and whether a principal curtailment and/or a balance reduction on the new first mortgage loan are a condition for approval.</li> </ul>

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## Subordination of SunTrust Combo Second Mortgage and EZ Two Loans,

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### Subordination Agreement Requirements

- The subordination agreement must contain the following information when being reviewed by the SunTrust Subordination Department for approval:
    - Names of the parties
      - Business addresses are currently optional,
    - Description of the subject property (legal description is preferred; however, the address is acceptable),
    - Identification of the mortgage or trust deed to be subordinated:
      - Names of parties,
      - Date of execution, and
      - Reference to book and pages of recordation
    - Identification of encumbrance(s) (legal claim to a property) to be superior in priority,
    - Statement of consideration:
      - Inducement to lender to loan money,
      - Payment of Money, and
      - Other, but should make clear that some consideration was given
    - Terms of subordination of the loan (optional).
    - Covenant of validity of mortgage or trust deed to be subordinated (optional)
    - Cancellation of subordination provision in mortgage or trust deed (optional)
    - Words indicating binding effect,
    - Date of Agreement,
    - Signatures of borrowers and lender,
    - Attestation,
    - Acknowledgements (Notary),
  - The language in the document must clearly indicate that the subordination pertains to the one loan. “Blanket” subordination agreements for subsequently recorded interests are NOT acceptable by SunTrust.
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## Subordinating SunTrust Equity Lines/Loans of Credit

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### Eligibility Requirements for Subordination

#### General

- Existing SunTrust equity line/equity loans that are not being paid off with the proceeds of the new first mortgage are eligible for subordination in accordance with the guidelines outlined in this topic.

**Note:** In all cases where an existing SunTrust equity line/equity loan is not being paid off with proceeds of the new first mortgage, the equity line/loan must remain in second or third lien position.

- The existing SunTrust equity line/equity loan is eligible for subordination behind a new SunTrust first mortgage or a “non-SunTrust” first mortgage. SunTrust Bank equity lines/equity loans are identified by a seventeen (17) digit loan number.
- SunTrust Bank Access 3 lines of credit contain sixteen (16) digits.
- The new first mortgage product must be eligible for subordinate financing.
- Additionally, the new LTV/TLTV/HTLTV must meet the more restrictive of the specific new first mortgage guidelines or the guidelines outlined in this policy.

Reference: See the applicable first mortgage product description for secondary financing guidelines.

- The subordination request must be processed through the Orlando Consumer Lending Sales Center (CLSC).
- A subordination agreement is required to assure the equity line/loan remains in second or third lien position.
- The borrower(s) must receive a tangible net benefit from the refinance transaction in order for the second mortgage to be eligible for subordination.

#### Notes:

- For existing SunTrust equity line/equity loans, the subordination agreement is drafted by the SunTrust Orlando CLSC group at the time the subordination request is reviewed and approved.
- The subordination agreement is executed at the closing of the new first mortgage and is recorded with the first mortgage documents.

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## Subordinating SunTrust Equity Lines/Loans of Credit, Continued

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- Service Levels**
- Subordination requests must be submitted allowing for the following service levels:

Type of 1 <sup>st</sup> Mortgage Lien	Turn Time
For subordinations involving a SunTrust 1 <sup>st</sup> Lien	<ul style="list-style-type: none"><li>• 3 business days for rate/term refinance transactions</li><li>• 5 business days for cash-out refinance transactions</li></ul>
For subordinations involving a non-SunTrust 1 <sup>st</sup> Lien	<ul style="list-style-type: none"><li>• Minimum of 10 business days</li></ul>

**Note:** Service levels are determined at the time the Orlando CLSC receives the subordination request and any required documentation.

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**Ineligible Occupancy/Property Types**

- 3-4 unit properties and
- Investment properties

**Note:** If a property type is ineligible based on the first mortgage loan program then the second mortgage is NOT eligible for subordination.

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**Geographic Restrictions**

References:

- See the applicable new first mortgage product description in the *Correspondent Seller Guide* for specific geographic restrictions that may apply.
  - If the subject property is located in the State of Virginia, see the “Automatic Subordination Process for Virginia Properties” topic subsequently presented in this policy for information on the State of Virginia’s automatic subordination procedures.
  - If the subject property is located in the State of Texas, see the “Automatic Subordination Process for Texas Properties” topic subsequently presented in this policy for information on the State of Texas’ automatic subordination procedures.
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## Subordinating SunTrust Equity Lines/Loans of Credit, Continued

### Maximum LTV/TLTV/HTLTV Requirements

- The credit limit for equity lines can be obtained by calling Consumer Loan Servicing (CLS) Department at 1-800-368-7770.
- The following table provides the maximum TLTV and the maximum combined loan amounts for equity line subordinations:

Maximum Combined Line/Loan Amount		
TLTV	Property Type	
	Single Family 1-2 unit (Townhouse, PUD)	Condominium
60%	\$2,000,000	\$1,250,000
65%	\$1,750,000	\$1,250,000
70%	\$1,500,000	\$1,000,000
75%	\$1,500,000	\$1,000,000
80%	\$1,500,000	\$1,000,000
85%	\$1,250,000	\$750,000

- For lines, the maximum amount of credit available, not the current balance, must be used in calculating the TLTV/HTLTV.
- For loans, the current unpaid principal balance of the existing equity loan must be used in calculating the TLTV.

#### Notes:

- The maximum HTLTV may not exceed 100% IN ANY CASE.
- For rate/term refinance transactions, if the second mortgage has a TLTV > 85%, CLSC will evaluate the subordination request on a case by case basis to determine if the borrower is receiving a benefit from the rate/term refinance transaction before making a decision regarding the subordination request.
- If the new TLTV/HTLTV exceeds the new first mortgage guidelines, the loan must be conditioned for a reduction in the credit limit to meet the maximum allowable TLTV/HTLTV for the applicable first mortgage product.

Reference: See the *Declining Markets Policy* subsequently presented in this document for additional information on TLTV/HTLTV restriction when the property is located in a declining market.

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## Subordinating SunTrust Equity Lines/Loans of Credit, Continued

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### Underwriting Requirements

#### General

- Unless otherwise published in this policy, borrowers must meet all of the guidelines for secondary financing for the new first mortgage product [including, but not limited to minimum credit score, maximum debt-to-income (DTI) ratio, maximum LTV/TLTV/HTLTV, AUS requirements, etc.].

Reference: See the applicable first mortgage product description for secondary financing guidelines.

- There may be instances when line modification (lowering of the maximum equity line amount and/or freezing the access to the equity line) is required in order to approve the subordination request.

**Note:** In a transaction where the borrower receives the lesser of \$5,000 or 3% of the new loan amount in cash at closing, the transaction will not be considered a “cash-out” transaction.

Reference: See the “Service Levels” subtopic previously presented in this topic for additional information regarding underwriting turn times.

- Approval of subordinations involving properties secured by condominiums where the TLTV exceeds 85%, and the SunTrust 1<sup>st</sup> mortgage is not in place, are not acceptable.

Reference: See the “Income Documentation,” “Qualifying Ratio and Payment Guidelines” and “Appraisal Documentation” subtopics subsequently presented in this topic for additional information regarding underwriting requirements.

#### Declining Markets Policy

- The following guideline must be followed for all existing SunTrust equity line/equity loans being subordinated when the subject property is located in a declining market:
  - If the property is located in a declining market, the maximum TLTV/HTLTV is reduced by 5%.
  - For all second homes, the maximum TLTV/HTLTV is reduced by 5%.
  - If there are multiple reductions applied to a single property, then they are applied cumulatively (for example: a second home in a declining market would be subject to a 10% TLTV/HTLTV reduction).

#### Notes:

- In all cases, the maximum TLTV/HTLTV must be reduced as outlined above.
- A property shall be deemed to be located in a declining market if either of the following apply:
  - The appraiser marked the appraisal report that property values are declining or referenced that values are declining in the appraisal comments, or
  - the [SunTrust Declining Market Index](#) indicates a declining market.

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## Subordinating SunTrust Equity Lines/Loans of Credit, Continued

### Underwriting Requirements, (continued)

#### Maximum Number of Financed Properties

Reference: See [Section 1.22: Maximum Number of Financed Properties and Borrower Exposure](#) of the *Correspondent Seller Guide* for policy guidelines.

**Note:** The maximum total exposure is \$2.5 million dollars on all loan products (**INCLUDING** any existing SunTrust Bank seconds being subordinated).

### Income Documentation

- Income verification must be provided on all requests for self employed individuals and any requests exceeding an original TLTV/HTLTV of 75% on cash-out refinance transactions.
- Self employed borrowers would include borrowers whose commissioned earnings exceed 50% of their income.
- Income verification is NOT required for borrowers with passive or salaried income.

### Qualifying Ratio and Payment Guidelines

- Ratios are calculated on ALL subordination requests, regardless of the original loan program. The maximum debt to income (DTI) ratio is calculated based on the borrower's gross monthly income and credit score, as outlined in the tables below:

Home Equity Lines – Debt to Income			
Credit Score			
Monthly Income	>= 720	660-719	< 660
<= \$3,000	40%	40%	40%
\$3,001 - \$5,500	50%	45%	40%
\$5,501 - \$8,000	50%	50%	45%
> \$8,000	50%	50%	50%

Home Equity Loans – Debt to Income			
Credit Score			
Monthly Income	>= 720	660-719	< 660
<= \$3,000	40%	40%	35%
\$3,001 - \$5,500	43%	43%	40%
\$5,501 or More	43%	43%	43%

- For equity lines of credit, the qualifying payment is equal to one percent (1.00%) of the credit limit, regardless of which payment option is selected or the amount drawn at initial draw, closing, etc. For equity loans, the qualifying payment is the actual monthly payment.
- A maximum DTI of 40% is required for borrower(s) not meeting the minimum tradeline requirements.

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## Subordinating SunTrust Equity Lines/Loans of Credit, Continued

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### Appraisal Documentation

- A current appraisal/valuation must be provided on each request with review and approval by the Orlando CLSC prior to final approval of the subordination request.
  - The more restrictive of the first mortgage or the following guidelines apply.
  - If an appraisal is ordered, the appraisal must be used rather than other valuation methods.
  - Complete (1004) appraisals are acceptable.
  - The Correspondent client must certify, represent and warrant that it has not used an Appraiser or Appraisal Company listed on the *SunTrust Ineligible List* in conjunction with the processing, underwriting and closing of the loan.
  - Appraisals prepared for Correspondent clients and accepted by SunTrust must conform to regulatory and SunTrust guidelines. An appraisal prepared for the borrower is NOT acceptable.
  - Appraisers engaged by SunTrust must be state licensed or certified.
  - Appraisals (1004, etc.) must be current (less than 90 days old). Appraisal updates are not allowed.
  - Appraisal waivers [i.e., DU appraisal waivers and LPA Automated Collateral Evaluation (ACE)] are not acceptable valuation methods.
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### Modifications to Existing Equity Lines and Equity Loans

- A modification to the existing equity line or a balance reduction to the existing equity loan may be required for any of the following reasons:
  - the new TLTV/HTLTV exceeds the guidelines for the new first mortgage and the loan was approved with a condition for a reduction in the total amount of equity line credit available or equity loan current balance, or
  - the equity line is in third lien position, or
  - the new TLTV/HTLTV exceeds the SunTrust Orlando Consumer Lending Sales Center (CLCS) underwriting guidelines.

**Note:** When a modification of the existing equity line or balance reduction to the existing equity loan is required, it is very important that the borrower is advised prior to closing that the terms of his/her equity line/loan will be changing due to one of the reasons stated above.

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## Subordinating SunTrust Equity Lines/Loans of Credit, Continued

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### Procedures for Subordination Requests

The following steps must be followed when requesting a subordination of a SunTrust equity line/loan of credit:

Step	Action
1	<p><b>The following documents are required when the transaction involves subordinating a SunTrust Bank equity line/loan of credit:</b></p> <ul style="list-style-type: none"> <li>• The subordination request must be processed through the SunTrust Orlando, FL Consumer Lending Sales Center (CLSC).</li> </ul> <p>The <i>Consumer Loan Subordination Requirements</i> (<a href="#">316353 SunTrust Corporate Forms</a>) form must be completed and included in the loan file along with the following:</p> <ul style="list-style-type: none"> <li>• Copy of the Application (Form 1003)</li> <li>• Copy of the Appraisal (Form 1004) less than 90 days old from the subordination request date</li> <li>• Copy of the Underwriting Transmittal Summary (Form 1008), or AUS findings</li> <li>• Income documentation (if applicable)</li> <li>• Title commitment search - first 3-5 pages only (i.e., SunTrust lien information) less than 30 days old from the subordination request date</li> <li>• Flood Insurance Declaration page (if applicable).</li> </ul> <p><b>Note:</b> Orlando CLSC will NOT subordinate to a 3rd lien position.</p>

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## Subordinating SunTrust Equity Lines/Loans of Credit, Continued

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### Procedures for Subordination Requests, (continued)

Step	Action
2	<p>Orlando CLSC Subordination Department Contact Information</p> <ul style="list-style-type: none"> <li>• All requests should be faxed to 1-877-557-7543</li> <li>• For questions and/or problems please call 1-866-732-1685</li> <li>• All paper requests may be mailed to:               <ul style="list-style-type: none"> <li>• SunTrust Bank, Inc</li> <li>• Subordination Department</li> <li>• FL-Orlando 9136</li> <li>• 7455 Chancellor Drive</li> <li>• Orlando, FL 32809</li> </ul> </li> </ul>
3	<p>Subordination Fees</p> <ul style="list-style-type: none"> <li>• There is no subordination fee charged to SunTrust for a subordination request behind a SunTrust 1<sup>st</sup> mortgage.</li> <li>• There is a subordination fee charged to the borrower of \$200.00 for a second lien subordination request behind a non-SunTrust first lien.</li> <li>• The subordination request will not be reviewed until the fee is received.</li> <li>• Any revisions to the first mortgage loan amount will be assessed a revision fee of \$50.00 if the request is received within 30 days from the completion date of the subordination approval. Revisions older than 30 days or if the lender's name changes will be considered a new package and an additional fee of \$200 will be assessed.</li> </ul>
4	<p>SunTrust Orlando CLSC department will notify the requestor of the status of the subordination request.</p>
5	<ul style="list-style-type: none"> <li>• SunTrust Orlando CLSC department will draft and prepare the subordination agreement at the time the subordination request is reviewed and approved.</li> <li>• If the SunTrust equity line/equity loan requires a modification agreement, the SunTrust Orlando CLSC department will prepare the modification agreement along with the subordination agreement.</li> <li>• SunTrust will return the signed subordination agreement and/or modification agreement to the closing attorney/settlement agent to be included in the closing package.</li> </ul>

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## Automatic Subordination Process for Virginia Properties

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### General

- Automatic subordinations are eligible on any real estate property subject to a subordinate lien that is located in the State of Virginia. However, automatic subordinations are not eligible on subordinate liens provided by any federal, state or local government agency.
- The State of Virginia allows an “automatic” subordination process, which may be used in certain situations thus eliminating the requirement for a separate subordination agreement.
- SunTrust will allow this automatic subordination process in lieu of a separate subordination agreement when the conditions set forth in the Virginia Code are met.

**Note:** Virginia automatic subordinations may be used with any lenders second mortgage provided all applicable state requirements are met.

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### Requirements for the Automated Process

The property being refinanced must meet ALL of the following conditions to be eligible for the automatic subordination process:

- The Virginia statute defines “refinance mortgage” as mortgage, deed of trust of trust, or other instrument encumbering or conveying an interest in a residential real estate containing not more than one dwelling unit to secure the financing. Does not need to be a primary residence,
- The subordinate deed of trust secures an ORIGINAL PRINCIPAL AMOUNT of \$150,000 or less.
- The principal amount secured by such refinance mortgage does not exceed the outstanding balance secured by the prior mortgage plus \$5,000. *Cash-out refinances are ineligible for this automatic procedure.*
- The refinance deed of trust includes the following language inserted (with all blanks completed) on the first page in **bold** or capitalized letters in order to automatically subordinate the existing second deed of trust:

#### Conventional, FHA and VA Security Instruments

“THIS IS A REFINANCE OF A DEED OF TRUST, MORTGAGE OR OTHER SECURITY INTEREST, RECORDED IN THE CLERK’S OFFICE, CIRCUIT COURT OF \_\_\_\_\_, VIRGINIA, IN DEED BOOK \_\_\_\_\_, PAGE \_\_\_\_\_, FOR WHICH THE TAX HAS BEEN PAID, PURSUANT TO SECTION 58.1-803E OF THE CODE OF VIRGINIA .”

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## Automatic Subordination Process for Virginia Properties, Continued

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### Procedures for Subordinations of Virginia Properties

Follow the steps below to complete an automatic subordination request for an existing SunTrust second lien on a Virginia Property.

Steps	Actions
1	<ul style="list-style-type: none"> <li>• The Correspondent client will complete the <i>Virginia Automatic Subordination Checklist</i> (<a href="#">COR 1379</a>) to determine that it is an allowable transaction.</li> <li>• The Correspondent client should include the completed <i>Virginia Automatic Subordination Checklist</i> (<a href="#">COR 1379</a>) form in the loan file for Purchase Review.</li> <li>•</li> </ul>
2	<ul style="list-style-type: none"> <li>• The <i>Virginia Automatic Subordination Checklist</i> (<a href="#">COR 1379</a>) will require the Correspondent client to obtain following information in order to add to the refinance deed of trust:               <ul style="list-style-type: none"> <li>• Deed Book and page of the original mortgage (obtain from the title binder)</li> <li>• The original principal amount of the original mortgage (obtain from the title binder, from borrower's closing documents on original mortgage or from current mortgagee).</li> <li>• The outstanding principal balance of the mortgage to be paid off (obtain from payoff statement).</li> <li>• The interest rate of the mortgage to be paid off (obtain from closing documents from original mortgage or from current mortgagee).</li> <li>• The interest rate of the new mortgage.</li> </ul> </li> <li>• The recording of the new deed of trust with the additional language (as previously outlined in the "Requirements for the Automated Process" subtopic) will automatically subordinate the existing second to the new first lien.</li> </ul>
3	<ul style="list-style-type: none"> <li>• The SunTrust Purchase Review department will notify the Correspondent client whether the Virginia Automatic Subordination process was used in error and whether correction procedures to subordinate the existing second lien are required.</li> <li>• The Correspondent client will initiate the correction process and any costs for the correction will be charged to the Correspondent client.</li> </ul>

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## Automatic Subordination Process for Virginia Properties, Continued

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### Title Insurance Requirements

- The Title Binder (Commitment for Title Insurance) should appear with the following information:

#### **SCHEDULE B – PART I**

Binder should have the refinance deed of trust reflect the following language:  
FIRST Deed of Trust from \_\_\_\_\_ securing your loan IN THE AMOUNT OF \$ \_\_\_\_\_ PAYABLE TO \_\_\_\_\_

SECOND Deed of Trust from \_\_\_\_\_ securing your loan IN THE AMOUNT OF \$ \_\_\_\_\_ PAYABLE TO \_\_\_\_\_

#### **SCHEDULE B – PART II**

(subordinate matter) Binder should have the subordinate deed of trust reflect the following language:

Deed of Trust from John and Mary Homeowner to \_\_\_\_\_, Trustee(s), dated \_\_\_\_\_, recorded in the Clerk's Office, Circuit Court, \_\_\_\_\_ County/City, VIRGINIA in Deed Book \_\_\_\_\_, page \_\_\_\_\_ to secure \$ \_\_\_\_\_, payable to \_\_\_\_\_; and subordinated to the insured deed of trust by Virginia Code § 55-58.3.

\_\_\_\_ IF THIS LINE IS CHECKED, THERE IS AN OUTSTANDING SUBORDINATE DEED OF TRUST IN AN AMOUNT NOT EXCEEDING \$150,000 SECURED BY THE PROPERTY DESCRIBED IN THIS DEED OF TRUST, WHICH CONTAINS NOT MORE THAN ONE DWELLING UNIT."

**NOTE:** THE ABOVE IS A SUBORDINATE MATTER AND WILL APPEAR AS AN EXCEPTION, ITEM 1, SCHEDULE B – Part II ON THE FINAL TITLE POLICY.

- The subordinate deed of trust will appear as an exception on Schedule B – Part II of the final title policy.
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## Automatic Subordination Process for Texas Properties

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### General

- Automatic subordinations are eligible on Texas real estate homestead properties that are eligible for a subordinate lien.
- The State of Texas allows an “automatic” subordination process, which may be used in certain situations thus eliminating the requirement for a separate subordination agreement.
- First mortgage primary residence transactions with secondary financing that consists of a Home Equity Line of Credit (HELOC) under Texas Constitution, Article XIV, Section 50(a)(6) are eligible for re-subordination, unless the first mortgage is a Section 50(a)(6) loan.
- SunTrust will allow Texas automatic subordination process in lieu of a separate subordination agreement when the conditions set forth in the Texas State Constitution are met (subsequently presented in this section). This includes HELOCs, per the HELOC renewal and extension terms.

**Note:** Texas automatic subordinations may be used with any lenders second mortgage provided all applicable state requirements are met.

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### Requirements for the Automated Process

- The property being refinanced must meet ALL of the following conditions to be eligible for the automatic subordination process:
  - The first lien on the subject property **cannot** be a loan subject to Texas Constitution, Article XVI, Section 50(a)(6) [Texas Cash Out].
  - The existing mortgage and subordinate deeds of trust encumber only the subject property (i.e., no additional real or personal property other than the homestead).
  - The second lien being subordinated may be an existing SunTrust Combo Second Mortgage, or any acceptable pre-existing second mortgage.

**Note:** Subordinate deeds of trust that meet the criteria of Texas Constitution Article XIV, Section 50(a)(6) Equity Lines of Credit (HELOC) are eligible for re-subordination with a non-50(a)(6) first mortgage, therefore also are eligible for the Texas automatic subordination.

**Reference:** See the guidelines of the first mortgage loan program for further details regarding the subordination of HELOC secondary financing.

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## Automatic Subordination Process for Texas Properties, Continued

### Automatic Subordination Requirements

The refinance deed of trust must include all of the following:

The Renewal and Extension Agreement must be attached as a Rider to the Deed of Trust and include the following language:

**Renewal and Extension of Liens Against Homestead Property.**

The Note is in renewal and extension, but not in extinguishment, of the indebtedness described on the attached Renewal and Extension Exhibit which is incorporated by reference. Lender is expressly subrogated to all rights, liens, and remedies securing the original holder of a note evidencing Borrower's indebtedness and the original liens securing the indebtedness are renewed and extended to the date of maturity of the Note in renewal and extension of the indebtedness.

- Assignment of lien from the first lien holder to the refinancing lender (SunTrust); and
- The title company has issued a first lien policy for the entire amount of the loan (including closing costs).

### Procedures for Subordinations of Texas Properties

Follow the steps below to complete an automatic subordination request for an existing SunTrust second lien on a Texas Property.

Steps	Actions
1	<ul style="list-style-type: none"> <li>• The Correspondent client will complete the <i>Texas Automatic Subordination Checklist (COR 1380)</i> to determine that it is an allowable transaction.</li> <li>• The Correspondent client should include the completed <i>Texas Automatic Subordination Checklist (COR 1380)</i> form in the loan file for Purchase Review.</li> </ul>
2	<ul style="list-style-type: none"> <li>• The recording of the new deed of trust with the additional language (as previously outlined in the "Requirements for the Automated Process" subtopic) will automatically subordinate the existing second to the new first lien.</li> </ul>
3	<ul style="list-style-type: none"> <li>• The SunTrust Purchase Review department will notify the Correspondent client whether the Texas Automatic Subordination process was used in error and whether correction procedures to subordinate the existing second lien are required.</li> <li>• The Correspondent client will initiate the correction process and any costs for the correction will be charged to the Correspondent client.</li> </ul>