

## Section 1.05 – Underwriting

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## Overview

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### General

- SunTrust underwrites agency and investor loans to both traditional and automated underwriting guidelines.
- SunTrust requires an underwriting fee of \$500 for any loan submitted for underwriting.
- This underwriting fee is applicable for all first mortgage loan submitted to SunTrust for underwriting. This fee will be netted from your wire at the time of funding.
- SunTrust will require the underwriting fee in addition to the document review fee. As a reminder, we will net the document review fee from your wire.
  - The underwriting fee is not charged in addition to the Non-Delegated Division document review fee.
- We require the \$500 underwriting fee for withdrawn and denied loans which we underwrite for delegated lenders. These fees will be billed on a monthly basis.
- Product descriptions included in this Seller Guide address the unique details of each loan program.
- All loans must conform to the underwriting guidelines set forth in this Seller Guide or in Correspondent Bulletin updates revising or clarifying underwriting guidelines.
- Loans are approved by a SunTrust underwriter prior to settlement or by Correspondent lenders who have been granted delegated underwriting authority by SunTrust Bank.

#### References:

- See the *Subordination guidelines* within the [Section 1.26: Subordination of SunTrust Second Mortgage Loans](#) for information on delegated underwriting as it relates to subordinate financing.
  - Reference: See the [Section 1.19: Fraud Prevention Guidelines](#) for information on fraud prevention.
  - The Correspondent Loan Purchase Agreement outlines that Correspondent lenders are solely responsible for ensuring that each mortgage loan sold to SunTrust is originated in compliance with all applicable federal, state, and local laws, rules and regulations, including the USPAP and the FACT Act.
  - The applicable mortgage loan files must contain evidence of such compliance with the USPAP and the FACT Act.
  - Correspondent lenders are encouraged to consult their legal counsel for further interpretation of the Acts.
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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.

- [2019](#)
  - [2018](#)
  - [2017](#)
  - [2016](#)
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## Ability-to-Repay and Qualified Mortgage

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### Ability-to-Repay and Qualified Mortgage

#### Agency Loan Programs

- The Consumer Financial Protection Bureau (CFPB) issued a ruling that generally requires lenders to make a reasonable, good faith determination of a consumer's "ability to repay" before originating a mortgage loan and establishes certain protections from liability for "qualified mortgages."
- Lenders must determine that borrowers have a reasonable ability to repay a loan based on consideration and verification of factors indicative of a consumer's credit capacity, including income/assets, employment status, monthly housing payment (PITI, HOAs, and subordinate financing), other debt obligations, DTI, and credit history.
- Fannie Mae and Freddie Mac eligible loans have been given a "temporary qualified mortgage" status that expires upon the earlier of January 10, 2021 or when the GSEs (or successor entities) are no longer subject to conservatorship or receivership.
- Every qualified mortgage must:
  - Have a fully amortizing payment (fixed rate or ARM),
  - Have a term of 30 years or less,
  - Not have points and fees in excess of 3% of the loan amount (subject to different standards for lower-balance loans and the permitted exclusion for investment property transactions),
  - Be eligible for sale to the GSE per published guidelines, applicable, variance, or an eligible AUS recommendation.
- SunTrust may require additional underwriting criteria over and above the terms allowed under the "temporary qualified mortgage" that demonstrate our interpretation of the spirit and intent of the ability to repay requirements. Any additional criteria beyond the "temporary qualified mortgage" requirements will be denoted as an overlay.

Reference: See the "Agency Points and Fees Test," topic in the [Section 1.35: Compliance Overview](#) for additional guidance.

#### Non-Agency Loan Programs

All non-Agency loans, including but not limited to all FHA, all Portfolio product offerings, and VA MUST meet the 8 minimum requirements for the "Ability-to-Repay" as outlined below without exception:

- SunTrust requires that underwriting for all loans must evaluate and consider **at a minimum** the following eight (8) factors to establish that a reasonable and good faith ability-to-repay determination was made:
  1. The loan file must fully document and verify the income and assets disclosed and necessary to meet AUS findings, and/or required to complete the transaction per the product/underwriting requirements. The underwriter must validate all documentation meets guidelines.
    - All income documentation meets or exceeds product/underwriting guidelines. Income calculation must be fully documented in all files based on the appropriate product/underwriting guidelines.
    - Assets are fully sourced and seasoned as per product/underwriting guidelines.

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## Ability-to-Repay and Qualified Mortgage, Continued

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### Ability-to-Repay Requirements, continued

#### Non-Agency Loan Programs, continued

2. The underwriter must confirm the borrower(s) current employment status and stability/continuance of employment if the employment income is being used in determining repayment ability of the loan (qualifying income).
  - If the application or any supporting documentation in the file indicate that there will be a change in the borrower(s) income source which will impact repayment ability on or after the closing/note date, such as, but not limited to, a borrower(s) application states that the borrower(s) plans to retire within 12 months without obtaining new employment or that the borrower(s) will transition from a full-time to part-time employment, the underwriter must evaluate this information and qualify the borrower on the lowest earnings in all cases.
3. The borrower(s) monthly mortgage payment must be qualified based on the maximum qualifying interest rate for the product and for a period of not less than 5 years after note/closing date. All SunTrust loans will be fully amortizing payments. Refer to the qualifying rate guidelines in the appropriate product description.
4. The borrower(s) monthly payment on any loan in process (including a HELOC) that the underwriter knows or has reason to know will be made, requires additional due diligence when reviewing the credit report inquiries and the payment impact must be considered in the underwriting decision. For a HELOC, the underwriter MUST include the payment on any or all simultaneous loan transaction in the qualifying debt-to-income ratio, regardless of whether the HELOC is drawn at or before note/closing date. Refer to the secondary financing guidelines for additional information.
5. The borrower(s) total monthly payment for all housing obligations (property taxes, insurance, HOA/condo/co-op fees and special assessments, ground rent, or leasehold payment must be included when determining the qualifying DTI ratio.
6. The underwriter must include and document all current debt obligations, including but not limited to non-standard payroll deductions (standard payroll deductions which are not in debt obligations/DTI: federal, state, and local taxes, FICA, retirements contributions, 401K, union dues, deductions to savings, child care, voluntary deductions), garnishments, regularly scheduled withdrawals on the credit report, alimony, and child support when calculating the qualifying DTI ratio. Refer to both the credit requirements and the liabilities guidelines for the appropriate product for additional information.
7. The underwriter must fully validate that the borrower(s) total monthly DTI ratio (including all debts as disclosed and verified by credit report/VOL/VOM, etc. [debts may or may not appear on the credit report but may on the application and/or title binder]) does not exceed 43% or allowable DTI based on AUS findings, except on an FHA or VA loan. See qualifying DTI guidelines for the appropriate product.

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## Ability-to-Repay and Qualified Mortgage, Continued

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### Ability-to-Repay Requirements, continued

#### Non-Agency Loan Programs, continued

8. The underwriter must fully evaluate the borrower(s) credit history past and present as documented by an acceptable credit report, verification of loan, verification of mortgage, cancelled checks on private debts, and/or previous rental/mortgage history, etc. The borrower must have demonstrated a willingness and ability to repay debt obligations past and present. The underwriter may require additional information to verify that any previous derogatory credit situation(s) have been resolved and is confident in the borrower(s) ability to repay the loan.
- The underwriter must validate that all of the above guidelines have been met or exceeded prior to final loan approval and/or clearing a loan to close. The correspondent lender should not proceed with closing until necessary validation is in the loan file.
  - Established within the amendment to Reg. Z is a safe harbor provision known as the “qualified mortgage” (QM) standard. In order for a loan to meet the QM standard it must meet specific requirements above the ATR requirements. The additional requirements affect credit tolerances, product features, compensation and pricing. SunTrust does not permit the origination of “non-qualified mortgages” (Non-QM) for the Key Loan Program in the Correspondent Line of Business.
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## Underwriting Submission for Conventional Non-Delegated Loans

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### General Requirements for all Non-Delegated Loans

- All loans must be registered prior to submitting to SunTrust for underwriting.
- All conventional, conforming loans eligible for automated underwriting must be submitted through either Fannie Mae's Desktop Underwriter (DU) or Freddie Mac's Loan Product Advisor (LPA) before traditional underwriting may be considered

Reference: See [Section 1.04: Automated Underwriting](#) of the Correspondent Seller Guide, for specific details.

- Correspondent lenders are required to order mortgage insurance if the loan requires.
- The Mortgage Insurance Certificate must be in the closed loan file prior to purchase by SunTrust.
- For all loans, the Underwriting Submission Checklist ([COR 0005](#)) should be used to assist in submitting complete files for underwriting.
- The following loan transactions are not eligible for purchase if SunTrust underwrites the loan:
  - loans utilizing Freddie Mac's appraised value representation and warranty relief – Loan Collateral Advisor®

**Note:** This does not include loans eligible for Freddie Mac's LPA automated collateral evaluation (ACE).

- Fannie Mae's HomeStyle Renovation mortgage transactions
- **Calculating Self-Employment Income:** DU loans where a Fannie Mae-approved self-employment income calculation tool (e.g. LoanBeam's FNMA SEI 1084 workbook) has been used. See Fannie Mae's website for the list of [Approved Vendor Tools](#)

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### Submission to SunTrust

- For Credit and Collateral underwriting, the entire loan file is submitted electronically. Correspondent Lenders must upload appraisals along with the sales contract, if applicable, to the Collateral Management System® (CMS) Appraisal Portal at: [www.gofnc.com/suntrust](http://www.gofnc.com/suntrust).
  - Email [CorrespondentAppraisals@SunTrust.com](mailto:CorrespondentAppraisals@SunTrust.com) for CMS access requests and support services.
- For Credit Only underwriting (TBD address), a complete credit package is submitted electronically. Once the property has been identified, the address should be updated and the contract uploaded in the portal. Correspondent Lenders must upload the appraisal along with the sales contract to the Collateral Management System® (CMS) Appraisal Portal at: [www.gofnc.com/suntrust](http://www.gofnc.com/suntrust).
  - Email [CorrespondentAppraisals@SunTrust.com](mailto:CorrespondentAppraisals@SunTrust.com) for CMS access requests and support services.

Reference: See [Section 1.07: Appraisal Guidelines](#) for appraisal requirements.

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## Underwriting Submission for Conventional Non-Delegated Loans, Continued

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### Electronic Document Delivery

- Click [here](#) for guidelines on delivering a credit file electronically.

**Note:** As a reminder, credit files must be submitted by 4:30 p.m. Eastern Time for the documents to be considered received by SunTrust on that day.

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### Underwriting Response Time

- SunTrust understands the importance of a prompt underwriting response; therefore, once a pre-registered loan has been uploaded to LendingSpace and is eligible for setup, it is SunTrust's goal to complete the underwriting on the file within two (2) business days.

**Notes:**

- Although SunTrust will make every effort to meet the two (2) day turnaround goal, we cannot guarantee this turn time. Turn time will be based on current volumes.
  - Two (2) business days is defined as delivering a verbal decision no later than 5:00 p.m. Eastern Time, or two (2) business days following SunTrust's receipt and setup of the pre-registered underwriting file.
  - Underwriters will continue to call lenders with underwriting decisions.
  - Delegated lenders are strongly encouraged to use their delegated authority where appropriate. SunTrust underwriting resources will be available to focus on loans that require prior investor approval.
  - As a reminder to Non-delegated conventional lenders, issuance of our underwriting approval that is clear to close is required prior to closing the loan. Correspondent lenders must manage pipeline lock expiration dates accordingly.
  - Loan term and product changes requiring marketing approval may delay the communication of written approval.
  - Additionally the following guidelines apply:
    - loan re-submissions for product and/or loan term changes, PTC conditions, and pended information are typically reviewed within 1-2 business days of SunTrust's receipt,
    - all conditions, re-submissions, and pended items must be uploaded to imaging choosing the correct document file type,
    - all PTC conditions for a loan should be submitted for review at the same time,
    - only PTC conditions that require sign-off by SunTrust should be submitted prior to closing, and
    - for efficiency, include loan disclosures along with all other conditions in the closing file.
    - Revisions to appraisals need to be uploaded to [www.gofnc.com/suntrust/](http://www.gofnc.com/suntrust/) in MISMO XML file format.
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## Underwriting Submission for Conventional Non-Delegated Loans, Continued

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### Prevalent Reasons for Delayed Underwriting Turn Times

The following lists the most prevalent underwriting pend items found at the time of SunTrust underwriting:

- Missing verification of the secondary financing as noted below:
  - Terms of the existing HELOC/Secondary lien (i.e., a copy of the Note),
  - The HELOC/Secondary financing payment must be included in the “proposed housing expense,” and
  - The AUS findings (DU/DO and LP) must reflect the secondary lien.

**Note:** Most loans with secondary financing do not have this documentation, including closed loans.

- Income issues:
  - declining income not addressed,
  - use of unsupported income,
  - inadequately documented income,
  - alimony and child support not documented per AUS findings,
  - incorrectly calculated income,
  - use of self-employment income received less than one (1) year,
  - type of income entered in AUS incorrectly, and
  - missing pay stubs, etc.
- Asset issues:
  - retirement entered in AUS incorrectly,
  - stock and mutual funds entered in AUS incorrectly,
  - type of asset entered in AUS incorrectly,
  - internet verifications that do not identify account number, account holder or financial institution,
  - all pages of statements not included to meet program requirements, and
  - large deposits not explained or documents.
- Missing 1008, 1003 signed by borrower(s) and LO, submission 1003, AUS findings, credit report.

### Helpful Hints:

- Always use program checklist.
- Use the Underwriting Submission Checklist ([COR 0005](#)).
- Do not submit disclosures in credit file.
- Always read and fully comply with AUS findings and SunTrust published guidelines.
- Provide letters of explanation and/or documentation to show how income was determined and calculated.
- Always address declining income.
- Always document earnings trends for self-employed borrowers with a history of declining income.
- Do not assume you can use the lower year’s earnings for self-employed borrowers who have declining income.
- Frozen credit reports must meet product guidelines.
- All credit alerts must be addressed by lender per credit reporting bureaus instructions.
- Submit all conditions for review at one time.

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## Underwriting Submission for Conventional Non-Delegated Loans, Continued

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- Loan Approval**
- On loans underwritten by SunTrust, Correspondent lenders will be notified via telephone and e-mail when a credit file is approved. The commitment will be documented on the *Decision Letter* which is delivered via email through the LendingSpace portal.
  - The *Decision Letter* indicating approval is subject to compliance with the stated terms and stipulations and satisfaction of the prior to closing and settlement stipulations. These terms and stipulations will be listed first by order of priority (i.e.; prior to funding, prior to closing, at settlement, etc.) and then by category (i.e.; asset, closing, credit/liability, employment/income, etc.).
  - The *Decision Letter* indicating approval is subject to compliance with the stated terms and stipulations and satisfaction of the prior to closing and settlement stipulations. These terms and stipulations will be listed first by order of priority (i.e.; prior to funding, prior to closing, at settlement, etc.) and then by category (i.e.; asset, closing, credit/liability, employment/income, etc.).
  - The credit expiration date is established from the date of the oldest credit document submitted with the loan file, and the number of days allowed for the loan product or AUS system, if applicable.
  - Credit Only Approval is valid for 60 days. If a fully executed sales contract has not been received in underwriting within 60 days from approval, the loan will be cancelled.
  - If updating of documents is required, the loan must be submitted for re-approval.
  - New appraisals and appraisal updates must be uploaded to [www.gofnc.com/suntrust/](http://www.gofnc.com/suntrust/) in MISMO XML file format for re-approval.

Reference: See [Section 1.07: Appraisal Guidelines](#) of the Correspondent Seller Guide for additional information on appraisal date requirements.

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- Incomplete Credit File (Pended Status)**
- If the credit file is incomplete, the underwriter will notify the correspondent of the additional information needed to make a credit decision. A *Pended Loan Notification* will be delivered via the LendingSpace portal.
  - Correspondent lenders may deliver underwriting stipulations electronically by uploading into the LendingSpace portal.
  - If the underwriter has not received the proper documentation, by the end of the tenth (10<sup>th</sup>) business day, the loan may be designated as “withdrawn” or denied.
  - If the loan is denied, a *Notice of Action Taken* will be issued.
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## Underwriting Submission for Conventional Non-Delegated Loans, Continued

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### Borrower Removal from Multi-borrower Loan Application

- SunTrust does not permit the modification of an existing application removing an applicant for any reason. In order to ensure compliance with all regulatory requirements, SunTrust confirms that the final action taken on the existing application is appropriate. A new application is required when proposing different applicant(s), as follows:
  - **Non-qualifying applicants:** If any of the applicants on an existing application does not qualify for the requested credit, SunTrust issues the appropriate Notice of Adverse Action to the correspondent lender. After denial of the exiting application, submit a new application in the LendingSpace portal, which receives a new loan number.
  - If the final action of a loan is denied and the same loan information and borrower information is entered in the LendingSpace portal, the correspondent lender will not get a duplicate loan error.
  - **Applicants who wish to withdraw:** Prior to making a credit decision, if a qualifying applicant wishes to withdraw their name from an existing application, submit the applicant's withdrawal request to SunTrust, for withdrawal of the file. Once SunTrust withdraws the existing file, submit a new application in the LendingSpace portal, which receives a new loan number.
  - If the final action of a loan is withdrawn and the same loan information and borrower information is re-entered in the system within 120 days of the withdrawn date and within the same calendar year, then the correspondent lender will get a duplicate loan error. The correspondent lender must contact the Loan Registration and Lock Desk to determine if the loan is truly a duplicate. If a withdrawn loan is not re-entered within the same calendar year, the correspondent lender will not get a duplicate loan error when re-entering the same loan information and borrower information.
- Pricing on the New Application: After taking the appropriate final action (denied or withdrawn) on the existing application, contact the Loan Registration and Lock Desk for assistance with pricing on the new application and the transferring of lock information, if applicable.
- Transferring Documents to the New Application: You may not transfer the credit report from the existing application to the new application; you must pull a new credit report and obtain a new AUS case file, if applicable. SunTrust will not make any exceptions to this policy. It is acceptable to transfer the appraisal to the new application if the appraisal date is unexpired. If the existing appraisal is older than 120 days (90 days for some products) it is acceptable to update the existing appraisal according to SunTrust's Appraisal Date Requirements.

Reference: See [Section 1.07: Appraisal Guidelines](#) for information and requirements on the appraisal date.

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## Underwriting Submission for Conventional Non-Delegated Loans, Continued

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**Loan Denial**

- SunTrust is required to provide the originating correspondent with a completed *Notice of Action Taken*. It is the correspondent's responsibility to create and provide an adverse action notification to the applicant.

**Quality Control** SunTrust will conduct periodic audits to ensure compliance with these procedures.

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**File Retention**

- An image of the entire file for all denied and withdrawn loans will be retained in the SunTrust Bank Headquarters for a period of twenty-five (25) months.
- The files will include a copy of the *Notice of Action Taken*.

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## Loans Underwritten by MI Contract Underwriting Services

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### General

- In lieu of the direct submission of credit files to SunTrust, Correspondent lenders may provide eligible files to an approved mortgage insurance (MI) contract underwriter for loan approval and mortgage insurance coverage (if applicable) in accordance with SunTrust guidelines.
  - The procedures below outline eligibility guidelines for loans underwritten by mortgage insurance contract resources either in a correspondent's office or off-site at the mortgage insurance company's office.
    - Correspondent lenders must submit under the lender's contract with the MI Company.
    - The MI Company will underwrite the loan under the lender's SunTrust approved level of delegated underwriting authority.
    - Lenders without SunTrust delegated underwriting authority must submit all loan files to SunTrust for underwriting.
  - Approved MI contract underwriters may contact a SunTrust underwriter regarding specific underwriting questions at 1-800-382-2111, Option #4.
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### Approved MI Companies

- Genworth (Formerly GE)
  - MGIC
  - Essent Guaranty
  - CMG<sup>1</sup>
  - Radian
  - AIG United Guaranty (UG)
  - National MI
- <sup>1</sup>: Eligible for Credit Union Lenders Only.
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## Loans Underwritten by MI Contract Underwriting Services, Continued

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### Loan Delivery to SunTrust

- Approved, closed loans submitted to SunTrust Bank for purchase, must contain the complete credit loan file including the following:
  - the computer generated approval notification issued by the MI contract underwriter,
  - the approval notification must reflect the Correspondent lender as the lender/lender, and
  - the AUS findings, if applicable.

#### Notes:

- If the loan has been submitted through DO/DU, Fannie Mae has provided allowances for tolerances in some of the information..
- If the loan has been submitted through LP, Freddie Mac has provided allowances for tolerances in some of the information.

#### References:

- See the *Tolerances* subtopic in the *Underwriting the Borrower* topic within [Section 2.01: Agency Loan Programs](#) of the *Correspondent Seller Guide* for additional information.
  - See [Section 1.04: Automated Underwriting](#) in the *Correspondent Seller Guide*, for additional information.
  - Any conditions of approval that did not require the sign-off by the MI underwriter must be cleared by an appropriate associate of the Correspondent lender staff prior to submission for purchase.
  - Loans should be delivered to SunTrust according to the loan purchase procedures outlined in [Section 1.08: Loan Delivery and Purchase Review](#).
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## Conventional Delegated Underwriting

### Delegated Underwriting Classification

Correspondent lenders who have been approved by SunTrust for delegated underwriting authority may underwrite and approve certain loans based on the following delegation levels:

Delegation	Delegated Authority
<b>Level II</b>	<ul style="list-style-type: none"> <li>• Eligible:               <ul style="list-style-type: none"> <li>• Agency Automated Underwriting Systems (AUS) loans including:                   <ul style="list-style-type: none"> <li>• Agency (1-2 units)</li> <li>• Agency Plus (1-2 units)</li> <li>• Agency Texas Section 50(a)(6) Mortgages</li> <li>• Fannie Mae HomeReady® (1-2 units)</li> <li>• Freddie Mac Home Possible® (1-2 units)</li> </ul> </li> <li>• All eligible loans must receive one of the following eligible AUS recommendations:                   <ul style="list-style-type: none"> <li>• Agency and Agency Plus                       <ul style="list-style-type: none"> <li>• DU “Approve/Eligible”</li> <li>• LPA “Accept/Eligible”</li> </ul> </li> <li>• Agency Texas Section 50(a)(6) Cash-out Refinance                       <ul style="list-style-type: none"> <li>• DU “Approve/Eligible”</li> </ul> </li> <li>• Fannie Mae HomeReady®                       <ul style="list-style-type: none"> <li>• DU “Approve/Eligible”</li> </ul> </li> <li>• Freddie Mac Home Possible®                       <ul style="list-style-type: none"> <li>• LPA “Accept/Eligible”</li> </ul> </li> </ul> </li> </ul> </li> <li>• Ineligible:               <ul style="list-style-type: none"> <li>• Non-AUS (Manually Underwritten Transactions)</li> <li>• Key Loan Program</li> <li>• Jumbo Solution Second Mortgage Program</li> <li>• Loans that receive a DU/DO “Refer with Caution” recommendation are not acceptable.</li> </ul> </li> </ul> <p>Reference: See the “Loans Underwritten by MI Contract Underwriting Services” topic within this document for additional requirements for submitting loans to MI Companies for underwriting purposes.</p>

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## Conventional Delegated Underwriting, Continued

### Delegated Underwriting Classification, (continued)

Delegation	Delegated Authority, (continued)
<b>Expanded</b>	<ul style="list-style-type: none"> <li>• Eligible:               <ul style="list-style-type: none"> <li>• All loans eligible under Level II Authority</li> <li>• Agency 3-4 units, AUS transactions</li> <li>• Agency 1-4 units, non-AUS</li> <li>• Agency Plus 3-4 units, AUS only</li> <li>• Fannie Mae HomeReady® 3-4 units, AUS transactions</li> <li>• Fannie Mae HomeReady® 1-4 units, non-AUS</li> <li>• Freddie Mac Home Possible® 3-4 units, AUS only</li> </ul> </li> <li>• Ineligible:               <ul style="list-style-type: none"> <li>• Key Loan Program</li> <li>• Jumbo Solution Second Mortgage Loan Program</li> </ul> </li> </ul> <p>Reference: See the “Loans Underwritten by MI Contract Underwriting Services” topic within this document for additional requirements for submitting loans to MI Companies for underwriting purposes.</p>
<b>Expanded Plus</b>	<ul style="list-style-type: none"> <li>• Eligible:               <ul style="list-style-type: none"> <li>• All loan eligible under Expanded Authority</li> <li>• Key Loan Program transactions meeting the following requirements:                   <ul style="list-style-type: none"> <li>• Loan Amount &lt;= \$1,000,000</li> <li>• 1-unit primary residence only (i.e., no second homes)</li> <li>• Non-occupant co-borrowers are not eligible</li> <li>• Short sale subject properties are not eligible</li> <li>• TPO originated (regardless of any Third Party Component Advice) are not eligible.</li> </ul> </li> </ul> </li> <li>• Ineligible               <ul style="list-style-type: none"> <li>• Jumbo Solution Second Mortgage Loan Program</li> <li>• Key Loan Program transactions not meeting the above criteria (must be underwritten by SunTrust)</li> </ul> </li> </ul> <p>Reference: See the “Loans Underwritten by MI Contract Underwriting Services” topic within this document for additional requirements for submitting loans to MI Companies for underwriting purposes.</p>

Reference: The *Correspondent Loan Purchase Agreement* and any *Amendments to the Correspondent Loan Purchase Agreement* specify the lender’s level of delegated underwriting authority. Correspondent lenders are responsible for underwriting loans within their delegated authority as indicated on their *Amendments*.

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## Conventional Delegated Underwriting, Continued

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### Delegated Underwriting Classification, (continued)

- Correspondent lenders may not make exceptions to product and underwriting guidelines.
- Not all Correspondent lenders are eligible for delegated underwriting authority.
- Contact your Account Manager for eligibility and qualifying information.

#### References:

- See the *Underwriting Submission for Conventional Non-Delegated Loans* topic previously presented for additional information.
- See the subtopic, *Loans Underwritten by MI Contract Underwriting Services*” previously mentioned in this document for additional information.

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## Conventional Delegated Underwriting, Continued

### General Requirements for all Delegated Loans

- The following forms are required for all conventional delegated loans:

Forms
<ul style="list-style-type: none"><li><i>Key Loan Program Eligibility Checklist</i> (<a href="#">COR 0650</a>), if applicable</li></ul>

- The following forms are strongly recommended for all delegated loans:

Forms
<ul style="list-style-type: none"><li>The <i>Declining Markets Checklist</i> (<a href="#">COR 0051</a>) has been created as a tool to assist in underwriting properties located in a declining market.</li></ul>

- Loans previously underwritten by SunTrust are not eligible for delegated underwriting.

#### Notes:

- See the subtopic, DTI Tolerance Guidelines in the Products topic of Section [2.01: Agency Loan Programs](#) in the Correspondent Seller Guide for revised DTI Tolerance Guidelines.
  - See the subtopic, DTI Tolerance Guidelines in [Section 1.04: Automated Underwriting](#) in the Correspondent Seller Guide for revised DTI Tolerance Guidelines
  - The following loan transactions are not eligible for purchase if SunTrust underwrites the loan:
    - loans utilizing Freddie Mac's appraised value representation and warranty relief – Loan Collateral Advisor®
- Note:** This does not include loans eligible for Freddie Mac's LPA automated collateral evaluation (ACE).
- Fannie Mae's HomeStyle Renovation mortgage transactions
  - Calculating Self-Employment Income:** DU loans where a Fannie Mae-approved self-employment income calculation tool (e.g. LoanBeam's FNMA SEI 1084 workbook) has been used. See Fannie Mae's website for the list of [Approved Vendor Tools](#)
  - All AUS loans must be validated and documented in accordance with the product description.
  - All appraisals must be reviewed for compliance with SunTrust's appraisal and property standards.
  - All AUS loans submitted for purchase must include a copy of the most current, complete set of AUS Findings.
  - All AUS loans submitted for purchase must include the Fannie Mae Transmittal (1008) and must match the AUS Findings.
  - SunTrust randomly selects a certain population of delegated loans for quality control review on a pre or post-funding basis.
  - Under the quality control review, the funding of these loans will not be delayed unless material underwriting and/or documentation deficiencies are identified, which must be resolved prior to SunTrust's purchase of the loan.

## Government Underwriting

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### VA Government Sponsorship Program

SunTrust eliminated<sup>9</sup> the VA Government Sponsorship Program on October 15, 2010.

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### Loans Underwritten by Correspondent Lenders with DE or VA Automatic Underwriters

- SunTrust will purchase FHA and VA loans from Correspondent Lenders that meet SunTrust's government lending approval criteria and that have FHA Direct Endorsement or VA Automatic underwriters.
- It is the Correspondent Lender's responsibility to insure that all FHA and VA loans are in full compliance with FHA and VA regulations, as well as all SunTrust specific requirements identified in the SunTrust VA and FHA product descriptions.
- SunTrust is not responsible for training Correspondent Lenders or providing HUD or VA handbooks, mortgagee letters, or bulletins.
- All FHA or VA loans submitted for purchase must include a copy of the current, complete set of AUS Findings, if applicable.
- Loan files that do not include the AUS Findings will be pended and funding will be delayed.

Reference: See Section 1.08: Loan Delivery and Purchase Review of the *Correspondent Seller Guide* for additional information.

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### HUD Handbooks and Mortgagee Information

- It is the responsibility of the originating correspondent to ensure that mortgages processed for 203(b) loans meet HUD's guidelines.
- Correspondent Lenders are responsible for checking their HOC's frequently for local updates or clarifications.

Reference: Access the new handbook by clicking this link: [HUD Handbook 4000.1](#).

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*Continued on next page*

## Government Underwriting, Continued

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### VA Handbooks and Updates to the VA Loan Program

- It is the responsibility of the originating correspondent to obtain VA Handbooks and updates to the VA Loan Program and policy as well as to adhere to the VA Lenders Handbook requirements.
  - Changes to the VA Lenders Handbook are on VA's Loan Guaranty website at <http://www.benefits.va.gov/homeloans/>.
  - Additionally, VA has a "What's New" web page, <http://www.homeloans.va.gov/new.htm>, to keep participants informed of any changes.
  - Lenders should check this website frequently, as all updates to the VA Home Loan Program will be posted to this site.
  - VA's Loan Guaranty website provides a listing of Regional VA Loan Centers and Eligibility Centers.
  - Correspondents are responsible for checking their regional loan center site frequently for local updates or clarifications.
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## HMDA Information

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### General

***Correspondent Lenders are urged to consult with their Legal and Compliance departments for all of the revisions, information, interpretation and/or additional requirements related to HMDA.***

Reference: See the *HMDA* topic within [Section 1.35: Compliance Overview](#) of the *Correspondent Seller Guide*, for additional information on HMDA reporting.

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## Credit Scoring

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### General

Refer to the specific product description for minimum credit score requirements.

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### Credit Repair Vendors

- SunTrust prohibits the use of Credit Repair Vendors designed to help a borrower falsely repair their credit profile by manipulating the data to purposely improve their credit score.
- It is important to SunTrust that our lenders are as knowledgeable as possible. Their awareness makes the lending process beneficial to them and us. That is why we approve the use of credit monitoring, fraud alerts, and non-profit credit counseling services to assist the customer in gaining insight about their credit circumstances as it relates to proposed financing with SunTrust.
- If past, current or proposed usage of these credit reporting vendors, for the purpose of artificially improving a borrower's credit profile, is revealed at any time during the loan process, the loan will be determined ineligible and unacceptable to SunTrust.

Reference: See [Section 1.27: Credit Vendor and Reporting Guidelines](#) of the *Correspondent Seller Guide* for additional specific information on use of credit vendors.

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## IRS Form 4506-T

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### General

#### Agency Loan Programs

Reference: See “General Income Documentation Requirements” in the “Income” topic outlined in [Section 2.01: Agency Loan Programs](#) of the *Correspondent Seller Guide* for guidelines.

#### Non-Agency Loan Programs

Reference: See Income topic within the applicable product description for guidelines.

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### Escrow Waiver Eligibility

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#### Waiver of Escrows

Reference: Please see the Waiver of Escrow subtopic in the Closing Documentation topic in [Section 1.08: Loan Delivery and Purchase Review](#) for specific information on escrow waiver eligibility.

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