

Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

January 10, 2014 • COR14-008



Alert

Update

Reminder

Clarification

Training Information

Preview

Multiple CFPB Single-Closing and Two-Closing Construction Lending Changes

SunTrust Mortgage, Inc. announces multiple changes to our single-closing and two-closing construction lending guidelines.

Intended Audience

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

Friday, January 10, 2014
Effective for loan applications dated on or after this date.

Background Information

On January 10, 2013, the Consumer Financial Protection Bureau (CFPB) issued its final Ability-to-Repay and Qualified Mortgage Standards Rule (ATR Rule), implementing sections 1411, 1412 and portions of 1414 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). The ATR Rule is implemented via amendments to Regulation Z (12 CFR §1026.1 et seq.), which implements the Truth in Lending Act (TILA).

Bulletin Details

SunTrust Mortgage Construction Lending and CFPB

Correspondent lenders are responsible for meeting all Fannie Mae Agency Construction-Permanent guidelines and all CFPB Ability-to-Repay/Qualified Mortgage regulations before submitting the loan to SunTrust Mortgage for purchase. We will not purchase any transaction not meeting CFPB/Ability-to-Repay and Qualified Mortgage regulations.

Correspondent Lenders are encouraged to review all of our guidelines for construction lending to ensure the proper guidance is being followed.

Agency Single-Closing Construction Lending

We are adding the following requirements to our Agency Single-Closing Construction Lending guidelines:

- The maximum debt-to-income ratio (DTI) is 43%.
- For self-employed borrowers, the DTI requirement above is reduced by 5%.
- The minimum credit score for all borrowers is 700.

Action Required

Origination, Processing, Underwriting, Closing, Delivery, Funding, Compliance, and Legal

Beginning January 10, 2014
Follow the requirements in this bulletin on loan applications dated on or after this date.

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Bulletin Details, continued

Agency Single-Closing Construction Lending, continued

- Single-closing transactions are eligible for 1-unit primary residences and 1-unit second homes only.
- Log homes are not eligible.

Agency Two-Closing Construction Lending

We are adding the following requirements to our Agency Two-Closing Construction Lending guidelines:

- Two-closing transactions are eligible for 1-4 unit primary residences and 1-unit second homes only.
- Log homes are not eligible.

Key Loan Program Construction Lending (Single-Closing and Two-Closing)

We are adding the following requirements to our Key Single-Closing and Two-Closing Construction Lending guidelines:

- The maximum debt-to-income ratio (DTI) is 40%.
- For self-employed borrowers, the DTI requirement above is reduced by 5%.
- The minimum credit score for all borrowers is 700.

Revised Materials

Click [Agency](#), [Key](#), and [Agency Credit Overlay Matrix](#) to view the revised materials.

Previous Guidelines

- Previously, we did not provide DTI and credit score guidance in construction lending.
- 1-unit investment properties were previously eligible for Agency construction lending.

Other Resources

Support Group	Description and Contact Information:
Account Manager or Correspondent Relations Coordinator	Specific questions on applying this procedure to specific loan files. Direct contact information for each account manager or correspondent relations coordinator is located in General Section 1.01: The Correspondent Division
Resource Center	Provides phone and email support on products, policies, and procedures as well as new product rollout and existing product enhancement. Contact the Resource Center at 800.382.2111, Option 1, Option 2.

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