

Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

April 18, 2014 • COR14-044



Alert

Update

Reminder

Clarification

Training
Information

Preview

Asset and Retirement Accounts Toward Cash Reserves Clarifications for Key Loan Program

SunTrust Mortgage, Inc., clarifies the use of eligible retirement funds towards meeting cash reserve requirements for the Key Loan program, and defines eligible assets.

Intended Audience

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

Friday, April 18, 2014
Effective for new applications and loans in the pipeline.

Background Information

SunTrust Mortgage takes this opportunity to add clarity to our guidelines by defining assets, and update the use of retirement accounts towards cash reserve requirements for the Key Loan program.

Bulletin Details

Definition of Assets for Key Loan Program

The following lists eligible and ineligible assets for use in the Key Loan Program:

- All assets disclosed on the final loan application must be verified.
- The following assets may be used as funds for closing (closing cost and prepaids), down payment, and reserves:
 - bonds
 - bridge loans
 - certificates of deposit (CDs)
 - checking accounts
 - gifts
 - money market funds
 - mutual funds
 - net equity

Action Required

Origination, Processing, Underwriting, Closing, Delivery, and Funding
Starting April 18, 2014
Follow published guidance.

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Bulletin Details, continued

Definition of Assets for Key Loan Program, continued

- retirement funds
- savings accounts
- secured borrowed funds
- stock
- trust funds
- The following list shows ineligible sources of closing costs, down payment, and reserves:
 - 1031 tax exchange,
 - cash-on-hand,
 - cross collateralization,
 - pooled funds,
 - sweat equity,
 - gifts from unrelated person,
 - lines of credit on credit cards,
 - salary advance from employer (unsecured loan),
 - signature loans,
 - overdraft protection on checking accounts,
 - trade equity,
 - unsecured borrowed funds, and/or
 - unverified sale of assets.

Retirement Accounts Towards Cash Reserves For Key Loan Program

The following guidance applies to the use of retirement accounts towards reserves:

- In order for the retirement account to be considered as effective reserves, the borrower must have vested funds in the accounts.
- Regardless of the borrower's age or employment status, obtain a copy of the retirement account plan and review to ensure vested funds are eligible for withdrawal (not borrowed, such as a loan).
- Funds that cannot be withdrawn under circumstances other than the account owner's retirement, employment termination, or death are not eligible.

Revised Materials

Click [Key Loan Program](#) to view the revised material.

Former Guideline

Previously, eligible and ineligible assets were not clearly defined in the Key Loan Program product description.

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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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