

Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

May 16, 2014 • COR14-055



Alert

Update

Reminder

Clarification

Training
Information

Preview

Enhanced Gift Eligibility

SunTrust Mortgage, Inc. aligns with Fannie Mae's minimum borrower contribution requirements. For LTV/TLTV/HTLTVs greater than 80%, we now allow as little as zero percent from the borrower's personal funds on standard Agency, 1-unit, primary residence, non-AUS and DU transactions. On these Agency transactions, all funds needed to complete the transaction may now come from a gift.

We also clarify various Agency asset guidelines for all underwriting methods (i.e., non-AUS, DU, and LP).

Intended Audience

Origination
Processing

Secondary
Marketing

Underwriting

Closing
Delivery
Funding

Compliance
Legal

Other

Effective Dates

Friday, May 16, 2014

All updates are effective immediately for existing and new loan applications on or after this date.

Background Information

Several mortgage insurance (MI) vendors recently revised their minimum borrower contribution requirements. In response to this revision, we conducted a review of our Agency borrower contribution and asset requirements for all underwriting methods. We identified opportunities to clarify existing guidelines and to implement revisions to align more closely with investor requirements for better client experience.

Bulletin Details

Impacted Loan Programs

Updates outlined in this bulletin impact the following loan programs:

- Standard Agency
- Agency Plus

Note: Review the before-and-after matrix subsequently presented in this bulletin for a detailed overview of the impacted loan programs per update and underwriting method.

Action Required

Origination, Processing, Secondary Marketing, Underwriting, Closing, Delivery, Funding, Compliance, and Legal Starting May 16, 2014

Apply the new guidelines outlined in the Bulletin Details and related before-and-after matrix.

Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

May 16, 2014 • COR14-055



Bulletin Details, continued

Guideline Updates

A summary of the updates include:

- For standard Agency non-AUS and DU, 1-unit, primary residence transactions with LTV/TLTV/HTLTVs greater than 80%, reduced the minimum contribution requirement from the borrower's own funds from 5% to 0%
- For standard Agency (non-AUS and DU) and Agency Plus (DU) transactions with a non-occupant co-borrower, removed the guideline requiring the first 5% down payment to come from the occupant borrower's funds
- For standard Agency LP, 1-unit, primary residence and 1-unit second home transactions with LTV/TLTV/HTLTVs greater than 80%, clarified that after the borrower makes a 5% minimum contribution from their own funds, gifts can be used to supplement the down payment, closing costs, and reserves
- For standard Agency (non-AUS, DU, and LP) and Agency Plus (DU) transactions:
 - Clearly outlined minimum borrower contribution requirements for investment properties. Gift funds remain ineligible for investment properties.
 - Revised and/or clarified gift and gift of equity guidelines
 - Clarified pooled funds guidelines

Before-and-After Matrix

[Click here](#) to see the before-and-after matrix that provides a detailed overview of all updates.

Revised Materials

Click [Agency Loan Programs](#), [Agency Plus](#), [Key Loan Program](#), and Agency Plus Loan Program Eligibility Checklist ([COR 0160](#)) to review the revised product materials.

Note: The Key product description previously referred back to standard Agency non-AUS guidelines for certain gift letter, transfer of gift funds, and gift of equity guidance. Gift letter, transfer of gift funds, and gift of equity guidance remains unchanged for the Key loan program. As a result, we are updating the Key product description to incorporate current gift letter, transfer of gift funds, and gift of equity guidelines.

Former Guideline

See the before-and-after matrix provided in the Bulletin Details section to access the former guidelines.

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.

This information is for use by mortgage professionals only and should not be distributed to or used by consumers or other third parties. This is not for solicitation of sales. Information is accurate as of date of posting and is subject to change without current product details and lending procedure. SunTrust Mortgage, Inc. does not guarantee or assume liability for any third-party products or services. ©2014 SunTrust Banks, Inc. SunTrust, and SunTrust Mortgage are federally registered service marks of SunTrust Banks, Inc.