

# Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

June 6, 2014 • COR14-062



Alert

Update

Reminder

Clarification

Training  
Information

Preview

## Key Loan and Financed Properties Guideline Clarity

SunTrust Mortgage, Inc. clarifies the revolving debt guidelines as well as the retirement income guidelines for Key Loan Program transactions. These guideline changes also impact the Jumbo Solution Second Mortgage program.

In addition, we changed the list of Portfolio loan programs within the Maximum Number of Financed Properties and Borrower Exposure section on the *Correspondent Seller Guide*.

### Intended Audience

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

#### Friday, May 9, 2014

The Key Loan guidelines in this bulletin are effective for loan applications dated on or after this date.

#### Monday, June 9, 2014

The loan program name change guidelines in this bulletin are effective immediately for existing and new applications on or after this date.

### Background Information

In Correspondent bulletin [COR14-051](#), we announced various changes to the guidelines for the Key Loan Program and the Jumbo Solution Second Mortgage Program. Upon further review of these changes, we found an opportunity to provide additional clarity to the revolving debt guidelines, including the addition of guidelines for 30-day accounts. We also realized that a guideline was inadvertently removed from the retirement income guidelines.

In addition to these clarifications, we revised the Portfolio loan program list found in the Maximum Number of Financed Properties and Borrower Exposure section of the *Correspondent Seller Guide* due to a name change to one of the Portfolio programs.

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## Bulletin Details

### Liabilities and Qualifying Ratios – Revolving Debt

The guidelines listed below have not changed, but they were removed from the Credit Requirements section and moved to the Liabilities and Qualifying Ratios section for guideline clarity.

- Monthly payments on revolving or open-end accounts regardless of balance, must be included in the borrower's monthly debt ratio.
- Open-ended or revolving debt cannot be paid off to qualify the borrower.

#### Notes:

- If there is no payment on an open-ended or revolving account with or without a balance on the credit report, the minimum payment is calculated as the greater of \$10 or 5% of the outstanding balance.
- Documentation from other third party sources can justify the use of a lower monthly payment.

### Liabilities and Qualifying Ratios - 30-Day Accounts

30-day accounts are paid off each month and should be considered in the total required funds to close, regardless of the remaining balance.

### Retirement Income

- The borrower must have unrestricted access without penalty to accounts.
- The borrower must document regular and continued receipt of the income and must provide one of the following:
  - letter from organization providing the income,
  - copies of retirement awards letter(s),
  - copies of signed Federal tax returns filed with the IRS,
  - IRS W-2s or 1099 forms, or
  - copies of two months most recent bank statements reflecting regular deposits.
- If retirement income is paid in the form of a monthly distribution from a 401(k), IRA, or Keogh retirement account verify there is sufficient balance to allow income payments to continue for at least ten years.
- If the borrower has recently retired and set up an account for income draws, income from the principal balance may only be used if a payment schedule has been set up.
- If the retirement assets are in the form of stocks, bonds, or mutual funds, use 70% of the balance of the asset (less any funds used for down payment, closing costs, prepaids/escrows, and/or financing costs) to determine the number of distributions remaining, to account for the volatile nature of these assets.

## Action Required

### Origination, Processing, Underwriting, Closing, Delivery, and Funding Starting May 9, 2014

Apply the guidelines in this bulletin to loans with applications dated on or after this date.

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## Bulletin Details, continued

### Maximum Number of Financed Properties and Borrower Exposure

In the Maximum Exposure section of the above-referenced document, the term Portfolio is defined with a list of SunTrust Mortgage loan program names. We changed the name of the Portfolio loan program, Premier Advantage, to Private Wealth Mortgage and this section now reflects this revised program name.

### Revised Materials

Click [Key Loan Program](#) and [Maximum Number of Financed Properties and Borrower Exposure](#) to view the revised materials.

## Former Guideline

Previously, 30-day account guidelines for the Key Loan Program and the Jumbo Solution Loan Program were found within the Non-Automated Underwriting System (Non-AUS) section of the Agency Loan program document on the *Correspondent Seller Guide*.

Also, we previously did not mention that only 70% of the balance of retirement assets less any funds used for down payment, closing costs, prepaids/escrows, and/or financing costs could be used to qualify the borrower.

Finally, the list of Portfolio loan programs in the Maximum Number of Financed Properties and Borrower Exposure document contained the loan program named, Premier Advantage.

## 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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