

Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

August 29, 2014 • COR14-088



Alert

Update

Reminder

Clarification

Training
Information

Preview

Appraisal and Property Eligibility Revisions

SunTrust Mortgage, Inc. updates our appraisal and property eligibility guidelines for conventional loans.

Intended Audience

Origination
Processing

Secondary Marketing

Underwriting

Closing
Delivery
Funding

Compliance
Legal

Other

Effective Dates

Tuesday, September 2, 2014
Effective for new conventional
loan applications on or after
this date.

Background Information

On April 15, 2014, Fannie Mae published announcement SEL-2014-03 which included various appraisal and property eligibility requirements. In reviewing this information, we took the opportunity to update, clarify, and align our conventional loan guidelines more closely with investor requirements. This effort improves our lending guidelines and enhances lending opportunities for our correspondent lenders.

Bulletin Details

Impacted Loan Programs

The updates outlined in this bulletin impact the following loan programs:

- Standard Agency,
- Agency Plus,
- DU Refi Plus™,
- Jumbo Solution Second Mortgage,
- Key, and
- Texas Cash-Out Refinance [50(a)(6)] First Mortgages.

Action Required

**Origination, Processing,
Underwriting/Appraisal Reviewers
Starting August 29, 2014**
Follow the guidelines outlined in this
bulletin.

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Bulletin Details, continued

Ineligible Properties

- Ineligible property types now include the following which primarily used for business purposes:
 - Bed and Breakfast Properties
 - Boarding Houses
- We revise the listing of ineligible property types for several loan programs for the purposes of alignment and clarification.

Property Types

- Second Homes
 - We no longer include the requirement that the second home be a reasonable distance from the primary residence for Agency non-automated underwriting (non-AUS) and Desktop Underwriter® (DU) loans. This guidance remains for Agency Loan Prospector® (LP) and non-Agency conventional loans, with wording revised for clarity.
 - We clarify that second homes must be suitable for year-round occupancy for both Agency and non-Agency conventional loans.
- Multiple Parcels of Land (Two or More Parcels)
 - For Agency and non-Agency conventional loans, we now allow non-adjointing parcels if certain criteria are met.
 - For Agency loans, all parcels must have the same basic zoning. For non-Agency conventional loan programs, all parcels must be zoned residential.

Appraisal Requirements

- The Appraisal Update/Completion Report (Form 1004D) now allows an exterior only inspection (requires front photo).
 - Freddie Mac LP allows one of the following: use of Form 442 (with an exterior only inspection and front photo), a new exterior only appraisal (with a front photo), or a new appraisal with an interior/exterior inspection;
 - Non-Agency conventional loan programs will continue to require an interior/exterior inspection.
- We provide additional guidance regarding accessory dwelling units.
- We include guidance regarding properties with additions lacking required permits
- We now allow the reuse of an original appraisal for a subsequent rate/term refinance transaction if certain criteria are met.
- For Agency loans, appraisal requirements for comparable sales no longer require an explanation when a comparable sale is over six (6) months old. For Agency and non-Agency conventional loans, we include an example of when an older sale is more appropriate than a dissimilar recent sale.
- We include guidance regarding unique properties.
- We include changes to the following appraisal topics for clarity and best practices:
 - Mixed-use properties
 - Owner of record definition
 - Uniform Collateral Data Portal (UCDP)
 - Appraisal Analysis
 - Neighborhood Analysis
 - Degree of Development and Growth Rate
 - Over-improvements
 - Age Range and Predominant Age
 - Environmental Hazards
 - Market Conditions Addendum to the Appraisal Report (1004MC)

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Before-and-After Matrix

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the updates and clarifications effective for new loan applications on or after September 2, 2014.

Revised Materials

Click [Appraisal Guidelines](#), [Disaster Area Procedures](#), [Agency Loan Programs](#), [Texas Cash-Out \[50\(a\)\(6\)\] Refinance First Mortgages](#), [Agency Plus Loan Program](#), [DU Refi Plus Loan Program](#), [Key Loan Program](#), [Jumbo Solution Second Mortgage](#), and [Correspondent Agency Credit Overlay Matrix](#) to review the revised material.

Former Guideline

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

Other Resources

Support Group	Description and Contact Information:
Correspondent Relations Coordinator	Specific questions on applying this procedure to specific loan files. Direct contact information for each correspondent relations coordinator is located in General Section 1.01: The Correspondent Division
Emerging Banker Account Executive	Specific questions on applying this procedure to specific loan files. Direct contact information for each account executive 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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