

Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

September 19, 2014 • COR14-097



Alert

Update

Reminder

Clarification

Training
Information

Preview

Derogatory Credit Events and Retirement of SFCs

SunTrust Mortgage, Inc. announces guideline revisions for significant derogatory credit events that impact various Agency loan programs, along with the retirement of certain special feature codes (SFCs).

Intended Audience

Origination
Processing

Secondary
Marketing

Underwriting

Closing
Delivery
Funding

Compliance
Legal

Other

Effective Dates

Friday, September 19, 2014

The special feature code retirements are effective immediately for new and existing loan applications on or after this date.

Monday, September 22, 2014

The bankruptcy, deed-in-lieu of foreclosure, foreclosure, and short sale updates are effective for new loan applications on or after this date.

Background Information

On July 29, 2014, Fannie Mae published Selling Guide Announcement SEL 2014-10. This announcement updates guidelines for significant derogatory credit events and announces the retirement of certain SFCs. We reviewed our Agency guidelines and identified opportunities to simplify and align with investor requirements.

Bulletin Details

Impacted Loan Programs

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

- Standard Agency
- Agency Plus
- DU Refi Plus™
- Texas Cash-Out [50(a)(6)] Refinance First Mortgages

Action Required

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

Starting September 19, 2014

Apply the revised guidance outlined in this bulletin.

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Bulletin Details, continued

Summary of Updates

A summary of the updates are as follows:

- For non-AUS transactions, revised the waiting period requirements for a deed-in-lieu of foreclosure and short sale to require a four-year waiting period. A two-year waiting period is permitted if the event was due to extenuating circumstances.

Note: This update aligns non-AUS deed-in-lieu of foreclosure and short sale waiting period requirements with the recently revised DU waiting period guidelines previously announced in [COR14-085](#).

- For non-AUS and DU transactions, if a mortgage debt has been discharged through a bankruptcy, even if a foreclosure action is subsequently completed to reclaim the property in satisfaction of the debt, bankruptcy waiting periods may be applied if the appropriate documentation is obtained to verify that the mortgage obligation was discharged in the bankruptcy. Otherwise, the greater of the applicable bankruptcy or foreclosure waiting periods must be applied.
 - If a loan casefile receives a “Refer with Caution” recommendation due to a foreclosure identified by DU as taking place in the last seven years, the account was one discharged through a bankruptcy, and the bankruptcy waiting period requirements have been met, the underwriter may instruct DU to disregard the foreclosure information. This would be done by entering “Confirmed CR FC Incorrect” in the Explanation field for question c. in the Declarations section of the online loan application and resubmitting the loan casefile to DU.

Retirement of Special Feature Codes (*SunTrust Mortgage Internal Information Only*)

Fannie Mae announced the following special feature codes are being retired:

- 047 – Federal Subsidy
- 048 – State and Local Government Subsidy
- 049 – Public or Private Subsidy

Note: This was internal information for use by SunTrust Mortgage teammates only.

Before-and-After Matrices

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the updates effective for new and existing loan applications on or after September 19, 2014.

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the updates effective for new loan applications on or after September 22, 2014.

Revised Materials

Click [Agency Loan Programs](#), [DU Refi Plus Loan Program](#), and [Short Sales and Restructured Mortgage Loans](#) to review the revised materials.

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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:
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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