

# Product Support Bulletin



Information for Correspondent Lenders of SunTrust Mortgage, Inc.  
July 3, 2015 • COR15-033

Alert

**Update**

Reminder

Clarification

Training  
Information

Preview

## Revolving Debt and Other Guideline Revisions

SunTrust Mortgage, Inc. updates revolving debt, gift, and ratio calculation guidelines to align with Fannie Mae and Freddie Mac. Additionally, we announce other revisions to Agency guidelines.

### Intended Audience

<b>Origination Processing</b>	Secondary Marketing	<b>Underwriting</b>	<b>Closing Delivery Funding</b>	Compliance Legal	Other
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### Effective Dates

#### Friday, July 3, 2015

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

### Background Information

In announcement SEL-2015-06, Fannie Mae announced their decision to update revolving debt guidelines removing the requirement that the revolving debt account be closed in order to exclude the payment from the client's debt-to-income (DTI) ratio. In response to this update and support of our purpose of financial well-being, we identified opportunities to align with Fannie Mae and Freddie Mac requirements.

Additionally, we continue to provide Agency overlay relief and guideline simplification to be competitive and to offer market contemporary terms.

### Bulletin Details

#### Revolving Debt Guideline Updates

A summary of the updates are as follows:

- For Agency non-AUS and Fannie Mae Desktop Underwriter® (DU) transactions loans, it is acceptable to pay off revolving debt accounts, whether at closing or prior to closing, and exclude the monthly debt payment from the client's qualifying DTI. The requirement to close the revolving debt account in order to exclude the payment is no longer required.

**Note:** Fannie Mae plans to update DU messaging the weekend of August 15, 2015 to reflect the above mentioned change. Until then, DU will continue to issue a message stating that revolving debts must be included in the total expense payment if the account is not closed. Disregard the message and follow SunTrust published guidelines.

### Action Required

**Origination, Processing,  
Underwriting, Closing, Delivery,  
and Funding  
Starting July 3, 2015**

Apply the guidelines outlined in this bulletin and related Before-and-After Matrix.

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## Bulletin Details, continued

### Revolving Debt Guideline Updates, continued

- If the client's credit report does not reflect a required minimum payment amount for a revolving debt account:
  - For non-AUS and Loan Prospector® (LP) transactions, use 5% of the outstanding balance as the client's monthly payment.
  - For DU transactions, DU will calculate the greater of \$10 or 5% of the outstanding balance as the monthly payment.
- Gift funds are an acceptable source of funds for the pay down or payoff of revolving or open-end debt, collections, charge-offs, judgments, garnishments and/or liens. Document the source of the funds in the loan file.

### Other Guideline Updates

- Clarified the components used to calculate the borrower's qualifying DTI for non-AUS and DU loans.
- Aligned with Fannie Mae and Freddie Mac regarding what monthly debt payments are included in the borrower's total monthly obligations for qualifying purposes.
- Aligned asset guidelines for DU Refi Plus™ transactions with Fannie Mae. Additionally, gift documentation requirements are clarified.

### Before and After Matrices

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the guideline updates effective immediately for both existing and new loan applications on or after July 3, 2015.

### Revised Materials

Click [Agency Loan Programs](#), [Agency Plus Loan Program](#), and [DU Refi Plus™ Loan Program](#) to review the revised product materials.

## Former Guidelines

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.
Product Support	Provides phone and email support on products, policies, and procedures as well as new product rollout and existing product enhancement. Contact Product Support at 800.382.2111, option 4.

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