

Product Support Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.
December 16, 2016 • COR16-041



Alert

Update

Reminder

Clarification

Training
Information

Preview

VA Overlay Relief and Abbreviated Seller Guide

SunTrust Mortgage Inc. revises the Department of Veteran Affairs (VA) product guidelines to reduce overlays and more closely align with VA requirements. Additionally, we took this opportunity to abbreviate the VA product description in the *Correspondent Seller Guide*. With this publication, we remove 23 VA overlays!

Intended Audience

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

Monday, December 19, 2016

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

Background Information

SunTrust Mortgage recently reviewed all VA guidelines to determine where we can further align with their requirements. We identified opportunities to more closely align with VA requirements, while managing risk to our business.

We are expanding our refinance offering to include Non Credit Qualifying Streamline Loans also known as (aka) Interest Rate Reduction Refinance Loans (IRRRL) for loans currently serviced by SunTrust Mortgage.

In support of our guideline improvement initiative, we continue to modify our guidelines to align more closely with VA requirements.

Bulletin Details

What's new for our Correspondent VA Automatic Lenders

Correspondent Lenders with VA automatic lending authority will reference a much abbreviated VA product description in the *Correspondent Seller Guide* and utilize the VA Lenders Handbook 26-7 for all other guidance.

Correspondent VA automatic lenders will continue to reference the SunTrust Government Credit Overlay Matrix for overlays to VA's guidelines. We have identified overlays with an underline, making it easier to determine SunTrust Mortgage eligibility.

We reduced the number of required forms and checklists needed, making it easier to do business.

Action Required

Origination, Processing, Secondary Marketing, Underwriting, Closing, Delivery, Funding, Compliance and Legal Starting December 19, 2016

Apply the guidelines that are outlined in this bulletin and related before-and-after matrix.

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Bulletin Details, continued

Overlay Removal

Overlay relief for all loan amounts include the following:

- Maximum number of AUS submissions is no longer limited.
- AUS tolerances now permitted.
- Explanation for credit inquiries within 90 days of the credit report no longer required.
- Removed requirement for executed 4506-T at application, processed and returned from the IRS.
- Removed restrictions on the following income types:
 - Trailing Co-borrower
 - Tip Income
 - Temporary Leave
- Verbal verification for self-employed borrowers no longer required.
- Removed restrictions on maximum number of financed properties and maximum exposure limits.
- Removed restriction for principal curtailment.

Highlights of Guidelines Enhancement

Overlay enhancements include:

- Payoff of non-SunTrust Mortgage, non-purchase money second mortgage on cash out refinances > than 90% LTV now permitted.
- For Jumbo loans, allow bankruptcy, foreclosure, deed-in-lieu of foreclosure or short sale after 3 years since discharge/transfer date.
- For Permanent and Non-Permanent Resident Alien, evidence of lawful residency states and valid social security number are required.
- Jumbo loans no longer require a DU approval or LP accept.
- Fixed rate amortization period no longer limited to 30 years only on Jumbo loans.
- For cash-out refinance loans where the property was listed for sale in the last 6 months and taken off the market at least 60 days prior to loan application the maximum LTV is increased to 85%.
- Location restrictions for leasehold properties are removed.
- Joint loans are eligible.

New Non-credit Qualifying Streamline aka IRRRL offering

Non-credit qualifying streamline aka IRRRL is now available for current SunTrust Mortgage serviced loans that meet the following credit requirements:

- 12 month seasoning with no Mortgage (s) late payments (0x30) reporting.

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

Revised Materials

Click [Veterans Administration \(VA\) Loan Programs](#), [Automated Underwriting](#), [Underwriting](#), [Loan Delivery and Purchase Review](#), [Leasehold Estate Guidelines](#), [Hazard and Flood Insurance](#), [Loan Closing Documentation](#), [Resale/Deed Restrictions](#), [Fraud Prevention Guidelines](#), [Maximum Number of Financed Properties and Borrower Exposure](#), [Non-Permanent Resident Alien Requirements](#), [Properties Purchased at Auction](#), [Short Sale and Restructured Mortgage Loans](#), [Disaster Area Procedures](#), [Non-Arm's Length/Conflict-of-Interest](#), Entitlement Worksheet ([COR 0341](#)), and [Correspondent Government Overlay Matrix](#) for revised materials.

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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.
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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