

Product Support Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.
January 20, 2017 • COR17-002



Alert

Update

Reminder

Clarification

Training
Information

Preview

Key Loan Transactions Involving PACE Loans

SunTrust Mortgage, Inc. provides guidance for Key Loan transactions involving Property Assessed Clean Energy (PACE) financing.

Intended Audience

Origination
Processing

Secondary Marketing

Underwriting

Closing
Delivery
Funding

Compliance Legal

Other

Effective Dates

Friday, January 20, 2017
Effective with new and existing applications on or after this date.

Background Information

Certain energy retrofit lending programs, often referred to as Property Assessed Clean Energy (PACE) programs, are made by localities to finance residential energy improvements and are generally repaid through the homeowner's real estate tax bill. These loans typically have automatic first lien priority over previously recorded mortgages.

Bulletin Details

Key Loan Transactions with PACE Loans

For the Key Loan program, the following guidance applies for transactions involving PACE financing:

- A purchase or refinance (limited cash-out and cash-out) loan transaction with a PACE loan remaining in a first or subordinate lien position to the new mortgage transaction is not eligible. All PACE obligations must be paid off as a condition to obtaining a new mortgage loan.
 - On a limited cash-out transaction, the proceeds of the new mortgage transaction are not eligible to pay off the PACE loan.
 - On a cash-out refinance transaction, proceeds from the new mortgage are eligible to pay off the PACE loan.

Note: For cash-out transactions, when the borrower(s) has sufficient equity to pay off the PACE loan, but chooses not to do so, the transaction is ineligible.

- For purchase and refinance transactions, funds to pay off the existing PACE loan must be documented.

Action Required

Origination, Processing, Underwriting, Closing, Delivery and Funding Starting January 20, 2017
Follow guidance outlined in this bulletin.

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Bulletin Details, continued

Revised Material

Click [Key Loan Program](#) to view the revised material.

Former Guidelines

Previously, SunTrust Mortgage Key Loan guidance did not address PACE loans .

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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