

Product Support Bulletin



Information for Correspondent Lenders of SunTrust Mortgage, Inc.
March 17, 2017 • COR17-010

Alert

Update

Reminder

Clarification

Training
Information

Preview

Agency Overlay Relief and DU[®] Validation Service Alignment

- SunTrust Mortgage, Inc. revises several Agency product guidelines to provide overlay relief. With these updates we:
- eliminate the maximum geographic LTV/TLTV/HTLTV restrictions in the states of Michigan (MI), New Jersey (NJ), and Nevada (NV),
 - expand escrow waiver eligibility to include transactions with LTVs greater than 80%, and
 - revise qualifying rate requirements for 7/1 and 10/1 Loan Product AdvisorSM (LPASM) ARM transactions

Additionally, for loans underwritten by SunTrust Mortgage, we fully align with Fannie Mae's Desktop Underwriter[®] (DU) validation service for income, assets, and employment as part of their Day 1 Certainty[™] initiative.

Intended Audience

Origination Processing	Secondary Marketing	Underwriting	Closing Delivery Funding	Compliance Legal	Other
---------------------------	------------------------	--------------	--------------------------------	---------------------	-------

Effective Dates

Friday March 17, 2017
The DU validation service updates are effective immediately for new and existing loan applications on or after this date.

Monday, March 20, 2017
All other updates are effective for loans locked on or after this date.

Background Information

SunTrust Mortgage recently reviewed all Agency guidelines to determine where we can further align with investor requirements. As a result, we identified opportunities to align with Fannie Mae and Freddie Mac requirements, while managing risk to our business.

In Correspondent Bulletin [COR16-042](#), published December 16, 2016, we aligned with Fannie Mae's DU validation service requirements for loans underwritten by the Correspondent lender. At this time, we are implementing revisions to align with these Fannie Mae requirements for loans underwritten by SunTrust Mortgage.

Product Support Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.
March 17, 2017 • COR17-010



Bulletin Details

Agency Overlay Relief

A summary of the Agency overlay relief and guideline revisions are as follows:

- Removing the maximum geographic LTV/TLTV/HTLTV restrictions for standard Agency non-AUS, DU, and LPA transactions of 95% in MI and NJ, and 90% in NV

Note: This aligns standard Agency LTV/TLTV/HTLTV requirements with Fannie Mae and Freddie Mac

- For non-AUS, DU, and LPA transactions, revising escrow waiver guidelines to remove the overlay prohibiting the waiver of escrow for transactions with LTVs greater than 80%. All other escrow account and escrow waiver guidelines continue to apply including but not limited to:
 - SunTrust Mortgage allows the waiver of real estate taxes, insurance, and other escrow items provided the borrowers have the financial ability to handle the lump-sum payments on their own, defined as the borrower credit history not having one of the following characteristics:
 - Derogatory credit history, such as:
 - There is more than one account showing recent late payments.
 - There is more than one 30-day late mortgage payment in the last 12 months.
 - There are multiple episodes of late payments extending over a period of time.
 - The public record information reveals occurrences of derogatory credit information, including judgments, tax liens, and/or collection accounts.
 - High Debt-to-income (DTI) ratio with no savings
 - Insufficient reserves to handle large special assessments levied against the property
- For LPA loans, removing the overlay which previously indicated that the borrower's qualifying rate for a 7/1 and 10/1 ARM transaction was the greater of the Note rate or the fully indexed rate; the qualifying rate now aligns with Freddie Mac and equals the Note rate

DU Validation Service

- Loans underwritten by SunTrust Mortgage are now eligible for Fannie Mae's DU validation service for income, assets, and employment

Action Required

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

Starting March 17, 2017

Apply the guidelines that are effective for new and existing loan applications on or after this date, as outlined in this bulletin and related Before-and-After Matrix.

Starting March 20, 2017

Apply the guidelines that are effective for loans locked on or after this date, as outlined in this bulletin and related Before-and-After Matrix.

Product Support Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.
March 17, 2017 • COR17-010



Bulletin Details, continued

Before and After Matrices

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the DU validation service revisions effective immediately for new and existing loan applications on or after March 17, 2017.

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the guideline updates effective for loans locked on or after March 20, 2017.

Revised Materials

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

Former Guidelines

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
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.

This information is for use by mortgage professionals only and should not be distributed to or used by consumers or other third parties. This is not for solicitation of sales. Information is accurate as of date of posting and is subject to change without current product details and lending procedure. SunTrust Mortgage, Inc. does not guarantee or assume liability for any third-party products or services. ©2017 SunTrust Banks, Inc. SunTrust, and SunTrust Mortgage are federally registered service marks of SunTrust Banks, Inc.