

Product Support Bulletin



Information for Correspondent Lenders of SunTrust Mortgage, Inc.
April 21, 2017 • COR17-017

Alert

Update

Reminder

Clarification

Training
Information

Preview

Agency Asset, Income, and Other Guideline Revisions

SunTrust Mortgage, Inc. updates guideline documents to reflect the income and asset guideline revisions previewed in Correspondent Bulletins [COR17-013](#) and [COR17-016](#).

Purchase Deadline for Loan Product Advisor® (LPA®) Loans Underwritten to Current Asset and Income Guidelines

As a reminder, in order to meet Freddie Mac's delivery requirements for LPA loans underwritten to current asset and income guidelines, we are imposing a purchase cut-off date. Freddie Mac LPA loans originated under current asset and income guidelines will be honored; however, they must be purchased by SunTrust Mortgage on or before **May 19, 2017**. See the Effective Dates section below for additional details.

NEW: We revise Agency LPA multiple financed properties guidelines to align with recently announced Freddie Mac updates (for standard Agency and Agency Plus loan transactions). Additionally, we clarify that Agency Plus (fixed rate) is an existing eligible loan product for the ARM Alternative loan program.

Intended Audience

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

Friday, April 21, 2017

Rental income, IRS Form 4506-T documentation requirements for loans using the Desktop Underwriter® (DU®) validation service, multiple financed properties, and ARM Alternative guideline clarifications/updates are effective immediately for new and existing loan applications on or after this date.

All other updates are effective for new loan applications taken on or after this date.

Friday, May 19, 2017

Freddie Mac LPA loan applications taken prior to April 21, 2017 and underwritten to current asset and income guidelines (regardless of submission date to LPA) will be honored under current guidelines; however, these loans must be purchased by SunTrust Mortgage on or before this date.

Monday, May 22, 2017

All Freddie Mac LPA loans purchased by SunTrust Mortgage on or after this date (regardless of the loan application date or submission date to LPA) must be underwritten to the revised asset and income guidelines.

Background Information

Freddie Mac Bulletins 2016-19, 2016-23, and 2017-2 announced updates impacting Agency asset, income, and multiple financed properties guidelines. Fannie Mae announcement SEL-2017-02 announced a clarification impacting rental income guidelines and an update regarding IRS Form 4506-T documentation requirements for loans using the DU validation service. In response to these Freddie Mac and Fannie Mae publications, we reviewed impacted guidelines and identified opportunities to implement revisions to align with Freddie Mac and Fannie Mae requirements.

Additionally, in support of our guideline improvement initiative, we identified opportunities to refresh our guidelines to promote clarity, consistency, and to more closely reflect the Agencies' language and/or presentation of guidance.

Correspondent Bulletins [COR17-013](#) and [COR17-016](#) provided a preview of the income and asset updates.

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Bulletin Details

Revised Product Materials Reflecting Asset and Income Guideline Revisions are Now Available

We updated all applicable guideline documents to reflect the previously announced Agency asset and income guideline revisions.

See Correspondent Bulletins [COR17-013](#) and [COR17-016](#) for a complete overview of all asset and income guidelines revisions.

Multiple Financed Properties Update

For borrowers financing a second home or an investment property, we aligned with Freddie Mac by revising LPA guidelines to reflect the following:

- When determining the total number of financed properties, lenders no longer need to consider financed properties that a borrower owns, but is **not** obligated on. As a related change, lenders are also no longer required to verify reserves for each additional financed second home and/or 1- to 4-unit investment property that a borrower owns, but is **not** obligated on.
- Effective immediately, when determining the total number of financed properties (and associated reserve requirements), only consider the number of financed properties each borrower individually and all borrowers collectively are obligated on (e.g., notes, land contracts and/or any other debt or obligation).

ARM Alternative Clarification

In response to recent inquiries, we clarified the ARM Alternative product guidelines to reflect that Agency Plus (fixed rate) is an existing eligible loan product for the ARM Alternative loan program.

Before and After Matrices

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the multiple financed properties and ARM Alternative guideline clarifications/updates that are effective immediately for both new and existing loan applications on or after April 21, 2017.

See Correspondent Bulletins [COR17-013](#) and [COR17-016](#) for the before and after matrices outlining all income and asset guideline revisions.

Revised Materials

Click [Underwriting](#), [Loan Delivery and Purchase Review](#), [Fraud Prevention Guidelines](#), [Verbal Verification of Employment Guidelines](#), [Agency Loan Programs](#), [ARM Alternative](#), [DU Refi Plus™ Loan Program](#), and [Correspondent Agency Overlay Matrix](#) to review the revised product materials.

Former Guidelines

See the before and after matrix provided in the Bulletin Details section of this bulletin to access the former multiple financed properties guidelines. See the before and after matrices provided in Correspondent Bulletins [COR17-013](#) and [COR17-016](#) to access the former income and asset guidelines.

Action Required

Origination, Processing, Secondary Marketing, Underwriting, Closing, Delivery, Funding, Compliance, and Legal Starting April 21, 2017

Apply the guidelines as outlined in this bulletin and related Before and After Matrices.

By May 19, 2017

Review existing pipeline of LPA loans to ensure loans underwritten to current asset and income guidelines are purchased by SunTrust Mortgage by this date.

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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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