

Product Support Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.
August 11, 2017 • COR17-029



Alert

Update

Reminder

Clarification

Training
Information

Preview

Agency ARM LTV Enhancements and Other Revisions

SunTrust Mortgage, Inc. is pleased to announce Agency non-AUS and Desktop Underwriter® (DU®) adjustable rate mortgage (ARM) LTV/TLTV/HTLTV enhancements to align with recently announced Fannie Mae updates. With these updates, the maximum allowable LTV/TLTV/HTLTV ratios for ARM loans align with fixed-rate mortgage LTV/TLTV/HTLTVs for all transaction, occupancy, and property types up to a maximum of 95% (excluding DU Refi Plus™ transactions).

Additionally, we align with Freddie Mac's LTV/TLTV/HTLTV ratio requirements for Loan Product Advisor® (LPA®) loans eligible for collateral representation and warranty relief.

Intended Audience

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

Friday, August 4, 2017

The collateral representation and warranty relief LTV/TLTV/HTLTV eligibility update is effective for LPA loans with appraisals submitted to the Uniform Collateral Data Portal® (UCDP®) on or after August 4, 2017.

Monday, August 14, 2017

ARM LTV/TLTV/HTLTV enhancements are effective for new loan applications on or after this date.

Background Information

As a part of the recent DU Version 10.1 release, Fannie Mae aligned maximum LTV/TLTV/HTLTV ratios for ARM loans with fixed rate mortgages, for all transaction, occupancy, and property types (excluding DU Refi Plus transactions). Fannie Mae SEL-2017-06 announced these ARM LTV/TLTV/HTLTV ratio enhancements for non-AUS transactions.

Additionally, Freddie Mac Bulletin 2017-10 announced updates impacting collateral representation and warranty relief eligibility requirements.

Bulletin Details

ARM LTV/TLTV/HTLTV Enhancements

For non-AUS and DU loans, aligned with Fannie Mae by:

- Increasing the maximum allowable LTV/TLTV/HTLTV ratios for ARM loans to align with fixed-rate mortgages for all transaction, occupancy, and property types up to a maximum of 95% for the following loan programs:
 - Standard Agency
 - Agency Plus
 - HomeReady® Mortgages

Action Required

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

Starting August 4, 2017

Apply the collateral representation and warranty relief LTV/TLTV/HTLTV eligibility update effective for LPA loans with appraisals submitted to the UCDP on or after this date.

Starting August 14, 2017

Apply the enhanced ARM LTV/TLTV/HTLTV guidelines that are effective for new loan applications on or after this date.

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Bulletin Details, continued

ARM LTV/TLTV/HTLTV Enhancements, continued

- For DU Texas Cash-Out Refinances [50(a)(6)] first mortgages, increasing the maximum allowable LTV/TLTV ratios for ARM loans to align with fixed-rate mortgages up to a maximum of 80%.

Note: Review the before-and-after matrix subsequently presented in this bulletin for a detailed overview of the impacted loan programs per underwriting method.

Collateral Representation and Warranty Relief

- For LPA loans underwritten by the Correspondent lender, aligned with Freddie Mac by updating eligibility requirements to reflect that the mortgage must have a LTV/TLTV/HTLTV ratio less than or equal to 95% to obtain collateral representation and warranty relief.

Reminders:

- If the mortgage insurance (MI) company does not honor the associated representation and warranty relief, lenders are responsible for any consequences of the MI company rescinding coverage.
- At this time, loans utilizing Freddie Mac's collateral representation and warranty relief are not eligible for purchase if SunTrust Mortgage underwrites the loan.
- As previously announced in Correspondent Bulletin [COR17-020](#), SunTrust Mortgage is not currently offering Freddie Mac's automated collateral evaluation. System enhancements are required to support this update, which will be announced in a future communication bulletin.

Before and After Matrices

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the collateral representation and warranty relief LTV/TLTV/HTLTV eligibility update effective for LPA loans with appraisals submitted to the UCDP on or after August 4, 2017.

[Click here](#) to see the before-and-after matrix that provides a detailed overview of the ARM LTV/TLTV/HTLTV enhancements effective for new loan applications on or after August 14, 2017.

Revised Materials

Click [Agency Loan Programs](#), [Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages](#), [Texas Cash-Out \[50\(a\)\(6\)\] Refinance First Mortgages](#), and [Correspondent Agency Overlay Matrix](#) to review the revised product materials

Former Guidelines

See the before-and-after matrices provided in the Bulletin Details section to access the former guidelines.

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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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