

# Product Release

Information for Correspondent Lenders of SunTrust Bank  
September 20, 2019 • COR19-044



Alert

Update

Reminder

Clarification

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Preview

## Agency Guideline Revisions

SunTrust Bank (SunTrust) revises Agency product guidelines to align with recently announced Fannie Mae and Freddie Mac updates. With these updates, we:

- remove the requirement for a signed Internal Revenue Service (IRS) Form 4506-T for any borrower whose income is not being used to qualify for the mortgage [non-AUS and Desktop Underwriter® (DU®)]
- revise condominium owners' association and unit owner's flood insurance coverage requirements (all underwriting methods)
- update the definition of relocation mortgages (all underwriting methods)
- clarify that energy-related improvements are permitted on cash-out refinance transactions (non-AUS and DU)
- remove references to certain outdated appraisal forms (non-AUS and DU)

## Effective Dates

All updates are effective immediately for existing and new loan applications on or after September 20, 2019.

## Background Information

Fannie Mae SEL-2019-06, and Freddie Mac Bulletins 2019-16 and 2018-21 announced updates impacting various guideline requirements. In response to these publications, we reviewed impacted guidelines and identified the opportunity to implement revisions to align with Fannie Mae and Freddie Mac requirements.

## Bulletin Details

### Use of IRS Form 4506-T

Previously, Fannie Mae required that all borrowers sign an IRS Form 4506-T. For non-AUS and DU loans, we remove the requirement for a signed IRS Form 4506-T for any borrower whose income is not being used to qualify for the mortgage.

### Flood Insurance – Condominiums

For non-AUS, DU, and Loan Product Advisor® (LPA®) loans, we align with the Agencies' and provide overlay relief related to the condominium owners' association and unit owner's flood insurance coverage requirements. With these updates we:

- Reduce the condominium owners' association building coverage requirement to the lower of:
  - 80% (reduced from 100%) of the building's replacement cost, or
  - \$250,000 multiplied by the number of residential units in the building
- Revise the calculation of any supplemental coverage requirements

**Note:** An update related to acceptable flood insurance policies is also available today (for LPA loans). See Product Bulletin [COR19-045](#) for complete details.

### Relocation Mortgages

As a result of the Agencies' aligning their definition of relocation mortgages, we modify our guidelines to reflect the revised definition. For non-AUS, DU, and LPA loans, relocation mortgages are now defined as follows:

- Owner-occupied purchase money mortgages, originated pursuant to an established employee relocation program, administered by the employer (or its agent), where the employer relocates employees as part of its normal course of business

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## Bulletin Details, continued

### Energy-Related Improvements Clarification

For non-AUS and DU loans, we clarify that energy-related improvements are permitted on a cash-out refinance, but are not considered HomeStyle<sup>®</sup> Energy loans, as all standard cash-out refinance requirements apply.

### Uniform Appraisal Dataset (UAD) and the Uniform Collateral Data Portal (UCDP) Outdated Appraisal References

For non-AUS and DU loans, we remove references to certain outdated appraisal forms [*Exterior-Only Inspection Individual Condominium Unit Appraisal Report* (Fannie Mae Form 1075) and *Exterior-Only Inspection Residential Appraisal Report* (Fannie Mae Form 2055)].

### Before and After Matrix

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

### Revised Materials

Click [Appraisal Guidelines](#), [Agency Loan Programs](#), 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 guidelines.

## Other Resources

Support Group	Description and Contact Information:
Correspondent Relations Coordinator	Specific questions on applying this procedure to specific loan files. Contact Correspondent Relations Coordinators at 800.382.2111, Option 1.
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 3.

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