

# Product Release

Information for Correspondent Lenders of SunTrust now Truist Bank  
July 31, 2020 • COR20-029



Alert

Update

Reminder

Clarification

Training  
Information

Preview

## Agency Guideline Revisions

SunTrust now Truist Bank (Truist) revises Agency product guidelines as a result of recently announced Freddie Mac updates. With these updates, we revise and/or clarify guidelines related to the following:

- Freddie Mac's Condo Project Advisor<sup>®</sup>
- property insurance requirements

Additionally, we update Agency closing guidelines and the Correspondent Agency Overlay Matrix to reflect that a power of attorney is not permitted on Loan Product Advisor<sup>®</sup> (LPA<sup>®</sup>) cash-out refinance transactions (*an existing overlay implemented back in April as a temporary COVID-19 related restriction that is now being added as a permanent overlay*).

### Effective Dates

- The LPA power of attorney overlay is effective for existing and new loan applications on or after July 31, 2020.
- All other updates are effective for new loan applications on or after July 31, 2020.

### Background Information

Freddie Mac Bulletin 2020-20 announced updates impacting Freddie Mac's Condo Project Advisor and property insurance guideline requirements. In response to this publication, we reviewed impacted guidelines for all underwriting methods and identified the opportunity to implement revisions to LPA guidelines to align with Freddie Mac requirements and to clarify non-AUS and Desktop Underwriter<sup>®</sup> (DU<sup>®</sup>) property insurance guidelines in support of our guideline improvement initiative.

Additionally, to address fraud and best execution concerns, we identified the need to maintain the existing LPA power of attorney overlay related to cash-out refinance transaction ineligibility.

### Bulletin Details

#### Freddie Mac Condo Project Advisor

For LPA loans, we revise Freddie Mac Condo Project Advisor guidelines by adding a seventh condominium project eligibility category, "Leased Amenities" (project in which the unit owners do not possess sole ownership of the common elements), to which authorized lenders can request a Project Waiver Request (PWR) for through Condo Project Advisor.

**Reminder:** Condo Project Advisor allows authorized lenders to submit a request for single loan exceptions (referred to as a PWR) for established condominium projects that do not meet certain condominium project eligibility requirements.

#### Property Insurance Requirements

- For non-AUS, DU, and LPA loans, we revise property insurance requirements to include the following guidance related to localized perils insurance:
  - If the lender becomes aware of localized perils (i.e., sinkhole, mine subsidence, volcanic eruption, landslides) that are not covered by standard property insurance, then the lender must require the borrower to obtain appropriate insurance coverage in accordance with the terms of the security instrument and applicable law
- We remove an incorrect overlay reference in our LPA Flood Insurance (Condominium Owner's Association's Coverage) guidelines (*the "80%" of the building's replacement cost is not an overlay, and therefore is no longer underlined/reflected as an overlay*)

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## Bulletin Details, continued

### Property Insurance Requirements, continued

- For all remaining LPA property insurance requirements, we revise guidelines to more closely align with Freddie Mac's language and/or presentation of guidance (guideline intent remains the same)

### Power of Attorney

For LPA loans, we update Agency closing guidelines and the Correspondent Agency Overlay Matrix to reflect that a power of attorney is not permitted on LPA cash-out refinance transactions. This is an existing overlay, implemented back in [April](#) as a temporary COVID-19 related restriction, that is now being added as a permanent overlay to address fraud and best execution concerns.

### Before and After Matrices

- [Click here](#) to see the before and after matrix that provides a detailed overview of the Freddie Mac Condo Project Advisor and property insurance requirements updates.
- [Click here](#) to see the before and after matrix that provides a detailed overview of the power of attorney update.

### Revised Materials

Click [Condominium and PUD Approval Requirements](#), [Agency Loan Programs](#), 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 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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