

Product Support Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.
May 11, 2018 • COR18-023



Alert

Update

Reminder

Clarification

Training
Information

Preview

Agency LPA Land Trust Eligibility and Other Agency Revisions

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

- permit Loan Product Advisor® (LPA®) land trust mortgages
- revise non-AUS and Desktop Underwriter® (DU®) construction-to-permanent (CP) single-closing guidelines relating to processing as a purchase or a limited cash-out refinance based on the timing of lot ownership
- allow CP single-closing financing for detached condominiums for non-AUS and DU transactions
- further clarify non-AUS and DU lender contributions/lender credit guidance

Effective Dates

All updates are effective immediately for new and existing loan applications on or after May 11, 2018.

Background Information

Fannie Mae SEL-2018-01, SEL-2018-03, and Freddie Mac Bulletin 2017-28 announced updates related to the following: CP single-closing transactions, lender contributions/lender credit, and land trust mortgages. In response to these publications, we reviewed impacted guidelines and identified opportunities to implement revisions to align with Fannie Mae and Freddie Mac requirements.

Bulletin Details

Land Trust Mortgages

We align with Freddie Mac and now purchase LPA land trust mortgages. Freddie Mac requires that the property be located in a state that by statute recognizes and permits the use of land trusts. SunTrust Mortgage research reflects that the following states, by statute, recognize and permit the use of land trusts: Colorado, Florida, Illinois, Indiana, and Virginia. Land trust mortgage originations in any other state will not be eligible for purchase by SunTrust Mortgage.

See the attached before and after matrix for additional details related to LPA land trust mortgage eligibility and documentation requirements.

Note: Fannie Mae permits land trust mortgages on a negotiated basis only; it is not a standard mortgage offering. As a result, land trust mortgages continue to remain **ineligible** for SunTrust Mortgage non-AUS and DU transactions.

CP Single-Closing Transactions

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

- Allowing the transaction type, for a CP single-closing transaction, to now be based on lot ownership at the time of the first advance of interim construction financing **rather than** at the time of loan application
 - We now treat a transaction where the borrower owns the lot **before** the first advance of interim construction financing as a limited cash-out refinance
 - When lot ownership occurs **after or in connection with** the first advance, we now treat the transaction as a purchase
- Allowing CP single-closing financing for detached condos

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Bulletin Details, continued

Lender Contributions/Lender Credit

For non-AUS and DU loans, we align with Fannie Mae by further clarifying that in addition to lender contributions/lender credit derived from premium pricing, lender contributions/lender credit that is **not** a result of borrower selected premium pricing is also eligible. This eligibility was previously permitted; however, not expressly stated in published guidelines. See the attached before and after matrix for additional details.

Before and After Matrix

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

Revised Materials

Click [Agency Loan Programs](#), [Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages](#), 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. 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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