

Lender Best Practice: Frequently Asked KEY Jumbo Questions

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Your SunTrust Correspondent Underwriting team would like to share answers to some of our commonly asked questions. The following are just a few frequently asked **Key Jumbo** loan questions:

1. Can the borrower pay off revolving or open-ended debts to qualify?

No - this is not allowed on KEY Jumbo. However, if they open revolving with \$0 balance on the credit report, they can close these accounts and therefore you would not need to include the minimum \$10 payment in the debts.

2. Does SunTrust require tax return transcripts?

It will depend on the income used to qualify. If the borrower is using self-employment income then personal AND business returns & transcripts are required. If the borrow is using investment and/or rental income personal tax returns & transcripts are required. However, if the borrower is only using salaried income to qualify then tax transcripts are not required.

3. We understand reserves are required for the subject property (based on loan amount), but are any additional reserve required for other real estate owned?

We would only require additional reserves in the case of a departing primary residence which is being retained. Reserves of six (6) months PITI must be documented for the conversion property, in addition to the reserve requirement for the proposed mortgage.

4. Are First Time Homebuyers eligible for KEY Jumbo?

Yes - as long as the borrower meets credit option 1 or 2. Credit reports that contain too few qualifying tradelines, insufficient trade history and/or do not meet the above tradeline requirements are not eligible for First Time Homebuyers.

5. Will you allow a borrower to qualify with an installment plan with the IRS for delinquent taxes?

No -we would require the delinquent taxes be paid in full due to the risk of it becoming a tax lien if left unpaid.

6. Can the borrower use rental income from a departing primary residence converting to rental property?

Yes - if there is at least 30% equity in the property. We would require an executed lease and a receipt of a security deposit from the tenant and deposit into the borrower's account. In addition, the borrower(s) must demonstrate at least a 24 month history of managing rental properties with no gaps greater than three (3) months. A copy of borrower(s) most recent two years signed and dated individual Federal tax returns including all schedules is required.

7. Are there any tools available to help with underwriting a KEY Jumbo product?

Yes - we have the Key Loan Program Eligibility Checklist (COR 0650) in our Seller Guide.

Thank you for your business!

Your SunTrust Mortgage Correspondent Team