

# Lender Best Practice: NEW - Frequently Asked Agency 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 **Agency** loan questions:

**1. Are borrowers with qualifying income derived from marijuana eligible?**

No - salaried or self-employed borrowers who have income derived from any facet of the marijuana industry do not have eligible income. This applies to whether marijuana is medical or recreational, as well.

**2. Will you allow a borrower to qualify with an installment plan with the IRS for taxes owed?**

Yes - In addition to the IRS plan documentation, you must obtain the payment history, include payment in DTI and confirm there is no lien on the title. The taxes cannot be considered delinquent by the IRS, as well.

**3. Does SunTrust require tax return transcripts?**

No - we do not require transcripts on Agency loans. (However, they can be conditioned for when inconsistencies are noted)

**4. Does SunTrust offer Freddie Mac's HomeOne Mortgage product?**

Yes - We offer Freddie Mac's standard Agency 97% LTV financing option (also known as Freddie Mac's HomeOne™ Mortgage) for first-time homebuyers.

**5. Does SunTrust offer a Student Loan Cash-Out Refinance option?**

Yes - We do offer this option through DU only. Please refer to the Student Loan Cash-Out Refinance guidelines in our Correspondent Seller Guide Section 2.01 Agency Loan Programs for requirements.

**6. Are you allowed to pay off a second lien as a rate and term refinance if funds were used to construct the home?**

Yes - as long as the second lien was purchase money second it can be done as a rate term refinance. However, if the second lien was taken out at a later date for overruns it must be treated as a cash-out refinance.

**7. Do you allow escrow holdbacks for postponed improvements?**

Possibly - Improvements for the subject property must be complete when the mortgage is delivered to SunTrust. However, in some circumstances, SunTrust does allow a loan to be delivered prior to improvements being completed. We have outlined the requirements for new or proposed construction and existing construction under the Agency guidelines in the Postponed Improvements section of Appraisal Requirements.

***\*\*\*For KEY Jumbo guidelines please refer to Section 2.06 Key Loan Program Correspondent Seller Guide\*\*\****

**Thank you for your business!**  
**Your SunTrust Correspondent Lending Team**