

Section 1.26a: Subordinations for DU Refi Plus™

In This Section This section contains the following topics:

Subordination of Secondary Financing.....	2
General	2
Related Bulletins.....	3
Combo Second Mortgages and EZ Two	4
SunTrust Equity Lines and Equity Loans	7
Texas and Virginia Automatic Subordinations.....	9

Subordination of Secondary Financing

General

- Texas and Virginia automatic subordinations are allowed when all applicable requirements are met.
- Subordinations of secondary financing in connection with loan programs other than DU Refi Plus must follow standard Subordination guidelines for the transaction.

References:

- See the *Texas and Virginia Automatic Subordinations* subtopic subsequently presented in this topic for additional information.
- See [Section 1.26: Subordination of SunTrust Second Mortgage Loans](#) of the *Correspondent Seller Guide* for additional requirements.
- Adding or removing a borrower is allowed when subordinating a SunTrust second mortgage (Combo Second Mortgage, EZ Two, SunTrust Equity Line or Equity Loan).
 - The SunTrust second mortgage cannot be modified, regardless of whether borrower(s) are added to, or removed from, the first mortgage, and
 - borrower(s) currently obligated on the SunTrust second mortgage must remain.
- If the borrower has a SunTrust Combo Second Mortgage or EZ Two, the following guidelines apply:
 - The borrower may finance up to a maximum of the lesser of 4% of the unpaid principal balance of the mortgage being refinanced or \$5,000 in closing costs, financing costs, and prepaids/escrows.
 - If the current first mortgage being refinanced is a fixed rate, the new first mortgage must be a fixed rate.
 - The SunTrust Combo Second Mortgage or EZ Two cannot be more than 60 days past due.

Note: If the SunTrust Combo Second Mortgage or EZ Two are more than 60 days past due the loan must be referred to SunTrust's Loss Mitigation Department.

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Subordination of Secondary Financing, Continued

General, (continued)

- If the borrower has a SunTrust Equity Line or Equity Loan the following guidelines apply.
 - A full appraisal will be required when requesting the subordination of a SunTrust Equity Line on a DU Refi Plus loan that is eligible for **an appraisal waiver**, if all the following apply:
 - the borrower has a SunTrust equity line that is open for draws, and
 - the SunTrust Orlando Consumer Lending Sales Center (CLSC) is unable to obtain an electronic value (i.e., AVM, Desktop, zestimate, etc.).

Note: The CLSC uses an electronic value or an appraisal to determine whether the line stays the same, is modified or is suspended.

Reference: See [Section 2.04: DU Refi Plus™ Loan Program](#) of the *Correspondent Seller Guide* for additional information.

- The subordination approval of a SunTrust Equity Line may require line management activities (i.e., modification or freezing the existing account to further advances to the existing line, when applying for the DU Refi Plus program).

Note: Some examples of when a line may be frozen or reduced include but are not limited to if the property value has declined significantly from the time the equity line was closed or high debt-to-income (DTI) ratio.

- For an equity line of credit, a qualifying payment equal to one percent (1%) of the credit limit is used if there is no outstanding balance OR no payment amount is reported on the credit report; IF there is an outstanding balance (line is drawn), the current monthly payment on the credit report is used for qualifying
- Subordinated secondary financing payments must be included in the evaluation of the loan through DU; findings must reflect existence of secondary financing and payment.
- SunTrust Equity Lines or Equity Loans in third (3rd) lien position may be subordinated behind a SunTrust first (1st) and second (2nd) mortgage.

Note: Texas and Virginia automatic subordinations are allowed when all applicable requirements are met.

Reference: See the *Texas and Virginia Automatic Subordinations* subtopic subsequently presented in this topic for additional information.

Related Bulletins

Related bulletins are provided below in PDF format. To view the list of published bulletins, select the applicable year below.

- [2018](#)

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Subordination of Secondary Financing, Continued

Combo Second Mortgages and EZ Two

Follow the steps below to complete a Subordination Request.

Step	Action
1	<ul style="list-style-type: none"> • It is the responsibility of the Correspondent lender to advise the closing attorney that a <i>Subordination Agreement</i> will be required. <p>Notes:</p> <ul style="list-style-type: none"> • A Substitution of Trustee form prepared by the attorney or settlement agent will be required when the Subordination Agreement is submitted to SunTrust for approval and signature if the following applies: <ul style="list-style-type: none"> • if the original trustee on the recorded Deed of Trust is no longer serving as trustee, and • the Subordination Agreement requires the signature of the trustee. • The Substitution of Trustee form and the Subordination Agreement should list the applicable trustee by state. • Click here for a list of trustees by state. <ul style="list-style-type: none"> • The request for the <i>Subordination Agreement</i> should be sent to the closing attorney or settlement agent within five (5) days after loan application. • SunTrust will not draft or create the <i>Subordination Agreement</i>. • The closing attorney/settlement agent is responsible for preparing the <i>Subordination Agreement</i>. • The <i>Subordination Agreement</i> must include in the upper left hand corner of the document the following information: <p style="margin-left: 40px;">When Recorded Return To: SunTrust 1001 Semmes Avenue – Attn: Final Docs Mail Code: RVW 5043 – 3rd Floor Richmond, VA 23224 Loan Number: _____</p> <p>Note: The loan number of the SunTrust Combo Second Mortgage or EZ Two must be referenced on the <i>Subordination Agreement</i>.</p>

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Subordination of Secondary Financing, Continued

Combo Second Mortgages and EZ Two, (continued)

Follow the steps below to complete a Subordination Request.

Step	Action
1 (cont.)	<ul style="list-style-type: none"> • If the Combo Second Mortgage or EZ Two loan being subordinated is a MERS loan, the Subordination Agreement must be in the name of MERS. • The settlement agent must insert the following verbiage in the Subordination Agreement: <ul style="list-style-type: none"> • <i>"MERS" is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. MERS is organized and existing under the laws of Delaware, and has a mailing address of P.O. Box 2026, Flint, MI 48501-2026, and/or a street address of 1901 E. Voorhees Street, Suite C, Danville, IL 61834. The MERS telephone number is (888) 679-MERS. FOR PURPOSES OF RECORDING THIS DOCUMENT MERS IS THE MORTGAGEE OF RECORD.</i> • There is no standard <i>Subordination Agreement</i> form so the document may look different from case to case. • At a minimum, the Subordination Agreement must include the following information: <ul style="list-style-type: none"> • Description of second lien being subordinated (date, original loan amount, legal description, deed book/page, place of recordation), • Description of new first lien (date, Trustee's name, if applicable, loan amount), and • Language specifically subordinating the current second lien to the new SunTrust first lien.

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Subordination of Secondary Financing, Continued

Combo Second Mortgages and EZ Two,
(continued)

Step	Action
2	<ul style="list-style-type: none"> • The loan file should include the completed <i>SunTrust Secondary Financing Subordination Checklist – DU Refi Plus (COR 1372)</i> form, a self-addressed overnight package addressed to the person or company who should receive the signed Subordination Agreement and the <i>Subordination Agreement</i>. + • The signed <i>Subordination Agreement</i> will be sent to the Correspondent client or the specified attorney/settlement agent by the SunTrust Subordination Department.
3	<ul style="list-style-type: none"> • The recorded <i>Subordination Agreement</i> must be sent to the following department: SunTrust Attn: Correspondent Final Documents RVW0911 1001 Semmes Avenue Richmond, VA 23224

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Subordination of Secondary Financing, Continued

SunTrust Equity Lines and Equity Loans

Follow the steps below to complete a Subordination Request.

Step	Action
1	<ul style="list-style-type: none">• The subordination request must be processed through the SunTrust Orlando, Florida Consumer Lending Sales Center (CLSC).• The <i>Consumer Loan Subordination Requirements</i> (STB Form 316353) must be completed and included in the loan file along with the following:<ul style="list-style-type: none">• Copy of the application (Form 1003),• Copy of the appraisal (Form 1004) less than 90 days old from the subordination request date,• Copy of the Underwriting Transmittal Summary (Form 1008), and DU Findings Report• Income documentation.• Title commitment search – first 3-5 pages only (i.e., SunTrust lien information) less than 30 days old from the subordination request date, and• Flood Insurance Declaration page (if applicable).

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Subordination of Secondary Financing, Continued

SunTrust Equity Lines and Equity Loans, (continued)

Step	Action
2	<ul style="list-style-type: none"> • Orlando CLSC Subordination Department Contact Information: <ul style="list-style-type: none"> • All requests may be faxed to 1-877-557-7543, • For questions and/or problems please call 1-866-732-1685, • All paper requests may be mailed to: <p style="margin-left: 20px;">SunTrust Bank, Inc. Attention: Subordination Department FL-Orlando 9136 7455 Chancellor Drive Orlando, FL 32809</p> <p>Note: The CLSC Group will fax the subordination approval to the Correspondent lender once completed.</p>
3	<ul style="list-style-type: none"> • Subordination Fees <ul style="list-style-type: none"> • There is no subordination fee charged to SunTrust for a SunTrust-to-SunTrust subordination. • There is a subordination fee of a \$200.00 charged to the borrower for second lien subordination request behind a non-SunTrust 1st mortgage.
4	SunTrust Orlando CLSC department will notify the requestor of the status of the subordination request.
5	<ul style="list-style-type: none"> • SunTrust Orlando CLSC department will draft and prepare the subordination agreement at the time the subordination request is reviewed and approved. • If the SunTrust Equity Line/Loan requires a modification agreement, the SunTrust Orlando CLSC department will prepare the modification agreement along with the subordination agreement. • SunTrust will return the signed subordination agreement and/or modification agreement to the closing attorney/settlement agent to be included in the closing package.

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Subordination of Secondary Financing, Continued

**Texas and
Virginia
Automatic
Subordinations**

Automatic subordination process for properties located in Texas and Virginia is allowed with the DU Refi Plus loan program.

Reference: See the *Automatic Subordination Process for Texas* and *Automatic Subordination Process for Virginia* topics in [Section 1.26: Subordination of SunTrust Second Mortgage Loans](#) of the *Correspondent Seller Guide* for additional requirements.
