

Product Release

Information for Correspondent Lenders of SunTrust Bank
April 19, 2019 • COR19-016



Alert

Update

Reminder

Clarification

Training
Information

Preview

LPA Automated Income and Asset Assessment and Other Agency Revisions

SunTrust Bank (SunTrust) revises Agency Loan Product Advisor® (LPA®) product guidelines to align with recently announced Freddie Mac updates. With these updates we:

- embrace asset and income modeler (AIM) for automated income and asset assessment
- clarify 10-day pre-closing verification (PCV) requirements for union members
- revise condominium project and PUD insurance guidance regarding the acceptance of combined insurance policies
- permit an appraisal desk review in lieu of ordering a subsequent appraisal or field review

We also refresh Fannie Mae guidance related to addressing appraisal deficiencies to align with Fannie Mae's presentation of guidance.

Effective Dates

All updates are effective immediately for existing and new loan applications on or after April 19, 2019.

Background Information

Freddie Mac Bulletins 2017-3, 2018-23, 2018-24, 2019-4, and 2019-5 announced updates impacting Agency guidelines related to the following: automated income and asset assessment through AIM, 10-day PCVs for union members, condominium and PUD insurance, and appraisal desk review requirements. In response to these publications, we reviewed impacted guidelines and identified the opportunity to implement revisions to align with Freddie Mac requirements.

Additionally, we identified the opportunity to refresh our Fannie Mae guidance related to addressing appraisal deficiencies to align with Fannie Mae's language and/or presentation of guidance.

Bulletin Details

LPA Automated Income and Asset Assessment

Highlights of the automated income and asset assessment updates are as follows:

- Automated income and asset assessment through AIM provides lenders with the option for LPA to determine if the lender is eligible for relief from enforcement of certain representations and warranties related to the borrower's income and/or assets.
- To take advantage of these optional capabilities, lenders must obtain the following:
 - For automated income assessment using employer data and automated asset assessment using account data, obtain a verification report from a third-party verification service provider designated by Freddie Mac
 - For automated income assessment using tax return data (AIM for self-employed income), lenders must upload the borrower's federal income tax returns to a Freddie Mac-designated third-party service provider, which will produce an Income Calculation Report
- Based on information submitted, LPA will retrieve the verification/Income Calculation report, assess for representation and warranty relief eligibility, and return one of the following results of the assessment on the Feedback Certificate: Eligible, Not Eligible, or Unavailable.

Note: Lenders remain responsible for investigating and resolving any inconsistent or contradictory information between the report and the mortgage file.

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Bulletin Details, continued

LPA Automated Income and Asset Assessment, continued

- The following income sources are eligible for automated income assessment:
 - Automated Income Assessment Using Employer Data
 - Base non-fluctuating employment earnings and fluctuating hourly employment earnings
 - Overtime income
 - Bonus income
 - Commission income
 - Automated Income Assessment Using Tax Return Data (AIM for self-employed income)
 - Sole proprietorships reported on Internal Revenue Service (IRS) Schedule C
 - S corporations reported on IRS Form 1120S (including compensation of officers reported on IRS Form W-2), IRS Form 8825, and IRS Schedule K-1 (Form 1120S)
 - Partnerships reported on IRS Form 1065, IRS Form 8825, and IRS Schedule K-1 (Form 1065)
- The following depository accounts are eligible for automated asset assessment using account data:
 - Checking accounts
 - Savings accounts
 - Money market accounts
 - Borrower's business checking, savings, and/or money market accounts (when certain requirements are met)

Other Guideline Revisions

For LPA loans, we align with Freddie Mac by:

- Clarifying employment verification guidance for union members to allow the union (rather than the employer) to provide the 10-day PCV for a union member who is currently employed
- Expanding condominium project and PUD insurance requirements to accept a master or blanket insurance policy that combines insurance coverage for multiple unaffiliated condominium projects or PUDs, subject to additional requirements, including:
 - Each covered project must have a dedicated policy limit and a specific dedicated deductible
 - The policy must state clearly that each association is a named insured
- Permitting an appraisal desk review in lieu of ordering a subsequent appraisal or field review. The lender must use Form 1033, *One-Unit Residential Appraisal Desk Review Report*, when obtaining an appraisal desk review report.

For non-AUS and Desktop Underwriter[®] (DU[®]) loans, we refresh guidance related to addressing appraisal deficiencies to align with Fannie Mae's language and/or presentation of guidance.

Before and After Matrix

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

Revised Materials

Click [Appraisal Guidelines](#) and [Agency Loan Programs](#) 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.

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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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