

Product Release

Information for Correspondent Lenders of SunTrust Bank
October 25, 2019 • COR19-051



Alert

Update

Reminder

Clarification

Training
Information

Preview

Agency Guideline Revisions

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

- revise requirements for properties affected by a disaster to:
 - simplify the allowance of age of documentation flexibilities
 - clarify the eligibility requirements for property valuation flexibilities
- revise guidance related to escrow accounts
- embrace flexibilities for mortgages made pursuant to an employee relocation program

We revise Desktop Underwriter® (DU®) guidance for properties affected by a disaster to include a new SunTrust special feature code (SFC) requirement for loans utilizing the extended age of documentation flexibilities. We also improve the presentation of guidance related to escrow accounts for non-AUS and DU loans.

Effective Dates

- Properties affected by a disaster guideline updates are effective for new disasters that occur on and after October 27, 2019.
- Escrow accounts updates are effective immediately for new loan applications on or after October 25, 2019.
- All other updates are effective immediately for existing and new loan applications on or after October 25, 2019.

Background Information

Freddie Mac Bulletins 2019-16 and 2019-17 announced updates impacting various LPA guideline requirements. In response to these publications, we reviewed impacted guidelines and identified the opportunity to implement revisions to align with Freddie Mac requirements.

In support of our guideline improvement initiative, we reviewed non-AUS and DU escrow account guidelines and identified opportunities to refresh our guidelines to align with Fannie Mae's presentation of guidance and to provide additional clarity. We also identified the opportunity to update escrow account guidelines to provide additional transparency regarding an existing overlay (for all underwriting methods).

Bulletin Details

Properties Affected by a Disaster

- For LPA loans, we align with Freddie Mac by:
 - automatically allowing the age of documentation flexibilities to apply to all eligible disaster areas, **without** waiting for a Freddie Mac Guide Bulletin announcement to extend these flexibilities to properties in specified disaster areas
- Note:** Freddie Mac requires the use of SFC H37 to identify a LPA mortgage utilizing the extended age of documentation flexibility for eligible disaster areas.
- clarifying that the eligibility for property valuation flexibilities that apply to appraisals is based on the effective date of the appraisal report, which must be no more than 180 days before the note date
- For DU loans, we revise guidelines to also require the use of SFC H37 to identify a DU mortgage utilizing the extended age of documentation flexibility for eligible disaster areas; this is a SunTrust requirement for tracking and delivery (to the GSE) purposes

Note: [Click here](#) for the appropriate process to notify SunTrust of the above required SFC. This information is also located within Section 1.08: Loan Delivery and Purchase Review of our *Correspondent Seller Guide*.

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Bulletin Details, continued

Escrow Accounts

- For LPA loans, we align with Freddie Mac by:
 - including the requirement that lenders must have a written policy for waiving escrows and that policy must consider the borrower's ability to pay the property tax, mortgage insurance, and other charges when they are due

Note: Prior to today's publication, SunTrust's LPA guidelines already reflected this requirement (*as an overlay*). As this is now a Freddie Mac requirement, we no longer consider this guidance as an overlay.

 - incorporating "best practice" (although not required) guidance regarding the establishment of an escrow account for certain mortgage transactions; see the applicable attached before and after matrix for additional details
- For non-AUS, DU, and LPA loans, we provide additional transparency by adding reference to the existing overlay related to the requirement to establish an escrow/impound account for payment of the flood insurance premium for all applicable loans delivered, regardless of any exception under the Homeowner Flood Insurance Affordability Act (HFIAA) for small lenders
- For non-AUS and DU loans, we further refresh guidelines to more closely align with Fannie Mae's presentation of guidance and to provide additional clarity

Mortgages Made Pursuant to Employee Relocation Programs

For LPA loans, we align with Freddie Mac and revise guidelines for mortgages made pursuant to an employee relocation program. These mortgages provide financing for newly hired or transferred employees to purchase a 1- to 4-unit primary residence at a new job location. See the applicable attached before and after matrix for complete details.

Reminder: Use SFC 013 to identify a relocation mortgage (for all underwriting methods). [Click here](#) for the appropriate process to notify SunTrust of this required SFC. This information is also located within Section 1.08: Loan Delivery and Purchase Review of our *Correspondent Seller Guide*.

Before and After Matrices

- [Click here](#) to see the before and after matrix that provides a detailed overview of the properties affected by a disaster updates.
- [Click here](#) to see the before and after matrix that provides a detailed overview of the escrow accounts updates.
- [Click here](#) to see the before and after matrix that provides a detailed overview of all other updates.

Revised Materials

Click [Agency Loan Programs](#) and [Correspondent Agency Overlay Matrix](#) to review the revised product materials.

Former Guidelines

See the before and after matrices 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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