

Product Release

Information for Correspondent Lenders of SunTrust now Truist Bank
April 17, 2020 • COR20-013



Alert

Update

Reminder

Clarification

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Information

Preview

Updated Agency ARM Notes and Riders

SunTrust now Truist Bank (Truist) announces the upcoming mandatory use date of the updated adjustable rate mortgage (ARM) notes and riders for all Agency London Interbank Offered Rate (LIBOR) and Agency Constant Maturity Treasury (CMT)-indexed ARM products.

Future Updates/Communications Related to Agency ARMs

For transparency, we also take the opportunity to alert lenders of the following:

- We will align with Fannie Mae and Freddie Mac and retire all Agency LIBOR ARM products later this year. We will provide details of the timeframe (inclusive of application cut-off and purchase cut-off dates) for the Agency LIBOR ARM products retirement in a future communication bulletin.
- We are currently reviewing the new Secured Overnight Financing Rate (SOFR)-based Agency ARM offerings (recently announced by Fannie Mae and Freddie Mac) and evaluating the opportunity and timeframe to offer. We will announce additional details about these plans in a future communication bulletin.

Effective Dates

The updated Agency ARM notes and ARM riders are required for all Agency LIBOR and Agency CMT-indexed ARM loans with note dates on or after June 1, 2020.

Background Information

Fannie Mae Lender Letter LL-2020-01 and Freddie Mac Bulletin 2020-1 announced that by the end of 2020, Fannie Mae and Freddie Mac will no longer acquire loans indexed to LIBOR, and will be retiring all LIBOR ARM plans later this year. In preparation for the LIBOR replacement index, Fannie Mae and Freddie Mac revised all of their uniform ARM notes and ARM riders to include new fallback language [recommended by the Alternative Reference Rates Committee (ARRC)] that provides direction on the selection of a replacement index in the event an index is no longer available.

Bulletin Details

Updated Agency ARM Notes and Riders

We align with Fannie Mae and Freddie Mac and will require Correspondent Lenders to use the updated uniform ARM notes and ARM riders, with the new ARRC recommended fallback language, for all Agency LIBOR and Agency CMT-indexed ARM loans with note dates on or after June 1, 2020. The revised suite of ARM notes and ARM riders have a tagline revision date of 2/20. See "Closing Legal Documents" in the "Closing and Loan Settlement Documentation" topic within the [Agency Loan Programs](#) product description and "Mortgage Documentation" in the "Closing and Loan Settlement" topic within the [Texas Section 50\(a\)\(6\) Mortgages](#) product description for the listing of the required ARM note and ARM rider documents/form numbers for our Agency ARM loan products.

Note: *Correspondent Lenders may begin using the updated uniform ARM notes and ARM riders immediately. Therefore, Agency LIBOR and Agency CMT-indexed ARM loans with note dates prior to June 1, 2020 that are closed on the updated documents are acceptable for purchase by SunTrust now Truist.*

For tracking purposes, Fannie Mae requires special feature code (SFC) 785 and Freddie Mac requires SFC J23 to be included in the loan delivery data for loans that are closed on these updated ARM note and ARM rider documents. SunTrust now Truist will take care of these SFC requirements as a part of our review/delivery process to the GSEs. As a result, we are **not** requiring Correspondent lenders to notify us of these two new SFCs as a part of your file submission process.

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Bulletin Details, continued

For additional information related to this change, see:

- [ARRC recommended fallback language](#)
- Fannie Mae's [Legal Documents webpage](#)

Important Reminder Regarding Document Warranties

Correspondent lenders must use the mortgage documents for conventional mortgage loans that are correct for the jurisdiction, the mortgage type, the lien type, and the property type. Correspondent lenders must use the most current version and appropriate forms. In some cases, the mortgage forms may have to be adapted to meet the lender's jurisdictional requirements. Any changes made to multi-state documents must comply with all applicable laws.

SunTrust now Truist relies upon the Correspondent lender's representations and warranties that the loans are enforceable in accordance with the terms of the Correspondent Lender agreement and comply with all applicable laws. Accordingly, it is advisable that the lender's legal counsel review documents for compliance with the laws of the state in which each loan is made.

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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