

## Sales Contract Guideline Revisions

*Note: SunTrust Mortgage specific overlays are underlined.*

Topic	Impacted Document	Impacted Products	Current Guidelines	Revised Guidelines Effective for NEW And EXISTING Loan Applications ONL OR AFTER October 21, 2016
Reviewing Sales Contracts	Section 1.05b Reviewing Sales Contracts	All products	<ul style="list-style-type: none"> <li>A complete, legible, unexpired, and fully executed or ratified (signed and/or initialed as necessary by all parties to the contract) copy of the sales contract including all pages and addendums and all state required (i.e., seller disclosure, radon disclosure, etc.) disclosure(s) as identified throughout the contract is required.</li> <li>Electronically signed sales contracts must meet SunTrust Mortgage guidelines.</li> </ul> <p>Reference: See <a href="#">Section 1.32: Electronic Signature Requirements</a> in the <i>Correspondent Seller Guide</i> for additional information.</p> <ul style="list-style-type: none"> <li>Sales contracts identifying short sale approval from the seller's lender must include all necessary short sale addendums and the short sale approval from the lender.</li> </ul> <p>Reference: See the topic Borrowers Buying a Short Sale Property in the <a href="#">Section 1.28: Short Sale and Restructured Loans</a> in the <i>Correspondent Seller Guide</i> for additional information.</p> <ul style="list-style-type: none"> <li>Current owner(s) or seller(s) on the contract are the owner(s) of record. If the seller(s) is/are an entity (i.e., LLC, Corporation, Trust, etc.) provide evidence that, the person signing the contract is authorized to act on behalf of the entity.</li> </ul> <p>Reference: See <a href="#">Section 1.07: Appraisal Guidelines</a> in the <i>Correspondent Seller Guide</i> for additional information on relocation companies.</p> <ul style="list-style-type: none"> <li>At least one of the borrower(s) on the loan application must be identified as the purchaser/buyer on the sales contract and the appraisal, unless there is a product or state specific requirements that all purchasers on the sales contract must be on the loan application and appraisal.</li> <li>Property address on the sales contract, loan application, and appraisal must match. Explanations for any discrepancies must be documented and corrected.</li> <li>Sales price on the fully executed sales contract, final loan application, and appraisal must match as of the effective date of the appraisal. Explanations for any discrepancies must be documented and/or corrected. Changes to the sales contract after the effective date of the appraisal may not require appraisal updates and should be referred back to the underwriter for delegated Correspondent loans.</li> <li>Transactions must be arms-length or the transaction must fully comply with the Non-Arm's Length/Conflict-of-Interest guidelines.</li> </ul> <p>Reference: See <a href="#">Section 1.40: Non-Arm's Length/Conflict-of-Interest</a> in the <i>Correspondent Seller Guide</i> for additional information.</p> <ul style="list-style-type: none"> <li>Sales concessions and/or personal property on the sales contract must be considered in the appraiser's analysis. In some cases, personal property and/or sales concessions may impact the maximum LTV/TLTV/HTLTV.</li> </ul> <p>Reference: See <a href="#">Section 1.13: Interested Party Contributions Limits</a> in the <i>Correspondent Seller Guide</i> for additional information.</p> <ul style="list-style-type: none"> <li>Repairs required by the sales contract that are safety, soundness, or structural in nature, must be adequately addressed in the appraisal. If the repairs are not already completed, the appraisal should be marked, "subject to completion of the repairs." If these repairs are not addressed in the appraisal, the reviewer must contact the appraiser and request an</li> </ul>	<i>Section 1.05b Reviewing Sales Contracts is being removed in its entirety from the Correspondent Seller Guide.</i>

## Sales Contract Guideline Revisions

*Note: SunTrust Mortgage specific overlays are underlined.*

Topic	Impacted Document	Impacted Products	Current Guidelines	Revised Guidelines Effective for NEW And EXISTING Loan Applications ONL OR AFTER October 21, 2016
			<p>explanation and the current status. If the repair(s) is/are already complete, the appraiser should comment about the repair(s) in the appraisal. Appraiser must follow UAD ratings for property condition.</p> <p>Reference: See <a href="#">Section 1.07: Appraisal Guidelines</a> in the <i>Correspondent Seller Guide</i> for additional information.</p> <ul style="list-style-type: none"> <li>The sales contract should indicate if the subject property is a PUD, condominium, etc. If there are any discrepancies in the property type on the appraisal compared to the sales contract, the appraisal reviewer should obtain clarification from the appraiser and a corrected appraisal as needed.</li> <li>Sales contracts should indicate if the subject property has private water and/or sewage systems. If the appraiser indicates there is evidence of possible failure (ponding, puddles, sewage smell, etc.) an inspection is required. If the inspection determines that repairs are needed, obtain evidence of completion of repairs.</li> </ul> <p><b>Note:</b> If the borrower is responsible for the repairs, the file must contain evidence that the borrower has sufficient funds for repairs over and above funds required for down payment, closing costs, reserves, etc., to meet the product specific guidelines.</p> <p><b>Program Specific Guidelines</b> <b>VA</b></p> <ul style="list-style-type: none"> <li>FHA/VA Amendatory Clause – If not contained in the sales contract, the FHA/VA Amendatory Clause must be signed by the buyer, and seller is required for the loan file.</li> <li>Lead Based Paint Disclosure – if not contained in the sales contract, the Lead Based Paint Disclosure must be signed by the borrowers and is required for the loan file when the property is built in or prior to 1978.</li> </ul>	
Reviewing Sales Contracts	Section 2.01 Agency Loan Programs	<ul style="list-style-type: none"> <li>Standard Agency (non-AUS, DU &amp; LPA)</li> <li>Agency Plus (DU &amp; LPA)</li> <li>Texas 50(a)(6)</li> </ul>	Reference: See the <a href="#">Section 1.05b: Reviewing Sales Contracts</a> of the <i>Correspondent Seller Guide</i> for additional information regarding review of the sales contract.	<p><b>Reviewing Sales Contracts</b></p> <ul style="list-style-type: none"> <li><b>Non-AUS</b> <ul style="list-style-type: none"> <li>For purchase mortgages, a copy of the fully executed sales contract and all addenda must be included in the mortgage file.</li> <li>Electronically executed sales contracts are acceptable.</li> <li>The lender must take reasonable steps to determine that the sales contract is validly signed by the correct parties in all required places.</li> </ul> </li> <li><b>Fannie Mae DU</b> <ul style="list-style-type: none"> <li>Follow DU guidelines, which are the same as non-AUS guidelines.</li> </ul> </li> <li><b>Freddie Mac LPA</b> <ul style="list-style-type: none"> <li>For purchase mortgages, a copy of the fully executed sales contract and all addenda must be included in the mortgage file.</li> </ul> </li> </ul>
Reviewing Sales Contracts	Section 2.06 Key Loan Program	<ul style="list-style-type: none"> <li>Jumbo Solution Second Mortgage</li> <li>Key Loan</li> </ul>	Reference: Please refer to <a href="#">Section 1.05b: Reviewing Sales Contracts</a> in the <i>Correspondent Seller Guide</i> for further information on reviewing sales contracts.	<ul style="list-style-type: none"> <li>The lender must review the executed sales contract. <ul style="list-style-type: none"> <li>The lender must take reasonable steps to determine that the sales contract is validly signed by the correct parties in all required places.</li> </ul> </li> <li>The lender must obtain all signed copies of the sales contract(s), including a complete copy of the final sales contract with any modifications or revisions agreed upon by the borrower and seller.</li> <li>If the seller(s) is/are an entity (i.e., LLC, Corporation, Trust, etc.), provide evidence that the person signing the contract is authorized to act on behalf of the entity.</li> </ul>

## Sales Contract Guideline Revisions

*Note: SunTrust Mortgage specific overlays are underlined.*

Topic	Impacted Document	Impacted Products	Current Guidelines	Revised Guidelines
				Effective for NEW And EXISTING Loan Applications ONL OR AFTER October 21, 2016
				<ul style="list-style-type: none"><li>At least one of the borrower(s) on the loan application must be identified as the purchaser/buyer on the sales contract and the appraisal, unless there is a product or state specific requirements that purchasers on the sales contract must be on the loan application and appraisal.</li><li>Sales price on the fully executed sales contract, loan application, and appraisal must match as of the effective date of the appraisal.<ul style="list-style-type: none"><li>Explanations for any discrepancies that affect the subject property value or description must be documented and/or corrected.</li><li>Changes to the sales contract, made after the effective date of the appraisal, are acceptable and do not require the appraisal to be updated, provided the changes do not affect the subject property value or description.</li></ul></li><li>Sales concessions and/or personal property on the sales contract must be considered in the appraiser and underwriter's analysis. In some cases, personal property and/or sales concessions may impact the maximum LTV/TLTV/HTLTV.</li><li>If the sales contract indicates private water and/or sewage systems and if the appraiser indicates there is evidence of possible failure (ponding, puddles, sewage smell, etc.), an inspection is required and any identified deficiencies must be repaired prior to closing.</li></ul>
Sales Contracts	Section 2.23 Veteran's Administration (VA)	<ul style="list-style-type: none"><li>VA</li></ul>	<p>The sales contract must provide language for the <i>VA Amendatory Clause</i>. The <i>VA Amendatory Clause</i> may be included in the language of the sales contract or as a separate addendum and must be signed and dated from all parties.</p> <p>Reference: See <a href="#">Section 1.05b: Reviewing Sales Contracts</a> of the <i>Correspondent Seller Guide</i> for additional information</p>	<ul style="list-style-type: none"><li>The sales contract must provide language for the <i>VA Amendatory Clause</i>. The <i>VA Amendatory Clause</i> may be included in the language of the sales contract or as a separate addendum and must be signed and dated by all parties.</li><li>Lead Based Paint Disclosure – if not contained in the sales contract, the Lead Based Paint Disclosure must be signed by the borrowers and is required for the loan file when the property is built in or prior to 1978.</li></ul>