Section 1.21 – Subordination of SunTrust Second Mortgage Loans

In This Section
This section contains the following topics.

Overview ........................................................................................................................ 2
Summary ................................................................................................................ 2
Related Bulletins ............................................................................................................ 2
Subordination of SunTrust Combo Second and EZ Two Mortgage Loans.................... 3
  General................................................................................................................... 3
  Eligible Occupancy/ Property Types ................................................................. 4
  Ineligible Occupancy/ Property Types ............................................................ 4
  New First Mortgage Requirements ................................................................. 4
  Existing Combo and EZ Two Second Mortgage Requirements ....................... 5
  Geographic Restrictions ....................................................................................... 5
  Maximum TLTV ...................................................................................................... 5
Underwriting Requirements .......................................................................................... 6
  General ............................................................................................................ 6
  Declining Markets Guidelines ..................................................................... 6
  Maximum Number of Financed Properties ....................................................... 6
Appraisal Documentation ............................................................................................. 6
Procedures for Subordination Request .................................................................... 7
Subordination Agreement Requirements ................................................................... 10
Subordination of SunTrust Equity Line and Equity Loans ........................................... 11
  General................................................................................................................. 11
  Service Levels .................................................................................................. 11
  Ineligible Occupancy/ Property Types .............................................................. 12
  Geographic Restrictions .................................................................................... 12
  Maximum TLTV/HTLTV ...................................................................................... 12
Underwriting Requirements ....................................................................................... 13
  General............................................................................................................ 13
  Declining Markets .......................................................................................... 13
  Maximum Number of Financed Properties ....................................................... 14
Income Documentation ............................................................................................... 14
Qualifying Ratio and Payment Guidelines ................................................................ 14
Appraisal Documentation .......................................................................................... 15
Modifications to Existing Equity Lines and Equity Loans ........................................ 15
Procedures for Subordination Request .................................................................... 16
Automatic Subordination Process for Virginia Properties ............................................ 18
  General................................................................................................................. 18
  Requirements for the Automated Process ........................................................... 18
  Procedures for Subordinations of Virginia Properties ........................................ 19
  Title Insurance Requirements .......................................................................... 20
Automatic Subordination Process for Texas Properties .............................................. 21
  General................................................................................................................. 21
  Requirements for the Automated Process ........................................................... 21
  Procedures for Subordinations of Texas Properties ............................................ 22
Summary

- The Subordination of SunTrust Second Mortgage Loans document provides guidelines for the subordination of eligible existing SunTrust Bank and SunTrust Mortgage, Inc. second mortgage liens (i.e., Combo, EZ Two, Equity Lines and Equity Loans).

  Reference: Subordinations of secondary financing in connection with the DU Refi Plus™ and the Freddie Mac Relief Refinance Mortgage SM loan program must follow the subordination guidelines outlined in Section 1.21: Subordination of SunTrust Second Mortgage Loans of the Broker Seller Guide.

- If the existing second is a SunTrust Combo or EZ Two second mortgage, SunTrust Mortgage, Inc. (i.e., SunTrust underwriter or contract MI underwriter on the behalf of SunTrust) must approve the subordination request at the same time the new first mortgage is approved.

- If the existing second is a SunTrust Bank or SunTrust Mortgage, Inc. equity line or equity loan, the subordination request must be processed through the Orlando Consumer Lending Sales Center (CLSC).

  Note:
  - All subordination requests MUST be approved by SunTrust.

Related Bulletins

General

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

- 2013
- 2012
- 2011
- 2010
- 2009
Subordination of SunTrust Combo Second and EZ Two Mortgage Loans

General

- Existing SunTrust Combo and EZ Two second mortgage loans that are not being paid off with the proceeds of the new first mortgage are eligible for subordination in accordance with the guidelines outlined in this document.

   **Note:** In all cases where an existing SunTrust Combo or EZ Two second mortgage lien is not being paid off with the proceeds of the new first mortgage, the second lien MUST remain in second lien position.

- The existing SunTrust Combo and EZ Two second mortgage MUST be subordinated behind a NEW SunTrust first mortgage. The existing SunTrust Combo and EZ Two second mortgage CANNOT be subordinated behind a "non-SunTrust" first mortgage loan.

   **Notes:**
   - SunTrust Combo second mortgage loans are identified by a ten (10) digit loan number.
   - The EZ Two second mortgage is also assigned a ten (10) digit loan number.

- The new first mortgage product must allow for the subordination of an existing SunTrust second lien.

   **Reference:** See the "New First Mortgage Requirements" subtopic subsequently presented in this document for additional information regarding new first mortgage product restrictions.

- Additionally, the new LTV/TLTV must meet the more restrictive of the specific new first mortgage guidelines or the guidelines outlined in this document.

   **Reference:** See the applicable first mortgage product description for secondary financing guidelines.

- Any loans subject to a SunTrust Combo or EZ Two Second Mortgage subordination must be submitted to SunTrust for underwriting and approval.
- SunTrust Mortgage, Inc. (i.e., SunTrust underwriter or contract MI underwriter on the behalf of SunTrust) must approve the subordination request at the same time the new first mortgage is approved.
- A subordination agreement is required to assure the second lien remains in second lien position.

   **Notes:**
   - For existing SunTrust Combo and EZ Two second mortgages, the subordination agreement is drafted by the closing attorney/settlement agent.
   - The subordination agreement is executed at the closing of the new first mortgage and is recorded with the first mortgage documents.

   **Continued on next page**
Subordination of SunTrust Combo and EZ Two Second Mortgage Loans, Continued

Eligible
Occupancy/Property Types

The following occupancy/property types are eligible for subordination:

- 1-4 unit properties,
- primary residences,
- second homes,
- investment properties,
- leasehold properties (excluding Georgia Power leaseholds),
- modular housing,
- properties in excess of 10 acres,
- warrantable condominiums, including condominium conversions, and
- warrantable PUDs.

Ineligible
Occupancy/Property Types

The following occupancy/property types are ineligible for subordination:

- condotels,
- cooperatives,
- Georgia Power leaseholds,
- manufactured housing,
- non-warrantable condominiums,
- non-warrantable PUDs, and
- properties currently listed for sale.

New First Mortgage Requirements

- If the new first mortgage product is a short term ARM (i.e., 3/1, 1 year, etc.), the existing SunTrust Combo and EZ Two second mortgage is NOT eligible for subordination.
- The maximum loan term of the new first mortgage is 30 years.
- The new loan must be the same or a more stable product than the current first mortgage when subordination of a Combo or EZ Two second mortgage is required. Fixed rate mortgages are only eligible to be refinanced into a new fixed rate mortgage. ARM loans must be refinanced to either a same term ARM, longer term ARM or a fixed rate mortgage.
- The new first mortgage loan should put the borrower in a more favorable financial position, by either:
  - reducing the interest rate; or
  - replacing an interest only or balloon reset mortgage with a fixed, fully amortizing mortgage.
- Cash-out refinances are permitted if all funds are being used to reduce the unpaid principal balance of the existing SunTrust Combo or EZ Two second lien.

Continued on next page
Subordination of SunTrust Combo and EZ Two Second Mortgage Loans, Continued

New First Mortgage Requirements, (continued)

- The new first mortgage loan may include normal and customary closing costs up to a maximum 5% of the new loan amount or $10,000, whichever is less.
- There is no maximum P&I payment increase; however, when the new P&I payment increases by more than 20% of the existing P&I or interest-only payment, the borrower’s income and employment must be documented and the maximum debt-to-income (DTI) ratio is 55%.
- When calculating the payment increase for existing loans with adjusting payments, the current payment must have been made for at least seven (7) consecutive months; otherwise, the lowest P&I payment or interest-only payment made during the most recent 12 months must be used.

Existing Combo and EZ Two Second Mortgage Requirements

- The existing Combo or EZ Two second must be current and cannot have any 30-day late payments within the last 12 months.

Geographic Restrictions

References:

- See the applicable new first mortgage product description and Section 1.11: Geographic State Restrictions of the Broker Seller Guide for specific geographic restrictions that may apply.
- If the subject property is located in the state of Virginia, see the “Automatic Subordination Process for Virginia Properties” topic subsequently presented in this document for information on the state of Virginia’s automatic subordination procedures.
- If the subject property is located in the state of Texas, see the “Automatic Subordination Process for Texas Properties” topic subsequently presented in this document for information on the state of Texas’ automatic subordination procedures.

Maximum TLTV

- The maximum TLTV may NOT exceed 95% in any case.
  - If the subject property is a condominium, the maximum TLTV must be reduced by 5%.

  **Note:** If there are multiple reductions that apply to a single property, then all are applied cumulatively. For example, a condominium in a declining market would be subject to a 10% TLTV reduction.

- If the TLTV exceeds 95%, then the loan must be conditioned for a principal curtailment of the existing Combo or EZ Two second to meet the TLTV guidelines.
- The current unpaid principal balance of the Combo or EZ Two second mortgage must be used in calculating the TLTV.
- There is no maximum LTV requirement on the Combo or EZ Two second mortgage.
- The current payment of the existing Combo or EZ Two second mortgage must be used when calculating the housing and debt-to-income (DTI) ratios on the new first mortgage.

Continued on next page
Underwriting Requirements

General

- Unless otherwise published in this document, borrowers must meet all of the guidelines for secondary financing for the new first mortgage product [including, but not limited to minimum credit score, maximum debt-to-income (DTI) ratio, maximum LTV/TLTV, AUS requirements, etc.].

  Reference: See the applicable first mortgage product description for secondary financing guidelines.

- Third lien positions are NOT acceptable.

Declining Markets Guidelines

- The following guideline must be followed for all existing SunTrust Combo and EZ Two second mortgage liens being subordinated when the subject property is located in a declining market:
  - If the subject property is located in a declining market, the maximum TLTV must be reduced by five percent (5%).

  Note: If there are multiple reductions that apply to a single property, then all are applied cumulatively. For example, a condominium in a declining market would be subject to a 10% TLTV reduction.


Maximum Number of Financed Properties

Reference: See Section 1.20: Maximum Number of Financed Properties and Borrower Exposure of the Broker Seller Guide for guidelines.

Note: The maximum total exposure is $2.5 million dollars on all SunTrust balance sheet (Portfolio) loan products (INCLUDING any existing SunTrust Bank or SunTrust Mortgage seconds being subordinated).

Appraisal Documentation

- A full appraisal (i.e. form 1004/70, form 1025/72 etc.) is required.
- The new appraisal must be dated within 120 days at the time of underwriting.
- Fannie Mae’s Property Inspection Waiver (PIW), Freddie Mac’s Property Inspection Alternative (PIA), Freddie Mac Form 2070, Freddie Mac Form 2055, and automated valuation models (AVMs) are NOT acceptable.

Continued on next page
Follow the steps below to complete a subordination request for an existing SunTrust Combo or EZ Two second mortgage.

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
</table>
| 1    | • It is the responsibility of the Broker to advise the closing attorney/settlement agent that a subordination agreement will be required.  
• SunTrust Mortgage, Inc will NOT draft or create the subordination agreement. The closing attorney/settlement agent is responsible for preparing the subordination agreement and sending the subordination agreement to the SunTrust Wholesale branch office for review.  

**Notes:**  
• 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:  
  • 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.  
• The *Subordination Agreement* must include in the upper left hand corner of the document the following information:  

  When Recorded Return To:  
  SunTrust Mortgage, Inc  
  1001 Semmes Avenue  
  3rd Floor  
  Mail Code RVW-5043  
  Attn: Final Docs  
  Richmond, VA 23224  
  Loan Number  

**Note:** The loan number of the SunTrust Combo or EZ Two Second Mortgage must be referenced on the *Subordination Agreement*.  

**Reference:** See the “Subordination Agreement Requirements” subtopic subsequently presented in this topic for additional information.

*Continued on next page*
Procedures for Subordination Request, (continued)

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
</table>
| 1 (cont.) | • If the Combo or EZ Two loan being subordinated is a MERS (Mortgage Electronic Registration System) loan, the subordination agreement must be prepared in the name of MERS.  
• The settlement agent must insert the following verbiage in the Subordination Agreement:  
• "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. |

**Note:** SunTrust Mortgage, Inc will NOT subordinate to a 3rd lien position.

*Continued on next page*
Procedures for Subordination Request, (continued)

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
</table>
| 2    | • The COMPLETE loan package must be submitted to SunTrust Mortgage for review and approval.  
• The SunTrust Underwriter must review the file and complete the *SunTrust Combo and EZ Two Second Subordination Request* *(BRO 0238)* and the *SunTrust Second Lien Subordination Request* *(BRO 1378)* forms.  
• Once the subordination is approved by the underwriter, the *Subordination Agreement* along with the *SunTrust Second Lien Subordination Request Form* *(BRO 1378)* and a copy of the Good Faith Estimate must be faxed to 804-675-9792, emailed to fnma/fhlmcsubordinations@suntrust.com or mailed to the following address for review and approval:  
  SunTrust Mortgage  
  1001 Semmes Avenue  
  Mail Code RVW-3002  
  Attn: Subordinations  
  Richmond, VA 23224  
• The signed *Subordination Agreement* will be sent to the branch or attorney within three (3) business days. |

**Notes:**  
• A self addressed overnight package must be submitted with the *Subordination Agreement* and must be addressed to the person in the branch or the attorney who should receive the signed *Subordination Agreement*.  
• Fax ed and e-mailed packages to the SunTrust Subordination Department may provide a faxed or scanned pre-paid overnight shipping label, or provide a shipping address and overnight account number instead of a pre-paid self addressed overnight package.  
• The Wholesale branch office is responsible for notifying the Broker that the request for subordination has been approved and whether a principal curtailment and/or a balance reduction on the new first mortgage loan are a condition for approval.  
• To request status updates on submitted *Subordination Agreements*, send an email to fnma/fhlmcsubrodinations@suntrust.com, include the following information:  
  • Borrower name,  
  • Address, and  
  • Second Mortgage Loan Number. |

Continued on next page
Subordination of SunTrust Combo and EZ Two Second Mortgage Loans, Continued

Procedures for Subordination Request, (continued)

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>• Once the subordination agreement has been executed at closing, the closing attorney/settlement agent should include the recorded <strong>Subordination Agreement</strong> in the closed loan package that is sent back to SunTrust at the following address:</td>
</tr>
</tbody>
</table>

SunTrust Mortgage  
1001 Semmes Avenue  
3rd Floor  
Mail Code RVW-5043  
Attn: Final Docs  
Richmond, VA 23224

**Note**: A copy of the executed **Subordination Agreement** must be retained in the first mortgage loan file.

Subordination Agreement Requirements

• The subordination agreement must contain the following information when being reviewed by the SunTrust Wholesale Branch for approval:
  • Names of the parties  
    • Business addresses are currently optional  
  • Description of the subject property (legal description is preferred; however, the address is acceptable)  
  • Identification of the mortgage or trust deed to be subordinated:
    • Names of parties  
    • Date of execution  
    • Reference to book and pages of recordation  
  • Identification of encumbrance(s) (legal claim to a property) to be superior in priority  
  • Statement of consideration:  
    • Inducement to lender to loan money  
    • Payment of Money  
    • Other, but should make clear that some consideration was given  
  • Terms of subordination of the loan (optional).  
  • Covenant of validity of mortgage or trust deed to be subordinated (optional)  
  • Cancellation of subordination provision in mortgage or trust deed (optional)  
  • Words indicating binding effect  
  • Date of Agreement  
  • Signatures of borrowers and lender  
  • Attestation  
  • Acknowledgements (Notary)

• The language in the document must clearly indicate that the subordination pertains to the one loan. “Blanket” subordination agreements for subsequently recorded interests are NOT acceptable by SunTrust.
Subordination of SunTrust Equity Line and Equity Loans

General

- Existing SunTrust equity line/equity loans that are not being paid off with the proceeds of the new first mortgage are eligible for subordination in accordance with the guidelines outlined in this topic.

**Note:** In all cases where an existing SunTrust equity line/equity loan is not being paid off with proceeds of the new first mortgage, The equity line/loan MUST remain in second or third lien position. A Subordination Agreement must be executed.

- The existing SunTrust equity line/equity loan is eligible for subordination behind a new SunTrust first mortgage or a “non-SunTrust” first mortgage. SunTrust Bank equity lines/equity loans are identified by a seventeen (17) digit loan number. SunTrust Bank Access 3 lines of credit contain sixteen (16) digits.
- The new first mortgage product must be eligible for subordinate financing.
- Additionally, the new LTV/TLTV/HTLTV must meet the more restrictive of the specific new first mortgage guidelines or the guidelines outlined in this policy.

**Reference:** See the applicable first mortgage product description for secondary financing guidelines.

- Any loans subject to a SunTrust equity line or equity loan subordination must be submitted to SunTrust for underwriting and approval.
- The subordination request must be processed through the Orlando Consumer Lending Sales Center (CLSC).
- A subordination agreement is required to assure the equity line/loan remains in second or third lien position.
- The borrower(s) MUST receive a tangible net benefit from the refinance transaction in order for the second mortgage to be eligible for subordination.

**Notes:**

- For existing SunTrust equity line/equity loans, the subordination agreement is drafted by the SunTrust Orlando CLSC group at the time the subordination request is reviewed and approved.
- The subordination agreement is executed at the closing of the new first mortgage and is recorded with the first mortgage documents.

Service Levels

- Subordination requests must be submitted allowing for the following service levels:

<table>
<thead>
<tr>
<th>Type of 1st Mortgage Lien</th>
<th>Turn Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>For subordinations involving a SunTrust Mortgage 1st Lien</td>
<td>• 3 business days for rate/term refinance transactions</td>
</tr>
<tr>
<td></td>
<td>• 5 business days for cash-out refinance transactions</td>
</tr>
<tr>
<td>For subordinations involving a non-SunTrust Mortgage 1st Lien</td>
<td>• Minimum of 10 business days</td>
</tr>
</tbody>
</table>

**Note:** Service levels are determined at the time the Orlando CLSC receives the subordination request and any required documentation.

*Continued on next page*
The following occupancy/property types are ineligible for subordination:

- 3-4 unit properties, and
- investment properties.

**Note:** If a property type is ineligible based on the first mortgage loan program then the second mortgage is NOT eligible for subordination.

**Geographic Restrictions References:**

- See the applicable new first mortgage product description and [Section 1.11: Geographic State Restrictions](#) of the Broker Seller Guide for specific geographic restrictions that may apply.
- If the subject property is located in the state of Virginia, see the "Automatic Subordination Process for Virginia Properties" topic subsequently presented for information on the state of Virginia’s automatic subordination procedures.

**Maximum TLTV/HTLTV**

- The credit limit for equity lines can be obtained by calling SunTrust’s Consumer Loan Servicing (CLS) Department at 1-800-368-7700.

The following table provides the maximum TLTV and the maximum combined loan amounts for equity line subordinations:

<table>
<thead>
<tr>
<th>Maximum Combined Line/Loan Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Type</td>
</tr>
<tr>
<td>TLTV</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>60%</td>
</tr>
<tr>
<td>65%</td>
</tr>
<tr>
<td>70%</td>
</tr>
<tr>
<td>75%</td>
</tr>
<tr>
<td>80%</td>
</tr>
<tr>
<td>85%</td>
</tr>
</tbody>
</table>

- For lines, the maximum amount of credit available, not the current balance, must be used in calculating the TLTV/HTLTV.
- For loans, the current unpaid principal balance of the existing equity loan must be used in calculating the TLTV.

**Notes:**

- The maximum HTLTV may not exceed 100% IN ANY CASE.
- For rate/term refinance transactions, if the second mortgage has a TLTV > 85%, CLSC will evaluate the subordination request on a case by case basis to determine if the borrower is receiving a benefit from the rate/term refinance transaction before making a decision regarding the subordination request.
- If the new TLTV/HTLTV exceeds the new first mortgage guidelines, the loan must be conditioned for a reduction in the credit limit to meet the maximum allowable TLTV/HTLTV for the applicable first mortgage product.
**Maximum TLTV/HTLTV, (continued)**

**Reference**: See the “Underwriting Requirements” subtopic subsequently presented in this policy for additional information on TLTV/HTLTV restriction when the property is located in a declining market.

---

**Underwriting Requirements**

**General**

- Unless otherwise published in this document, borrowers must meet all of the guidelines for secondary financing for the new first mortgage product [including, but not limited to minimum credit score, maximum debt-to-income (DTI) ratio, maximum LTV/TLTV/HTLTV, AUS requirements, etc.].

  **Reference**: See the applicable first mortgage product description for secondary financing guidelines.

- All subordination requests will require a full re-underwrite by the Orlando CLSC. It is recommended that the subordination request be sent to Orlando CLSC at the same time the first mortgage is sent to underwriting.

- There may be instances when line modification (lowering of the maximum equity line amount and/or freezing the access to the equity line) is required to approve the subordination request.

  **Note**: In a transaction where the borrower receives the lesser of $5,000 or 3% of the new loan amount in cash at closing, the transaction will NOT be considered a “cash-out” transaction.

  **Reference**: See the “Service Levels” subtopic previously presented in this topic for additional information regarding underwriting turn times.

- Approval of subordinations involving properties secured by condominiums where the TLTV exceeds 85% and a SunTrust 1st mortgage is not in place are not acceptable.

  **Reference**: See the “Income Documentation,” “Qualifying Ratio and Payment Guidelines” and “Appraisal Documentation” subtopics subsequently presented in this topic for additional information regarding underwriting requirements.

**Declining Markets**

- The following guideline must be followed for all existing SunTrust equity line/equity loans being subordinated when the subject property is located in a declining market:
  - If the property is located in a declining market, the maximum TLTV/HTLTV is reduced by 5%.
  - For all second homes, the maximum TLTV/HTLTV is reduced by 5%.
  - If there are multiple reductions applied to a single property, then they are applied cumulatively (for example: a second home in a declining market would be subject to a 10% LTV reduction).

  **Note**: The “Workflow Appraisal Reconciliation” guidelines outlined in Section 1.17: SunTrust Mortgage Declining Market Guidelines of the Broker Seller Guide are NOT eligible when an existing SunTrust equity line/equity loan is being subordinated and the subject property is located in a declining market. In ALL cases, the maximum TLTV/HTLTV MUST be reduced as outlined above.

---

*Continued on next page*
Subordination of SunTrust Equity Line and Equity Loans, Continued

Underwriting Requirements, (continued)

Declining Markets, (continued)


Maximum Number of Financed Properties

Reference:  See Section 1.20: Maximum Number of Financed Properties and Borrower Exposure of the Broker Seller Guide for guidelines.

Note:  The maximum total exposure is $2.5 million dollars on all SunTrust balance sheet (Portfolio) loan products (INCLUDING any existing SunTrust Bank or SunTrust Mortgage seconds being subordinated).

Income Documentation

• Income verification must be provided on all requests for self employed individuals and any requests exceeding an original TLTV/HTLTV of 75% on cash-out refinance transactions.
• Self employed borrowers would include borrowers whose commissioned earnings exceed 50% of their income.
• Income verification is NOT required for borrowers with passive or salaried income.

Qualifying Ratio and Payment Guidelines

• Ratios are calculated on ALL subordination requests, regardless of the original loan program.  The maximum debt to income (DTI) ratio is calculated based on the borrower’s gross monthly income and credit score, as outlined in the table below:

<table>
<thead>
<tr>
<th>Monthly Income</th>
<th>Credit Score / Max DTI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&gt;/= 720</td>
</tr>
<tr>
<td>&lt;= $3,000</td>
<td>40%</td>
</tr>
<tr>
<td>$3,001 - $5,500</td>
<td>50%</td>
</tr>
<tr>
<td>$5,501 - $8,000</td>
<td>50%</td>
</tr>
<tr>
<td>&gt; $8,000</td>
<td>50%</td>
</tr>
</tbody>
</table>

• For equity lines of credit, the qualifying payment is equal to one percent (1%) of the credit limit, regardless of which payment option is selected or the amount drawn at initial draw, closing, etc.  For equity loans, the qualifying payment is the actual monthly payment.
• A maximum DTI of 40% is required if the borrower does not meet the credit requirements for an acceptable credit bureau file.

Continued on next page
Appraisal Documentation

- A current appraisal/valuation must be provided on each request with review and approval by the Orlando CLSC prior to final approval of the subordination request.
- The more restrictive of the first mortgage or the following guidelines apply.
- If an appraisal is ordered, the appraisal must be used rather than other valuation methods.
- Complete (1004) appraisals are acceptable.
- Appraisers must be engaged directly by the bank or another financial services institution. Appraisals prepared for other institutions and accepted by SunTrust must conform to regulatory and SunTrust guidelines. An appraisal prepared for the borrower is NOT acceptable.
- Appraisers engaged by SunTrust must be state licensed or certified, and they must be either approved by SunTrust’s real estate services providers or be on SunTrust’s approved appraiser list if directly engaged by the bank. Final selection of an appraiser is based on the appraiser’s qualifications and experience for the particular type of real estate property being appraised.
- Appraisals (1004, etc.) must be current (less than 90 days old).
- LP Property Inspection Alternative (PIA) and DU Property Inspection Waivers (PIW) are not acceptable valuation methods.

Modifications to Existing Equity Lines and Equity Loans

- A modification to the existing equity line or a balance reduction to the existing equity loan may be required for any of the following reasons:
  - the new TLTV/HTLTV exceeds the guidelines for the new first mortgage and the loan was approved with a condition for a reduction in the total amount of equity line credit available or equity loan current balance, or
  - the equity line is in third lien position, or
  - the new TLTV/HTLTV exceeds Orlando CLSC underwriting guidelines.

Note: When a modification of the existing equity line or a balance reduction to the existing equity loan is required, it is very important that the borrower is advised prior to closing that the terms of his/her equity line/equity loan will be changing due to one of the reasons stated above.

Continued on next page
Procedures for Subordination Request

Follow the steps below to complete a subordination request for an existing SunTrust equity line or equity loan.

<table>
<thead>
<tr>
<th>Steps</th>
<th>Actions</th>
</tr>
</thead>
</table>
| 1     | The subordination request must be processed through the Orlando Consumer Lending Sales Center (CLSC).  
       | The following documents are required when submitting a subordination and/or modification request:  
       | • The Broker must complete the Consumer Loan Subordination Requirements (BRO 0800) form,  
       | • Copy of the Application (Form 1003),  
       | • Copy of the complete (i.e., all pages) Appraisal (Form 1004) less than 90 days old from the subordination request date,  
       | • Copy of the Underwriting Transmittal Summary (Form 1008) or AUS Findings,  
       | • Income documentation (if applicable),  
       | • 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). |
| Note | CLSC will NOT subordinate to a 3rd lien position. |
| 2     | Orlando CLSC Subordination Department Contact Information  
       | • All requests should be faxed to 1-877-557-7543  
       | • For questions and/or problems please call 1-866-732-1685  
       | • All paper requests may be sent to:  
       | SunTrust Bank  
       | Subordination Department  
       | FL-Orlando 9136  
       | 7455 Chancellor Drive  
       | Orlando, FL 32809 |
| 3     | Subordination Fees  
       | • There is no subordination fee charged to SunTrust Mortgage for a subordination request behind a SunTrust 1st mortgage.  
       | • There is a subordination fee charged to the borrower of $200.00 for a second lien subordination request behind a non-SunTrust 1st mortgage.  
       | • The subordination request will not be reviewed until the fee is received.  
       | • Any revisions to the first mortgage loan amount will be assessed a revision fee of $50.00 if the request is received within 30 days from the completion date of the subordination approval. Revisions older than 30 days or if the lender’s name changes will be considered a new package and an additional fee of $200 will be assessed. |
| 4     | SunTrust Orlando CLSC department will notify the requestor of the status of the subordination request. |
Procedures for Subordination Request, (continued)

<table>
<thead>
<tr>
<th>Steps</th>
<th>Actions</th>
</tr>
</thead>
</table>
| 5     | • 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/equity 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.  

**Note:** FedEx is the only overnight carrier SunTrust will use. |
Automatic Subordination Process for Virginia Properties

General

- Automatic subordinations are eligible on any real estate property subject to a subordinate lien that is located in the state of Virginia. However, automatic subordinations are not eligible on subordinate liens provided by any federal, state or local government agency.
- The state of Virginia allows an “automatic” subordination process, which may be used in certain situations thus eliminating the requirement for a separate subordination agreement.
- SunTrust Mortgage will allow this automatic subordination process in lieu of a separate subordination agreement when the conditions set forth in the Virginia Code are met.
- Virginia automatic subordinations may be used with any lenders second mortgage provided all applicable state requirements are met.

Requirements for the Automated Process

- The property being refinanced must meet **ALL** of the following conditions to be eligible for the automatic subordination process:
  - The property is a 1-unit primary residence only.
  - The property is an improved platted subdivision lot, townhouse or single family residence on acreage.
  - The prior mortgage and subordinate deeds of trust encumbers the subject property only (i.e., no additional properties are allowed).
  - The subordinate deed of trust secures an ORIGINAL PRINCIPAL AMOUNT of $150,000 or less.
  - The refinance mortgage cannot secure more than the current balance plus $5,000. *Cash-out refinances are ineligible for this automatic procedure.*
  - The new first mortgage interest rate cannot exceed the interest rate on the Note of the prior mortgage, and the refinance deed of trust must state the interest rate.
  - The refinance deed of trust includes the following language inserted (with all blanks completed) on the first page in **bold** or capitalized letters in order to automatically subordinate the existing second deed of trust:

  "**THIS IS A REFINANCE OF A DEED OF TRUST RECORDED IN THE CLERK’S OFFICE, COURT OF ________________________, VIRGINIA, IN DEED BOOK ______, PAGE ______, IN THE ORIGINAL PRINCIPAL AMOUNT OF $__________________, AND WITH THE OUTSTANDING PRINCIPAL BALANCE WHICH IS $__________________ AT _________%. THE INTEREST RATE ON THIS REFINANCE DEED OF TRUST IS _________%.""

Continued on next page
Follow the steps below to complete an automatic subordination request for an existing SunTrust second lien on a Virginia Property.

<table>
<thead>
<tr>
<th>Steps</th>
<th>Actions</th>
</tr>
</thead>
</table>
| 1     | • The Broker will complete the *Virginia Automatic Subordination Checklist (BRO 1360)* to determine that it is an allowable transaction.  
       • The Broker should include the completed *Virginia Automatic Subordination Checklist (BRO 1360)* form in the loan file to alert the underwriter NOT to condition for a *Subordination Agreement*.  
       • The SunTrust Wholesale Processing Center - Underwriter must also validate and sign the checklist. |
| 2     | • The *Virginia Automatic Subordination Checklist (BRO 1360)* will require the branch to obtain following information in order to add to the refinance deed of trust:  
       • Deed Book and page of the original mortgage (obtain from the title binder)  
       • The original principal amount of the original mortgage (obtain from the title binder, from borrower’s closing documents on original mortgage or from current mortgagee).  
       • The outstanding principal balance of the mortgage to be paid off (obtain from payoff statement).  
       • The interest rate of the mortgage to be paid off (obtain from closing documents from original mortgage or from current mortgagee).  
       • The interest rate of the new mortgage.  
       • The recording of the new deed of trust with the additional language (as previously outlined in the "Requirements for the Automated Process" subtopic) will automatically subordinate the existing second to the new first lien. |
| 3     | • The SunTrust Post Closing department will notify the originating Wholesale branch if the Virginia Automatic Subordination process was used in error and whether correction procedures to subordinate the existing second lien are required.  
       • The Post Closing department will initiate the correction process and any costs for the correction will be charged to the originating Wholesale branch office. |

*Continued on next page*
Title Insurance Requirements

• The SunTrust Mortgage Wholesale Branch MUST contact the Title Company prior to closing when the new first lien is an ARM, to ensure this is acceptable to the title company.

• The Title Binder (Commitment for Title Insurance) should appear with the following information:

  **SCHEDULE B – PART I**
  Binder should have the refinance deed of trust reflect the following language:

  **FIRST** Deed of Trust from ______________ securing your loan IN THE AMOUNT OF $_________ PAYABLE TO __________

  **SECOND** Deed of Trust from ____________ securing your loan IN THE AMOUNT OF $_________ PAYABLE TO __________

  **SCHEDULE B – PART II**
  (subordinate matter) Binder should have the subordinate deed of trust reflect the following language:

  Deed of Trust from John and Mary Homeowner to _________, Trustee(s), dated _______, recorded in the Clerk’s Office, Circuit Court, _______ County/City, VIRGINIA in Deed Book _____, page _____ to secure $________, payable to __________; and subordinated to the insured deed of trust by Virginia Code § 55-58.3.

  IF THIS LINE IS CHECKED, THERE IS AN OUTSTANDING SUBORDINATE DEED OF TRUST IN AN AMOUNT NOT EXCEEDING $150,000 SECURED BY THE PROPERTY DESCRIBED IN THIS DEED OF TRUST, WHICH CONTAINS NOT MORE THAN ONE DWELLING UNIT."

  **NOTE:** THE ABOVE IS A SUBORDINATE MATTER AND WILL APPEAR AS AN EXCEPTION, ITEM 1, SCHEDULE B – Part II ON THE FINAL TITLE POLICY.

• The subordinate deed of trust will appear as an exception on Schedule B – Part II of the final title policy.
Automatic Subordination Process for Texas Properties

General

• Automatic subordinations are eligible on Texas real estate homestead properties that are eligible for a subordinate lien.
• The state of Texas allows an “automatic” subordination process, which may be used in certain situations thus eliminating the requirement for a separate subordination agreement.
• First mortgage primary residence transactions with secondary financing that consists of a Home Equity Line of Credit (HELOC) under Texas Constitution, Article XIV, Section 50(a)(6) are eligible for re-subordination, unless the first mortgage is a Section 50(a)(6) loan.
• SunTrust Mortgage will allow Texas automatic subordination process in lieu of a separate subordination agreement when the conditions set forth in the Texas State Constitution are met (subsequently presented in this section). This includes HELOCs, per the HELOC renewal and extension terms.
• Texas automatic subordinations may be used with any lenders second mortgage provided all applicable state requirements are met.

Requirements for the Automated Process

• The property being refinanced must meet ALL of the following conditions to be eligible for the automatic subordination process:
  • The first lien on the subject property cannot be a loan subject to Texas Constitution, Article XVI, Section 50(a)(6) [Texas Cash-Out].
  • The existing mortgage and subordinate deeds of trust encumber only the subject property (i.e., no additional real or personal property other than the homestead).
  • The second lien being subordinated may be an existing SunTrust Combo Second Mortgage, or any acceptable pre-existing second mortgage.

Note: Subordinate deeds of trust that meet the criteria of Texas Constitution Article XIV, Section 50(a)(6) Equity Lines of Credit (HELOC) are eligible for re-subordination with a non-50(a)(6) first mortgage, therefore also are eligible for the Texas automatic subordination.

Reference: See the guidelines of the first mortgage loan program for further details regarding the subordination of HELOC secondary financing.

• The refinance deed of trust must include all of the following:
  • The following renewal and extension language must be attached as a rider to the Deed of Trust or included within the deed of trust (with the box checked).

☐ Renewal and Extension of Liens Against Homestead Property.
The Note is in renewal and extension, but not in extinguishment, of the indebtedness described on the attached Renewal and Extension Exhibit which is incorporated by reference. Lender is expressly subrogated to all rights, liens, and remedies securing the original holder of a note evidencing Borrower’s indebtedness and the original liens securing the indebtedness are renewed and extended to the date of maturity of the Note in renewal and extension of the indebtedness.

• Assignment of lien from the first lien holder to the refinancing lender (SunTrust Mortgage, Inc); and
• The title company has issued a first lien policy for the entire amount of the loan (including closing costs).

Continued on next page
Procedures for Subordinations of Texas Properties

Follow the steps below to complete an automatic subordination request for an existing SunTrust second lien on a Texas Property.

<table>
<thead>
<tr>
<th>Steps</th>
<th>Actions</th>
</tr>
</thead>
</table>
| 1     | • The Broker will complete the *Texas Automatic Subordination Checklist (BRO 1379)* to determine that it is an allowable transaction.  
      | • The Broker should include the completed *Texas Automatic Subordination Checklist (BRO 1379)* form in the loan file to alert the underwriter NOT to condition for a *Subordination Agreement*.  
      | • The SunTrust Wholesale Processing Center - Underwriter must also validate and sign the checklist. |
| 2     | • The recording of the new deed of trust with the additional language (as previously outlined in the “Requirements for the Automated Process” subtopic) will automatically subordinate the existing second to the new first lien. |
| 3     | • The SunTrust Post Closing department will notify the originating Wholesale branch if the Texas Automatic Subordination process was used in error and whether correction procedures to subordinate the existing second lien are required.  
      | • The Post Closing department will initiate the correction process and any costs for the correction will be charged to the originating Wholesale branch office. |