

Wholesale Bulletin



Information for Wholesale Customers of SunTrust Mortgage, Inc.

April 17, 2009

BRO 09-123

IMPORTANT ANNOUNCEMENT REGARDING APPRAISAL GUIDELINES, THE HOME VALUATION CODE OF CONDUCT GUIDELINES AND UPCOMING TRAINING – *Effective May 1, 2009*

The Home Valuation Code of Conduct (HVCC) is **effective for loan applications (i.e., 1003) dated on or after May 1, 2009**. The HVCC is intended to reinforce the independence of the appraiser and establishes requirements governing appraisal selection, solicitation, compensation, conflicts of interest and corporate independence.

Below are some elements of the HVCC that will have a direct and immediate impact on the way Brokers will be required to do business:

- SunTrust is required to always secure their own appraisal of any property, for loans originated through a mortgage broker.
- SunTrust must provide a copy of the completed appraisal to the borrower no less than three (3) business days prior to the closing of the loan, unless the borrower waives this requirement.
- SunTrust must represent and warrant that appraisal reports were obtained in a manner consistent with the HVCC guidelines.

The table below provides a summary of loan products and their respective HVCC adherence requirements.

Loan Product	Code of Conduct Applicable
<ul style="list-style-type: none">• Agency (all LTV/TLTVs)• Agency Affordable• Agency Plus• DU Refi Plus™• Key Loan• Portfolio Affordable Housing	Yes
<ul style="list-style-type: none">• FHA• Rural Development Guaranteed Rural Housing Program• VA	No

Selecting an Appraiser

- All conventional appraisals must be ordered through STMPartners.
- FHA and VA appraisals are not required to be ordered through STMPartners.
- Appraiser selection is automatically based on a rotating process.

Communication with the Appraiser

- All members of the lender's (SunTrust and the Broker's) loan production staff and those members who receive paid commission based upon the successful closing of a loan transaction are not allowed to have any communications with an appraiser or appraisal management company relating to or having an impact on valuation.
- Production staff includes, but is not limited to, the following employees:
 - Loan Officers,
 - Loan Officer Assistants,
 - Account Executives,
 - Branch Managers, and
 - Production Managers.
- In the event the underwriter's review of the appraisal reveals concerns with its content, the underwriter may contact the appraiser for additional information and/or explanation.

Ordering Appraisals / Workflow

- Each appraisal report must be ordered by the Broker on the STMPartners website.
- Loan originators / loan origination staff are prohibited from direct contact with the appraiser.
- Appraisal orders can be placed when the loans are either in a REG (registration) or APP (application) status on STMPartners; however, downloading the file first from DU is preferred.
- The Broker completes the appraisal order form on STMPartners.
- The order is received by the Appraisal Management Company (AMC).
- The AMC contacts the Broker for appraisal payment information as well as any other information needed for the order (i.e., sales contract, special instructions, etc.).
- Once the appraisal payment is received by the AMC, the appraiser is selected.
- The completed appraisal will be electronically delivered to SunTrust for review.
- Upon SunTrust approval, the appraisal status is updated to read "Appraisal Approved."
- When the appraisal is available for viewing, a link titled "View" will be displayed next to the Final Appraisal category.

Turn Times for Appraisals

- From the time the appraisal order is placed in STMPartners, the average delivery time for the appraisal to be ready for the SunTrust branch to review is five (5) to seven (7) business days.
- When inspections are delayed beyond the control of the appraiser, the appraisal will be delivered within forty-eight (48) hours once the appraiser can complete the inspection.

Note: Unique or rural type properties may take additional time, but no more than three (3) additional business days.

- Appraisals will not be reviewed by the SunTrust underwriter until the credit package is received by the SunTrust branch.
 - The underwriter must confirm that the appraiser assigned to the appraisal order is the appraiser that completed the appraisal assignment.
- Resolution of qualified appraisal disputes is one (1) to two (2) business days.

Appraisal Dispute Process

- The Broker must submit an *Appraisal Dispute Request* ([BRO 1371](#)) form summarizing the errors found in the appraisal or sales of similar properties along with the actual MLS data.
 - A minimum of two (2) similar properties must be provided.
- The underwriter will review the dispute request, and if the underwriter believes that there is a misstatement or flaw, the dispute will be submitted to the appraisal management company.
- The dispute will be reviewed by the AMC to ensure appraiser independence prior to the information being sent to the original appraiser for consideration.
- If the information provided is deemed to be correct and/or the sales provided are more indicative of the market value than that which was first used, the appraiser will complete the analysis and amend the appraisal report.
- If a situation where the underwriter deems a second appraisal or other valuation is needed, the broker will be contacted to determine if the broker wants to proceed with ordering additional services.

Updates / Corrections to an Appraisal Report

- If a correction is required on an appraisal, the SunTrust branch must order the correction.
- All contact with the AMC must be communicated through the SunTrust branch.
- The appraiser is required to submit any updates to the branch through the automated appraisal system.

Borrower Receipt of Appraisal

- SunTrust must supply the borrower with a final version copy of the subject property appraisal report upon completion, or at the latest, three (3) business days prior to closing the loan transaction.
- The borrower may waive this requirement by signing the *Appraisal Report Disclosure* ([BRO 1370](#)) form.
- Once the appraisal is approved by the SunTrust branch underwriter, the appraisal is automatically uploaded to a secure website.
- If the borrower's e-mail is available, the borrower will receive an e-mail including a link to the secure website.
- If the borrower does not pick up the appraisal within forty-eight (48) hours, SunTrust will mail the appraisal to the borrower.
- The borrower is responsible for the initial cost of the appraisal, but SunTrust cannot charge the borrower for a copy of the appraisal.

Transferring an Appraisal TO SunTrust from Another Lender

- An appraiser cannot "re-address" or transfer an appraisal report to another party once the report has been prepared and delivered for a named client. The appraiser may not alter the title page, transmittal letter, client name or the identity of the intended user of an appraisal report. Altering a report in a manner that conceals the original client or intended users is misleading and violates the Conduct section of the Ethics Rule under the Uniform Standards of Professional Appraisal Practice (USPAP).

Transferring an Appraisal TO SunTrust from Another Lender, (continued)

- Appraisal reports prepared for another lender are acceptable; however, title and ownership of the appraisal must be assigned to SunTrust Mortgage, Inc. prior to closing without recourse.

Note: A transfer / re-assignment of an appraisal report from a mortgage broker to SunTrust are unacceptable.

- The original lender / client information cannot be changed or altered.
- SunTrust will accept appraisal transfers / re-assignments provided the SunTrust underwriter determines that the appraisal is valid and conforms to SunTrust guidelines.
- Transferred / re-assigned appraisals must be completed by an appraiser that is not on the SunTrust Ineligible Appraiser and Ineligible Appraisal Company List or Freddie Mac Exclusionary List.
- The Broker must obtain a completed a *Transfer of Appraisal Report* form completed and signed by a corporate officer of the transferring lender.
 - Loan Originators / Loan Officers are not eligible to sign the transfer letter.
 - A *Transfer of Appraisal Report* form must be completed on the transferring lenders letterhead.
 - Loans transferred to SunTrust after closing do not require a *Transfer of Appraisal Report* form to be completed.
 - A sample *Transfer of Appraisal Report to SunTrust* ([BRO 1368](#)) form has been provided.

Transferring an Appraisal FROM SunTrust to Another Lender

- If an appraisal ordered by SunTrust needs to be transferred to another lender, the branch is responsible for processing the request.
- The *Transfer of Appraisal Report from SunTrust* ([BRO 1369](#)) form must be completed and signed by the Operations Manager.

General Accepted Appraisal Rules (GAAR) Score Card

- The following appraisal report forms are supported by a GAAR score card:
 - Fannie Mae 1004/Freddie Mac 70 – *Uniform Residential Appraisal Report (URAR)*, March 2005,
 - Fannie Mae 2055/Freddie Mac 2055 – *Exterior Only Inspection Residential Appraisal Report*, March 2005,
 - Fannie Mae 1073/Freddie Mac 465 – *Individual Condominium Unit Appraisal Report*, March 2005, and
 - Fannie Mae 1075/Freddie Mac 466 – *Exterior Only Inspection Individual Condominium Unit Appraisal Report*, March 2005.
- The score card will assign a score between 0 and 1,000 to the appraisal.
 - The lower the score equals the higher the property risk level.
- For all appraisals where a score is not received, the *Appraisal Review Checklist* ([BRO 0039](#)) may be completed by the underwriter.

Note: The *Appraisal Review Checklist* ([BRO 0039](#)) is not required; however, may be helpful in validating the appraisal.

General Accepted Appraisal Rules (GAAR) Score Card, (continued)

- Steps for reviewing the score card report are as follows:
 - Review all "rules" that appear on the report.
 - For "rules" that do not require further follow-up, simply place a check mark by the rule.

Note: Many of the rules appear simply to bring items to the attention of the reviewer.

- For "rules" that do require further follow-up, note on the Appraisal Score Report what actions are needed and/or were taken; such as contacted appraiser for explanation.
- The underwriter must sign and date the Appraisal Score Report.
 - Their signature indicates that the appraisal has been reviewed and the estimated market value of the subject property is reasonably and property supported.
- A copy of the Appraisal and the Appraisal Score Report must be placed in the loan file for future imaging.

Fee Schedule

[Click here](#) to access the current fee schedule.

Training

In response to the requirements of the Home Valuation Code of Conduct, SunTrust has scheduled training sessions for our Broker customers that will be held April 20 - 24, 2009. These sessions are designed to support the training efforts of our Account Executives for those Broker customers who may be in remote locations or unable to attend the training sessions that their Account Executives will provide.

Note: Broker customers only need to attend one of the below referenced training sessions.

Training dates, times and dial in information is provided below. Each Broker office is encouraged to dial in as a group **at least 15 minutes prior to the start time**. Each training session will be limited to 300 lines.

Dates:	Monday, April 20, 2009 Tuesday, April 21, 2009 Wednesday, April 22, 2009 Thursday, April 23, 2009 Friday, April 24, 2009
Time:	3:00 pm to 4:00 pm EDT
Dial-in Number:	888-889-0644
Pass Code:	7382125

[Click here](#) to access the training presentation that will be reviewed during the training sessions.

To join the training session, please follow the instructions below:

- [Click here](https://www.livemeeting.com/cc/suntrust/join?id=54MM6T&role=attend&pw=hKP%22f9%5DXf) or enter the following web address into your internet browser to join the webinar, <https://www.livemeeting.com/cc/suntrust/join?id=54MM6T&role=attend&pw=hKP%22f9%5DXf>, and
- Dial in for the audio portion of the webinar to 888-889-0644 and input passcode 7382125.

Training, (continued)

Note: If you are a first time user, prior to the training session, please allow time to check your computer to make sure it is ready to use the Microsoft Office Live Meeting. It may be necessary for you to install the live meeting application in order for you to participate. [Click here](#) or enter the following web address into your internet browser to check your system, <http://go.microsoft.com/fwlink/?LinkId=90703>.

For those unable to attend one of the training sessions above, a recorded version of this training session will be available for Instant Replay April 23 – May 22, 2009. To listen to the Instant Replay, please call 800-489-7581 and use passcode 1948.

For a complete overview of the Home Valuation Code of Conduct, please review the guidelines in its entirety. To view the Home Valuation Code of Conduct Guidelines, please click on the link below:

[Section 1.06a: Home Valuation Code of Conduct Guidelines](#)

Should you have any questions, please contact your account executive, regional office, or the Resource Center.