

Product Release

Information for Correspondent Lenders of SunTrust now Truist Bank
March 27, 2020 • COR20-009



Alert

Update

Reminder

Clarification

Training
Information

Preview

Agency Rental Income Guideline Revision

SunTrust now Truist Bank (Truist) revises Agency non-AUS and Desktop Underwriter® (DU®) product guidelines to align with a recently announced Fannie Mae update related to determining the amount of rental income from the subject property that can be used for qualifying purposes.

Effective Dates

For DU loans, this update is effective for new loan casefiles submitted to DU on or after April 1, 2020. For non-AUS loans, this update is effective for new loan applications on or after April 1, 2020.

Background Information

Fannie Mae SEL-2020-01 announced an update related to determining the amount of rental income from the subject property that can be used for qualifying purposes. In response to this publication, we reviewed impacted guidelines and decided to implement a revision to align with Fannie Mae requirements.

Bulletin Details

Rental Income

For non-AUS and DU loans, we align with Fannie Mae and revise guidelines announced in [COR 19-056](#) for determining the amount of rental income from the subject property that can be used for qualifying purposes to now apply for refinance transactions, in addition to purchases.

To determine the amount of rental income from the subject property that can be used for qualifying purposes when the borrower is purchasing **or refinancing** a two- to four-unit primary residence or one- to four-unit investment property, the lender must consider the following:

If the borrower...	Then for qualifying purposes...
<ul style="list-style-type: none">currently owns a primary residence (or has a current housing expense), andhas at least a one-year history of receiving rental income or documented property management experience	<ul style="list-style-type: none">There is no restriction on the amount of rental income that can be used.
<ul style="list-style-type: none">currently owns a primary residence (or has a current housing expense), andhas less than one-year history of receiving rental income or documented property management experience	<ul style="list-style-type: none">For a primary residence, rental income in an amount not exceeding PITIA of the subject property can be added to the borrower's gross income, orFor an investment property, rental income can only be used to offset the PITIA of the subject property.
<ul style="list-style-type: none">does not own a primary residence, anddoes not have a current housing expense	<ul style="list-style-type: none">Rental income from the subject property cannot be used.

Note for DU Loans: The DU message reminding lenders that rental income may not be used in qualifying if the borrower does not own a primary residence or have a primary housing expense is currently issued on purchase and refinance transactions. You can disregard this requirement on DU **refinance** loan casefiles created **prior to April 1, 2020**.

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Bulletin Details, continued

Before and After Matrix

[Click here](#) to see the before and after matrix for a detailed overview of this update.

Revised Material

Click [Agency Loan Programs](#) to review the revised product material.

Former Guidelines

See the before and after matrix provided in the Bulletin Details section of this bulletin to access the former guidelines.

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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