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Agency Guideline Revisions

Truist Bank (Truist) revises Agency guidelines specific to Loan Product Advisor® (LPASM) transactions to clarify the acceptability of certain types of income when there is a history of less than two years, but not less than one year.

Additionally, we revise product guidelines to reflect the following previously announced updates:

- Fannie Mae Desktop Underwriter® (DU®) Version 11.0 risk factor updates (previously announced in [COR21-012](#))
- Ineligibility of Agency manually underwritten (i.e., non-AUS) second home and investment property loans (previously announced in [COR21-013](#))

Effective Dates

- The LPA additional employed income updates are effective for new and existing applications on or after March 19, 2021.
- The DU risk factor updates are effective for new DU Version 11.0 casefiles submitted to DU on or after the weekend of March 13, 2021
- Updates related to the ineligibility of non-AUS second home and investment property loans are effective for loans purchased by Truist on or after March 15, 2021

Background Information

Freddie Mac recently clarified existing guidance for instances when a history of less than two years, but not less than one year, may be acceptable for certain employed income types. Truist aligns Agency LPA guidelines to reflect the revision. We also take the opportunity to incorporate previously announced updates within our guideline documents.

Bulletin Details

Additional Employed Income History and Stability Requirements

Many additional employed income types are fluctuating income. The stability of fluctuating income is determined based primarily upon historical earnings so it is imperative that a sufficient income history has been established. For this reason, most income types that fluctuate have a history requirement of two years. In certain instances, a shorter history may still be considered stable if the lender provides a written analysis and sufficient supporting documentation justifying the determination of stability. When making this determination, the lender must take into consideration factors such as income and/or employment characteristics and the overall layering of risk factors, including the Borrower's demonstrated ability to repay obligations. In no event may the history be less than 12 months.

For the following additional employed income types, a history of receipt that is less than two years, but not less than one year, may be acceptable in certain circumstances.

- Automobile Allowances
- Bonus and overtime income
- Commission income
- Seasonal unemployment income
- Tip income

Product Release

Information for Correspondent Lenders of Truist Bank
March 19, 2021 • COR21-014



Bulletin Details, continued

Guideline Revisions to Support Previously Announced Updates

We incorporate the following:

- revised “Risk Factors Evaluated by DU” guidelines within the “Underwriting the Borrower” topic to reflect the updates previously announced in Product Release [COR21-012](#)
- revised LTV/TLTV/HTLTV matrices and “Occupancy/Property Types” topic to reflect the ineligibility of Agency non-AUS second home and investment property transactions, previously announced in Product Release [COR21-013](#)

Notes:

- We are releasing guideline updates to reflect the ineligibility of Agency non-AUS second home and investment property transactions in phases. With today’s updates, we revise the “Maximum LTV/TLTV/HTLTV Requirements” and “Occupancy/Property Types” topics **only** to reflect ineligibility. Additional guideline topic updates to support this change will be announced in a future communication bulletin.
- As a reminder, the temporary COVID-19 related restrictions (previously announced in [COR20-015](#)) for second home and investment properties continue to apply for all DU and Freddie Mac LPA loans until further notice.

Revised Material

Click [Agency Loan Programs](#) to view revised materials.

Former Guidelines

Previously, LPA guidelines did not reflect the allowance of less than two year history of receipt for automobile allowances, bonus and overtime income, commission income, seasonal unemployment income, or tip income. Non-AUS second home and investment property loans were eligible for purchase by Truist prior to March 15, 2021.

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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