

Alert

Update

Reminder

Clarification

Training
Information

Preview

Revised Income Guidelines for the Key Loan Program

Truist Bank (Truist) revises several guidelines related to income verification requirements for the Key Loan Program including enabling more expansive rules when Written Verification of Employment, enabling asset depletion as an income source and making several other updates within the income section.

Effective Dates

Effective for existing and new applications on or after September 9, 2022.

Background Information

To meet the needs of our clients, stay competitive and to extend underwriting efficiencies, Truist makes several enhancements to its income requirements.

Bulletin Details

Income Section Updates within Section 2.06 Key Loan Program

- Permit the use of Written Verification of Employment (WVOE) in lieu of pay stubs & W2s for salaried / hourly employees.
- Permit Employment/Income Verifications from a Third-Party Validation Service.
- Enable Asset Depletion as an Income Source.
- Remove the chart depicting the age of allowable federal income tax returns.
- Clarify that the income for borrowers who are employed by family or interested party should be reflected on most recent federal tax return
- Clarify the Income/Commission guideline and enable use of WVOE.
- Update guideline for housing/parsonage allowance to reduce receipt length to 12 months and add continuance standard.
- Within the income validation section, notate that transcripts are required for personal tax returns used to qualify.
- Notate 4506-C requirement with various types of income to serve as a reminder.
- Income received from part-time or second job income –
 - Part-time or second job income can be validated using WVOE.
 - An earnings trend must be established for part-time or second job income.
 - Part-time income received for less than two years may be considered, provided the income is received a minimum of 18 months and is considered stable or increasing.
- Tax-exempt Income that is verified and its tax-exempt status is likely to continue, the lender may develop an “adjusted gross income” for the borrower by adding an amount equivalent to 25% of the non-taxable income to the borrower’s income. In order to gross up income, obtain the most recent year’s tax return and transcripts to verify the non-taxable portion. The tax- exempt portion may be grossed up by 25%. If the borrower is not required to file a Federal tax return, the tax rate to use is 25%.

Bulletin Details, continued

Before and After Matrix

[Click here](#) to see the before and after matrix that provides a detailed overview of all guideline revisions.

Revised Materials

Click [Key Loan Program](#) to review the revised 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.