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Agency LPA Non-Occupant Borrowers and Other Revisions

Truist Bank (Truist) revises Agency Loan Product Advisor® (LPASM) requirements to align with recently announced Freddie Mac updates related to non-occupant borrowers and excluding mortgage assumptions from the monthly debt payment-to-income (DTI) ratio.

Additionally, we revise the “Court-Assigned Debts” subtopic to incorporate a previously published update and align with Freddie Mac’s wording/presentation of guidance.

Effective Dates

- The non-occupant borrowers and assumptions updates are effective for new loan applications on or after May 26, 2023.
- The court-assigned debts update is effective immediately for existing and new loan applications on or after May 26, 2023.

Background Information

Freddie Mac Bulletin 2023-6 announced updates related to non-occupant borrowers and mortgage assumptions. In response to this publication, we reviewed impacted product standards and identified the opportunity to implement revisions to align with Freddie Mac requirements. We also identified the opportunity to revise the “Court-Assigned Debts” subtopic to incorporate a previously published update and align with Freddie Mac’s wording/presentation of guidance.

Bulletin Details

Non-Occupant Borrowers

For LPA loans, we revised requirements for non-occupant borrowers to:

- Add a requirement that a non-occupying borrower must not be an interested party to the transaction (i.e., the builder, property seller, real estate agent, or broker)
- Consolidate all requirements for non-occupying borrowers (including those that are also an endorser, guarantor, or surety)
- specify that the LTV ratio must not exceed 95% when the mortgage includes a non-occupying borrower

Note: For Home Possible® and Home Possible high-balance loans that include a non-occupying borrower, currently published maximum LTV/TLTV/HTLTV ratios remain unchanged.

Bulletin Details, continued

Mortgage Assumptions

For LPA loans, we revised requirements for excluding mortgage assumptions from the monthly DTI ratio to:

- Specify that the payment may be excluded when the borrower has not been legally released from liability on the assumed mortgage when:
 - The mortgage file contains documentation of the property transfer, evidencing that the borrower no longer owns the property, and
 - The assignee has made timely payments for at least the most recent 12 months, as documented by:
 - A copy of the fully executed mortgage assumption agreement, and
 - Evidence of timely payments on the assumed mortgage for the most recent 12 months as documented on the borrower's credit report

Court-Assigned Debts

For LPA loans, we removed the requirement to document the transfer of title in order for a debt to be excluded from the monthly DTI ratio when the obligation to make the payments on a debt has been assigned to another party by a documented court order (such as a divorce decree or separation agreement).

Before and After Matrix

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

Revised Material

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

Former Standards

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

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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