

# Product Release

Information for Correspondent Lenders of Truist Bank  
December 4, 2020 • COR20-061



Alert

**Update**

Reminder

Clarification

Training  
Information

Preview

## Agency Guideline Revisions

Truist Bank (Truist) revises Agency Loan Product Advisor<sup>®</sup> (LPA<sup>®</sup>) guidelines as a result of recently announced Freddie Mac updates. With these updates we:

- provide flexibility by revising requirements for evaluating a borrower's monthly obligations related to home equity line of credit (HELOC) payments
- clarify guidelines related to property insurance requirements for the common elements of a planned unit development (PUD) and ground lease community
- revise power of attorney requirements

## Effective Dates

All updates are effective immediately for new loan applications on or after December 4, 2020.

## Background Information

Freddie Mac Bulletin 2020-38 announced updates impacting various LPA guideline requirements. In response to this publication, we reviewed impacted guidelines and identified the opportunity to implement revisions to LPA guidelines to more closely align with Freddie Mac requirements.

## Bulletin Details

### HELOC Payments

For LPA loans, we align with Freddie Mac and provide flexibility with respect to HELOC payment amounts when calculating the monthly housing expense-to-income ratio and total debt payment-to-income ratio. With this update, we permit the use of 1.5% of the outstanding HELOC balance when the HELOC monthly payment amount is not captured in the mortgage file documentation or on the credit report.

### Property Insurance Requirements for PUDs and Ground Lease Communities

For LPA loans, we align with Freddie Mac and revise guidelines to:

- clarify (by adopting Freddie Mac's language) that the lender is not required to verify insurance for the common elements in a PUD or ground lease community
- specify that the lender is not required to verify if a PUD master or blanket insurance policy provides insurance coverage for the common elements
- add Freddie Mac's definition of a PUD

### Power of Attorney (POA)

For LPA loans, we revise power of attorney requirements as follows:

- If the original paper POA was sent for recording, deliver a certified copy of the POA along with the note to the Document Custodian and promptly deliver the original POA or a copy of the POA with recording confirmation to the Document Custodian as a trailing document within five business days of receipt.
- If the original paper POA will be recorded electronically, deliver the original POA to the Document Custodian along with the note and promptly deliver an electronic copy of the recorded POA with recording information or recording confirmation to the Document Custodian within five business days of receipt.

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## Bulletin Details, continued

### Before and After Matrix

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

### Revised Materials

Click [Condominium and PUD Approval Requirements](#) and [Agency Loan Programs](#) to review the revised product materials.

## 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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