

Product Release

Information for Correspondent Lenders of Truist Bank
October 1, 2021 • COR21-052



Alert

Update

Reminder

Clarification

Training
Information

Preview

Agency LPA Income and Assets and Other Revisions

Truist Bank (Truist) revises Agency Loan Product Advisor[®] (LPASM) guidelines to align with recently announced Freddie Mac updates. With these updates, we revise LPA guidelines related to the following:

- 10-day pre-closing verification (PCV) requirements
- retirement account distributions as income
- documentation of funds to close on refinance transactions

In support of our guideline improvement initiative, we clarify that community land trusts are an ineligible property type for all underwriting methods. Community land trust ineligibility applies to CorrAdvantage loans as well.

Effective Dates

All updates are effective immediately for existing and new loan applications on or after October 1, 2021.

Background Information

Freddie Mac Bulletin 2021-12 announced updates impacting various LPA guideline requirements. In response to this publication, we reviewed impacted guidelines and identified the opportunity to implement revisions to align with Freddie Mac requirements.

In support of our guideline improvement initiative, we identified the opportunity to clarify guidelines to reflect community land trust ineligibility.

Bulletin Details

10-Day PCV Requirements

For LPA loans, we revise requirements for obtaining a 10-day PCV to permit an e-mail exchange from the independently obtained employer's work e-mail address that includes, at a minimum, all of the following:

- borrower's name and current employment status
- employer's name
- name and title of the individual contacted at the employer, date of contact, and the individual's work e-mail address

In addition, the mortgage file must include:

- information about the third-party source used to obtain the employer's e-mail, and
- name, title, and employer of the representative who contacted the borrower's employer and obtained the e-mail verification

Retirement Account Distributions as Income

For LPA loans, we provide greater flexibility when using retirement account distributions as income as follows: If the retirement account(s) from which the borrower is currently taking distribution is projected to be depleted within three years, the borrower's additional retirement accounts may be considered when determining continuance of income used for qualifying. The borrower must have sufficient eligible retirement assets in aggregate to support the amount of qualifying income for at least three years after the note date.

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Bulletin Details, continued

Documentation of Funds to Close on Refinance Transactions

For LPA loans, we no longer require documentation of funds to close on refinance transactions under the following circumstances:

- required borrower funds are \$500 or less, and
- no reserves are required for the transaction

Community Land Trusts

For non-AUS, Desktop Underwriter[®] (DU[®]), and LPA loans, we revise guidelines to clarify that community land trusts are an ineligible property type. Community land trust ineligibility applies to CorrAdvantage loans as well.

Before and After Matrix

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

Revised Materials

Click [Agency Loan Programs](#), [Fannie Mae HomeReady[®]](#) and [Freddie Mac Home Possible[®] Mortgages](#), and [CorrAdvantage](#) 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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