

Product Release

Information for Correspondent Lenders of SunTrust now Truist Bank
May 29, 2020 • COR20-020



Alert

Update

Reminder

Clarification

Training
Information

Preview

Agency Rental Housing Payment and Other Guideline Revisions

SunTrust now Truist Bank (Truist) revises Agency product guidelines as a result of recently announced Fannie Mae updates. With these updates we:

- revise liability requirements related to a borrower's primary rental housing payment
- clarify HomeReady guidelines for properties subject to resale restrictions

Effective Dates

- Rental Housing Payment Update
 - For Desktop Underwriter[®] (DU[®]) loans, this update is effective for new loan casefiles submitted to DU on or after June 1, 2020.
 - For non-AUS and Loan Product Advisor[®] (LPA[®]) loans, this update is effective for new loan applications on or after June 1, 2020.
- The HomeReady guideline clarification for properties subject to resale restrictions is effective immediately for existing and new loan applications on or after May 29, 2020.

Background Information

Fannie Mae SEL-2020-01 and DU Version 10.3 May Update Release Notes announced updates impacting various guideline requirements. In response to these publications, we reviewed impacted guidelines for all underwriting methods and identified the opportunity to implement revisions to non-AUS and DU guidelines to align with Fannie Mae requirements and to clarify LPA liability guidelines in support of our guideline improvement initiative.

Bulletin Details

Rental Housing Payment

- For non-AUS and DU loans, we align with Fannie Mae and revise liability guidelines to provide the following rental housing payment guidance:
 - The housing payment for each borrower's primary residence must be considered when underwriting the loan. For the following scenarios, the borrower's monthly rental housing payment must be evaluated (if the borrower does not otherwise have a mortgage payment or no housing expense):
 - for non-occupant borrowers, and
 - for second homes or investment properties.
 - The following list provides examples of acceptable documentation to verify the rental payment:
 - six months canceled checks or equivalent payment source;
 - six months bank statements reflecting a clear and consistent payment to an organization or individual;
 - direct verification of rent from a management company or individual landlord; or
 - a copy of a current, fully executed lease agreement and two months canceled checks (or equivalent payment source) supporting the rental payment amount.

Note for DU Loans: A new DU message will be issued when a borrower discloses rent as their current housing payment on a second home or investment property transaction, or a non-occupant co-borrower discloses rent as their current housing payment. This message will remind lenders that the rental housing payment must be verified and documented. This new message will only be issued on loan casefiles created on or after June 1, 2020.

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Bulletin Details, continued

Rental Housing Payment, continued

- We also clarify LPA guidelines related to a borrower's primary rental housing payment expense as follows:
 - The monthly housing payment for each borrower's primary residence must be considered when underwriting the loan. Freddie Mac has clarified that if the borrower does not have a mortgage payment or no housing expense, the borrower's monthly *rental* housing payment must be evaluated and included in the monthly debt payment-to-income ratio.

HomeReady Mortgages Secured by Properties Subject to Resale Restrictions

We align with Fannie Mae and clarify HomeReady non-AUS and DU guidelines to reflect that the more restrictive of the HomeReady income limit or the resale restriction income limit applies.

Before and After Matrices

- [Click here](#) to see the before and after matrix that provides a detailed overview of the rental housing payment update.
- [Click here](#) to see the before and after matrix that provides a detailed overview of the HomeReady guideline clarification for properties subject to resale restrictions.

Revised Materials

Click [Agency Loan Programs](#) and [Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages](#) to review the revised product materials.

Former Guidelines

See the before and after matrices 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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