

Alert

Update

Reminder

Clarification

Training
Information

Preview

Self-employed Borrower Requirements for Key Loan Program

Truist Bank (Truist) clarifies Key Loan Program temporary COVID-19 related requirements for self-employed borrowers.

Effective Dates

Effective for new and existing applications on or after September 11, 2020.

Background Information

Truist announced the reinstatement of the Key Loan Program with bulletin [COR20-038](#). In response to lender inquiries, we provide clarification to the temporary COVID-19 related requirements for self-employed borrowers.

Bulletin Details

Self-employed Borrowers

The following Key Loan Program temporary COVID-19 related requirements apply for self-employed borrowers:

- The self-employed borrower VOE (Evidence of existing business) is required 10 days prior to the note date.
- Borrower Acknowledgement (for which the borrower attests regarding income/employment and forbearance) must be executed at closing for all loans.
- The following documentation is required for self-employed borrowers:
 - COVID Business Impact and Continuity Attestation
 - Profit and loss statement:
 - Audited year-to-date (YTD) profit and loss (P&L) statement reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date and be dated within 60 calendar days prior to the note date.
 - OR
 - Both of the following:
 - Borrower signed unaudited YTD P&L statement reflecting business revenue (i.e. gross receipts or sales), expenses, and net income up to and including the most recent month preceding the application date and be dated no more than 60 calendar days prior to the note date, AND
 - Two months business account statements no older than the latest two months represented on the YTD P&L statement.
- When self-employed income reflects a decrease on the YTD P&L, the tax returns for the business cannot be included in the income calculation due to the decline. In order to use the P&L statement as the income source to qualify the self-employed borrower,
 - the income must be determined stable, and
 - the P&L statements must be audited. An unaudited P&L statement and supporting bank statements may not be used in this circumstance.
- Commentary must be provided on the 1008, or memo to the loan file, documenting the rationale and justification of underwriting decision for all loans qualifying with self-employed income.

Notes:

- Personal asset account statements evidencing business deposits and expenses may be used when the Borrower is an owner of a small business and does not have a separate business account.
- Upon review, additional documentation may be required to support the stability of the qualifying income. For example, additional bank statements may be requested to support continuance of income.

Product Release

Information for Correspondent Lenders of Truist Bank
September 11, 2020 • COR20-043



Bulletin Details, continued

Revised Material

Click [Key Loan Program](#) and Key Loan Program Eligibility Checklist ([COR 0650](#)) to review the revised material.

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.

This information is for use by mortgage professionals only and should not be distributed to or used by consumers or other third parties. This is not for solicitation of sales. Information is accurate as of date of posting and is subject to change without current product details and lending procedure. Truist Bank does not guarantee or assume liability for any third-party products or services. Truist Bank is an Equal Housing Lender. ©2020 Truist Financial Corporation. SunTrust, Truist, and the BB&T|SunTrust now Truist logo are service marks of Truist Financial Corporation. All rights reserved.