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Agency LPA Continuity of Obligation 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 requirements related to continuity of obligation payment history requirements for refinance transactions
- exclude certain purchase transactions from the use of desktop appraisals
- add a new special feature code (SFC) J18 requirement to identify a mortgage utilizing an attorney's opinion of title letter in lieu of a title insurance policy

Effective Dates

All updates are effective for new loan applications on or after July 29, 2022.

Background Information

Freddie Mac Bulletin 2022-10 and 2022-11 announced updates impacting various LPA requirements. In response to these publications, we reviewed impacted guidelines and identified the need to implement revisions to align with Freddie Mac requirements.

Bulletin Details

Continuity of Obligation

To ensure an acceptable payment history on the mortgage being refinanced, we align with Freddie Mac and update payment history requirements for refinance transactions where none of the borrowers on the mortgage being refinanced is a borrower on the new mortgage. For these LPA mortgages, unless the borrower inherited or was legally awarded the subject property, the new borrower must:

- have held title to and resided in the subject property as a primary residence for the most recent 12-month period, and
- provide documentation evidencing timely mortgage payments on the mortgage being refinanced for the most recent 12-month period.

Previously, the payment history requirement did not apply when the new borrower was a related person to a borrower on the mortgage being refinanced. With this update, the documentation showing a timely payment history is required regardless of whether the new borrower is a related person.

Bulletin Details, continued

Desktop Appraisals

For LPA loans, we align with Freddie Mac and revise desktop appraisal requirements to exclude the following purchase transactions from being eligible for a desktop appraisal:

- non-arm's length transactions
- purchases where the property owner at the time of sale (i.e., the property seller) is a lender or a government entity

Attorney's Opinion of Title

For LPA loans, we align with Freddie Mac and add a new SFC J18 requirement to identify a mortgage utilizing an attorney's opinion of title letter in lieu of a title insurance policy.

Before and After Matrix

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

Revised Materials

Click [Title Insurance](#) 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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