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Agency Asset Reports and Other Revisions

Truist Bank (Truist) revises Agency Non-AUS and Desktop Underwriter® (DU®) requirements to align with recently announced updates from Fannie Mae. With this update, we:

- Clarify requirements for retention of asset reports when utilizing positive rent verification through DU.
- Expand documentation options for Social Security income for non-AUS and DU loans.
- Add clarifications related to appraiser selection criteria, loan application, and power of attorney requirements.

Effective Dates

Effective with new and existing loan applications on or after November 18, 2022.

Background Information

Fannie Mae Bulletin SEL 2022-09 and announced a clarification for retention of asset verification reports and expanded documentation options for Social Security income. This bulletin also included updates to power of attorney, loan application, and appraiser selection requirements. Truist has reviewed standards and identified the opportunity to align with Fannie Mae.

Bulletin Details

Retention of Asset Verification Reports

When DU uses 12 months of borrower asset data for assessment of rent payment history, the full asset verification report containing the 12 months of asset data is not required to be retained as part of the loan origination file. The following requirements apply:

- Truist must have access to the full asset verification report containing the data that was provided to DU for assessment.
- A human-readable asset verification report covering a minimum of 60-days must be retained in the loan origination file.

Social Security Income

Truist has expanded the documentation options for borrowers drawing Social Security income from their own account or work record. In addition to the Social Security Administration's (SSA) Award letter or proof of current receipt, Truist will allow the SSA-1099 or the most recent signed federal income tax returns (or tax transcripts) to serve as adequate documentation of retirement or disability benefits. This allows flexibility in documenting certain Social Security income, particularly when the tax returns are required for other purposes.

Bulletin Details, continued

Appraiser Selection Criteria

We have updated our collateral standards to clearly state requirements for appraisers. Specifically, appraisers must have the requisite knowledge about, and access to, all necessary and appropriate local data sources for the subject property’s geographic area, including multiple listing service(s) and government records.

Application and Power of Attorney Requirements

For loan applications (form 1003), we have removed the exception allowing an attorney-in-fact or agent who is the spouse or domestic partner of the borrower to execute both the final and initial loan application. Also, we have replaced the terms *fiancé* and *fiancée* with *an individual engaged to marry the borrower* within our power of attorney eligibility requirements.

Before and After Matrix

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

Revised Materials

Click [Agency Loan Standard](#) to review the revised product materials.

Former Standards

See the before and after matrix provided in the Bulletin Details section of this bulletin to access the former standards.

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. All rights reserved.

Agency Standards Revisions

Note: Truist specific overlays are underlined.

Topic	Impacted Document	Impacted Products	Current Standard	Revised Standard
Fannie Mae DU Loans	Section 2.01 - Agency Loan Standard	<ul style="list-style-type: none"> Standard Agency (DU) Agency Plus (DU) Home Ready® (DU) Texas Section 50(a)(6) Mortgages (DU) 	<p>Fannie Mae DU Loans > Risk Factors Evaluated by DU > Rent Payment History</p> <p><i>Note: Below is an EXCERPT only of the content from the above referenced section.</i></p> <ul style="list-style-type: none"> Rent Payment History <ul style="list-style-type: none"> For certain first-time homebuyers who have a credit score, the lender may use a 12-month third-party asset verification report to have their rent payment history considered in DU. When DU logic can identify rent payments in the asset verification report, it will use the rent payment history to positively supplement the credit risk assessment. The following requirements apply when using rent payment history in DU. At least one borrower must: <ul style="list-style-type: none"> be a first-time homebuyer purchasing a primary residence, have a credit score (nontraditional credit is not permitted), and have been renting for at least 12 months with a monthly rent payment of at least \$300. For DU to be able to identify rent payments, the lender must: <ul style="list-style-type: none"> enter the monthly rent paid by the borrower in the online loan application, obtain an asset verification report with 12 months of bank statement data through an authorized DU validation service asset verification report vendor, and confirm the borrower is an account holder and that the account provided in the asset verification report is the one from which the borrower pays rent. The same 12-month asset verification report may be used for both rent history and asset documentation, including asset validation through the DU validation service. See “DU Validation Service” previously presented in this “Fannie Mae DU Loans” subtopic for details on asset validation. In addition, lenders are responsible for reviewing only the most recent 60 days of account activity within the 12-month asset verification report in accordance with the requirements outlined in the “General Asset Documentation Requirements” subtopic and “DU Validation Service” requirements previously presented in this “Fannie Mae DU Loans” subtopic. 	<p>Fannie Mae DU Loans > Risk Factors Evaluated by DU > Rent Payment History</p> <p><i>Note: Below is an EXCERPT only of the content from the above referenced section.</i></p> <ul style="list-style-type: none"> Rent Payment History <ul style="list-style-type: none"> For certain first-time homebuyers who have a credit score, the lender may use a 12-month third-party asset verification report to have their rent payment history considered in DU. 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At the time of loan origination, the originating lender must have access to the full asset verification report containing the data covering the period of time provided to DU for assessment. The same 12-month asset verification report may be used for both rent history and asset documentation, including asset validation through the DU validation service. See “DU Validation Service” previously presented in this “Fannie Mae DU Loans” subtopic for details on asset validation. In addition, lenders are responsible for reviewing only the most recent 60 days of account activity within the 12-month asset verification report in accordance with the requirements outlined in the “General Asset Documentation Requirements” subtopic and “DU Validation Service” requirements previously presented in this “Fannie Mae DU Loans” subtopic. 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General Income Information	Section 2.01 - Agency Loan Standard	<ul style="list-style-type: none"> Standard Agency (Non-AUS) Standard Agency (DU) Agency Plus (DU) Home Ready® (DU) Texas Section 50(a)(6) Mortgages (DU) 	<p>General Income Information > Non-AUS</p> <p><i>Note: Below is an EXCERPT only of the information from the above referenced section.</i></p> <ul style="list-style-type: none"> Continuity of Income <ul style="list-style-type: none"> A key driver of successful homeownership is confidence that all income used in qualifying the borrower will continue to be received by the borrower for the foreseeable future. Unless the lender has knowledge to the contrary, if the income does not have a defined expiration date and the applicable history of receipt of the income is documented (per the specific income type), the lender may conclude that the income is stable, predictable, and likely to continue. The lender is not expected to request additional documentation from the borrower. If the income source does have a defined expiration date or is dependent on the depletion of an asset account or other limited benefit, the lender must document the likelihood of continued receipt of the income for at least three years. If the lender is notified that the borrower is transitioning to a lower pay structure, for example due to pending retirement, the lender must use the lower amount to qualify the borrower. The following table contains examples of income types with and without defined expiration dates. This information is provided to assist lenders in determining whether additional income documentation may be necessary to support a three-year continuance. Note that lenders remain 	<p>General Income Information > Non-AUS</p> <p><i>Note: Below is an EXCERPT only of the information from the above referenced section.</i></p> <ul style="list-style-type: none"> Continuity of Income <ul style="list-style-type: none"> A key driver of successful homeownership is confidence that all income used in qualifying the borrower will continue to be received by the borrower for the foreseeable future. Unless the lender has knowledge to the contrary, if the income does not have a defined expiration date and the applicable history of receipt of the income is documented (per the specific income type), the lender may conclude that the income is stable, predictable, and likely to continue. The lender is not expected to request additional documentation from the borrower. If the income source does have a defined expiration date or is dependent on the depletion of an asset account or other limited benefit, the lender must document the likelihood of continued receipt of the income for at least three years. If the lender is notified that the borrower is transitioning to a lower pay structure, for example due to pending retirement, the lender must use the lower amount to qualify the borrower. The following table contains examples of income types with and without defined expiration dates. This information is provided to assist lenders in determining whether additional income documentation may be necessary to support a three-year continuance. Note that lenders remain responsible for making the final determination of whether the borrower’s specific income source has a defined expiration date. <u>See the “Income” section of this document for additional information related to the use and documentation of specific income sources.</u>

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Truist further clarifies that pending or current re-evaluation of medical eligibility for insurance and/or benefit payments is not considered an indication that the insurance and/or benefit payment will not continue. 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Document regular receipt of payments, as verified by the following, depending on the type of benefit and the relationship of the beneficiary (self or other) as shown in the table below. <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th colspan="3" style="background-color: #4b4b8b; color: white;">Documentation Requirements</th> </tr> <tr> <th style="background-color: #4b4b8b; color: white;">Type of Social Security Benefit</th> <th style="background-color: #4b4b8b; color: white;">Borrower is drawing Social Security benefits from own account/work record¹</th> <th style="background-color: #4b4b8b; color: white;">Borrower is drawing Social Security benefits from another person's account/work record²</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Retirement</td> <td rowspan="2"> <ul style="list-style-type: none"> Social Security Administrator's (SSA) Award Letter, SSA-1099, Most recent signed federal income tax returns (or tax transcripts³) or Proof of current receipt </td> <td rowspan="2"> <ul style="list-style-type: none"> SSA Award Letter, Proof of current receipt, AND Three-year continuance¹ (e.g., verification of beneficiary's age) </td> </tr> <tr> <td style="text-align: center;">Disability</td> </tr> <tr> <td style="text-align: center;">Survivor Benefits</td> <td style="text-align: center;">N/A</td> <td></td> </tr> <tr> <td style="text-align: center;">Supplemental Security Income (SSI)</td> <td> <ul style="list-style-type: none"> SSA Award Letter, and Proof of current receipt </td> <td style="text-align: center;">N/A</td> </tr> </tbody> </table> <p style="font-size: small; margin-top: 10px;"> ¹ An SSA Award letter may be used to document the income if the borrower is receiving Social Security payments or if the borrower will begin receiving payments on or before the first payment date of the subject mortgage as confirmed by a recently issued award letter. ² Examples of how a borrower might draw social security benefits from another person's account/work record and use the income for qualifying: <ul style="list-style-type: none"> A borrower may be eligible for benefits from a spouse, ex-spouse, or dependent parents (the benefit is paid to the borrower on behalf of the spouse, etc.); or A borrower may use social security income received by a dependent (a minor or disabled dependent) ³ If joint tax returns or tax transcripts include income that is not associated with a borrower on the loan transaction, the lender must obtain additional documentation supporting the amount of income from the SSA being used in qualifying, such as the SSA-1099. </p>	Documentation Requirements			Type of Social Security Benefit	Borrower is drawing Social Security benefits from own account/work record ¹	Borrower is drawing Social Security benefits from another person's account/work record ²	Retirement	<ul style="list-style-type: none"> Social Security Administrator's (SSA) Award Letter, SSA-1099, Most recent signed federal income tax returns (or tax transcripts³) or Proof of current receipt 	<ul style="list-style-type: none"> SSA Award Letter, Proof of current receipt, AND Three-year continuance¹ (e.g., verification of beneficiary's age) 	Disability	Survivor Benefits	N/A		Supplemental Security Income (SSI)	<ul style="list-style-type: none"> SSA Award Letter, and Proof of current receipt 	N/A
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Topic	Impacted Document	Impacted Products	Current Standard	Revised Standard
				<p>^a Confirmation of three-year continuance does not require documentation that provides a defined expiration date and can be assessed by verifying the SSA's requirements related to the specific benefit(s) being paid. For example, if the SSA ties receipt of the benefits to the beneficiary's age, confirmation of a three-year continuance can be met by verifying that the beneficiary's age supports that benefit(s) will continue for at least three years from the date of the loan application.</p>
Loan Application Requirements	Section 2.01 - Agency Loan Standard	<ul style="list-style-type: none"> Standard Agency (Non-AUS) Standard Agency (DU) Agency Plus (DU) Home Ready® (DU) Texas Section 50(a)(6) Mortgages (DU) 	<p>Loan Application Requirements > Non-AUS</p> <p><i>Note: Below is an EXCERPT only of the information from the above referenced section.</i></p> <p>Conventional Non-AUS</p> <ul style="list-style-type: none"> A loan application must be documented on the Uniform Residential Loan Application (Form 1003). A complete, signed, and dated version of the final Form 1003 must always be included in the loan file. The final Form 1003 must reflect the income, assets, debts, and final loan terms used in the underwriting process. See "Ensuring DU Data and Delivery Information Accuracy/DU Tolerances" guidance previously presented in the "Underwriting the Borrower" topic for additional information about ensuring DU data accuracy and tolerances. If either the note or the security instrument and the final Form 1003 will be executed pursuant to a power of attorney, then the initial Form 1003 must be personally signed by the borrower (except as provided below) and included in the mortgage file. However, a power of attorney may be used to execute both the initial and final Form 1003 in any of the following circumstances: <ul style="list-style-type: none"> a borrower is on military service with the United States armed forces serving outside the United States or deployed aboard a United States vessel, as long as the power of attorney expressly states an intention to secure a loan on a specific property; the attorney-in-fact or agent is the spouse or domestic partner of the borrower; the attorney-in-fact or agent signs the security instrument in their personal capacity with regard to their individual ownership interest in the mortgaged property; or such use is required of lender by applicable law. 	<p>Loan Application Requirements > Non-AUS</p> <p><i>Note: Below is an EXCERPT only of the information from the above referenced section.</i></p> <p>Conventional Non-AUS</p> <ul style="list-style-type: none"> A loan application must be documented on the Uniform Residential Loan Application (Form 1003). A complete, signed, and dated version of the final Form 1003 must always be included in the loan file. The final Form 1003 must reflect the income, assets, debts, and final loan terms used in the underwriting process. See "Ensuring DU Data and Delivery Information Accuracy/DU Tolerances" guidance previously presented in the "Underwriting the Borrower" topic for additional information about ensuring DU data accuracy and tolerances. If either the note or the security instrument and the final Form 1003 will be executed pursuant to a power of attorney, then the initial Form 1003 must be personally signed by the borrower (except as provided below) and included in the mortgage file. However, a power of attorney may be used to execute both the initial and final Form 1003 in any of the following circumstances: <ul style="list-style-type: none"> a borrower is on military service with the United States armed forces serving outside the United States or deployed aboard a United States vessel, as long as the power of attorney expressly states an intention to secure a loan on a specific property; the attorney-in-fact or agent is the spouse or domestic partner of the borrower; the attorney-in-fact or agent signs the security instrument in their personal capacity with regard to their individual ownership interest in the mortgaged property; or such use is required of lender by applicable law.
Power of Attorney	Section 2.01 - Agency Loan Standard	<ul style="list-style-type: none"> Standard Agency (Non-AUS) Standard Agency (DU) Agency Plus (DU) Home Ready® (DU) Texas Section 50(a)(6) Mortgages (DU) 	<p>Power of Attorney > Non-AUS</p> <p><i>Note: Below is an EXCERPT only of the information from the above referenced section.</i></p> <ul style="list-style-type: none"> Eligibility Requirements for Using a Power of Attorney <p><i>Note: Table is omitted for the purpose of this B&A</i></p> <p>Note: A borrower's relative includes any person defined as a relative (per Agency standards), or a person who is a fiancé, fiancée, or in a legally recognized mutual relationship with the borrower (however denominated under applicable local law).</p>	<p>Power of Attorney > Non-AUS</p> <p><i>Note: Below is an EXCERPT only of the information from the above referenced section.</i></p> <ul style="list-style-type: none"> Eligibility Requirements for Using a Power of Attorney <p><i>Note: Table is omitted for the purpose of this B&A</i></p> <p>Note: A borrower's relative includes any person defined as a relative (per Agency standards), or a person who is fiancé, fiancée an individual engaged to marry the borrower, or in a legally recognized mutual relationship with the borrower (however denominated under applicable local law).</p>

Agency Standards Revisions

Note: Truist specific overlays are underlined.

Topic	Impacted Document	Impacted Products	Current Standard	Revised Standard
Appraiser Selection Criteria	Section 2.01 - Agency Loan Standard	<ul style="list-style-type: none"> • Standard Agency (Non-AUS) • Standard Agency (DU) • Agency Plus (DU) • Home Ready® (DU) • Texas Section 50(a)(6) Mortgages (DU) 	<p>Appraiser Selection Criteria > Non-AUS</p> <p><i>Note: Below is an EXCERPT only of the information from the above referenced section.</i></p> <ul style="list-style-type: none"> • Knowledge and Experience <ul style="list-style-type: none"> • Lenders must use appraisers that: <ul style="list-style-type: none"> • have the requisite knowledge required to perform a professional quality appraisal for the specific geographic location and particular property type; and • have the requisite knowledge about, and access to, the necessary and appropriate data sources for the area in which the appraisal assignment is located. • Appraisers that are not familiar with specific real estate markets may not have adequate information available to perform a reliable appraisal. Although the Uniform Standards of Professional Appraisal Practice (USPAP) allows an appraiser that does not have the appropriate knowledge and experience to accept an appraisal assignment by providing procedures with which the appraiser can complete the assignment, Fannie Mae does not allow the USPAP flexibility. 	<p>Appraiser Selection Criteria > Non-AUS</p> <p><i>Note: Below is an EXCERPT only of the information from the above referenced section.</i></p> <ul style="list-style-type: none"> • Knowledge and Experience <ul style="list-style-type: none"> • Lenders must use appraisers that: <ul style="list-style-type: none"> • have the requisite knowledge required to perform a professional quality appraisal for the specific geographic location and particular property type; and • have the requisite knowledge about, and <u>all</u> access to, <u>the all</u> necessary and appropriate <u>local</u> data sources for the <u>subject's geographic area in which the appraisal assignment is located,</u> <u>including multiple listing service(s) and government records.</u> • Appraisers that are not familiar with specific real estate markets may not have adequate information available to perform a reliable appraisal. Although the Uniform Standards of Professional Appraisal Practice (USPAP) allows an appraiser that does not have the appropriate knowledge and experience to accept an appraisal assignment by providing procedures with which the appraiser can complete the assignment, Fannie Mae does not allow the USPAP flexibility.