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LPA Cash Flow Assessment and Other Updates

Truist Bank (Truist) revises Loan Product Advisor® (LPASM) requirements to align with recently announced updates from Freddie Mac. With these updates, we:

- introduce the borrower cash flow credit assessment feature through LPA
- specify requirements for using credit card reward points as a source of funds
- incorporate the date of mandatory use of the 2021 American Land Title Association (ALTA) title policy forms to January 1, 2024
- add a new requirement that year-to-date paystubs be dated no more than 30 days before the application received date
- remove MyRA from the examples of Internal Revenue Service-qualified employer retirement plan accounts

Additionally, we update non-AUS and Desktop Underwriter® (DU®) requirements to incorporate the date of mandatory use of the 2021 ALTA title policy forms to January 1, 2024.

Effective Dates

All updates are effective for existing and new loan applications on or after December 9, 2022.

Background Information

Freddie Mac Bulletin 2021-29 and 2022-23 announced updates related to a new borrower cash flow assessment through LPA, credit card rewards as an acceptable source of funds, the mandatory date for use of 2021 ALTA title policy forms, year-to-date paystubs, and removing MyRA as an example of acceptable retirement accounts. Fannie Mae SEL-2022-06 announced an update to revise the date of mandatory use of the 2021 ALTA title policy forms to January 1, 2024. In response to these publications, Truist has reviewed our standards and identified the opportunity to align with Fannie Mae and Freddie Mac.

Bulletin Details

Borrower Cash Flow Assessment through LPA

To align with Freddie Mac's initiatives to support sustainable homeownership and equitable housing, Truist is introducing the borrower cash flow enhancement through LPA. This enhancement assesses the transaction patterns and changes in account balances reflected in the borrower's checking, savings and investment accounts using data obtained from the borrower's financial institution or third-party service providers designated by Freddie Mac.

Bulletin Details, continued

Borrower Cash Flow Assessment through LPA, continued

For LPA to accurately assess the borrower's cash flow, the lender will need to obtain a verification report of the asset account(s) the borrower uses to deposit income, pay monthly bills and conduct day-to-day transactions, as well as accounts used for savings and retirement. If positive cash flow is identified in the account data, it may impact the credit assessment by upgrading a loan's Risk Class from Caution to Accept, providing lenders with opportunities to qualify more borrowers. Cash flow will not affect the debt payment-to-income ratio or related documentation requirements, nor will it be used to negatively impact the credit assessment.

To use this enhancement, the following requirements must be met:

- At least one borrower on the transaction must have a usable Credit Score as determined by LPA, and
- At least 12 months of account data must be transmitted to Loan Product Advisor

Credit Card Rewards

Truist updates our LPA standards for credit card reward points as an eligible source of funds used to qualify the borrower for the mortgage transaction. The lender must obtain the following when the funds are not yet deposited in the borrower's account:

- Evidence of the borrower's ownership of the reward points and their cash value, and
- Evidence the reward points are redeemed for cash prior to closing, which may include a direct transfer of the cash to the settlement or closing agent

Date for Required Use of 2021 ALTA Title Policy Forms

To provide consistency within the industry and allow additional time to transition to the 2021 ALTA title insurance policy forms, Freddie Mac and Fannie Mae have extended the date for required use of the 2021 ALTA title insurance policy forms from January 1, 2023 to January 1, 2024. Effective January 1, 2024, the 2006 ALTA title insurance policy forms will be decertified and no longer accepted; however, mortgages with note dates on or before December 31, 2023 may use either the 2006 or 2021 ALTA title insurance policy forms.

Year-to-Date Paystubs

We update LPA income documentation requirements to specify that year-to-date paystubs must be dated no more than 30 days before the application received date. This requirement is in addition to complying with the age of income documentation requirements, which states that all verifications of income must be dated no more than 120 days prior to the note date.

Retirement Accounts

We remove MyRA from the examples of Internal Revenue Service-qualified employer retirement plan accounts in all applicable sections within our Agency Loan Standard because the program has ended and is no longer available.

Bulletin Details, continued

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 [Title Insurance Standard](#) and [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.

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