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## Agency Credit Score, Nontraditional Credit, DU Recommendations, and Other Revisions

Truist Bank (Truist) announces that the temporary COVID-19 related restriction that requires at least one borrower on the transaction to have a credit score is being retained as a permanent overlay for standard Agency, HomeReady (general loan limits), Home Possible (general loan limits), and Texas Section 50(a)(6) Desktop Underwriter® (DU®) and Loan Product Advisor® (LPA<sup>SM</sup>) loan transactions (all occupancy types).

We revise Agency non-AUS and DU requirements to align with recently announced Fannie Mae updates. With these updates we:

- add verbiage only changes to the “Nontraditional Credit History” (non-AUS and DU) and “Risk Factors Evaluated by DU” requirements (*intent of requirements remain the same*)
- clarify how a lender can respond to DU “Approve/Ineligible” and “Refer with Caution” recommendations

Additionally, we refresh the “Credit Score Requirements” subtopic to incorporate previously published updates, align with Freddie Mac’s wording, and promote clarity in our Agency standard documents.

### Effective Dates

All updates are effective immediately for existing and new loan applications on or after March 24, 2023.

### Background Information

Truist previously implemented a temporary COVID-19 related credit score overlay for certain Agency DU and LPA loan transactions, requiring at least one borrower on the loan transaction to have a credit score. After further consideration, we have decided to retain this restriction as a permanent overlay. Fannie Mae SEL-2023-01 announced updates related to nontraditional credit and DU recommendations. In response to this publication, we reviewed impacted standard documents and identified the need to implement revisions to align with Fannie Mae requirements. We also continue to identify opportunities to promote clarity and consistency in our published Agency requirements.

### Bulletin Details

#### Agency Updates

Highlights of the Agency updates are outlined in the table below.

Topic	Update
Credit Score Requirements	We revised DU and LPA credit score requirements to reflect that at least one borrower on the transaction must have a credit score for standard Agency, HomeReady (general loan limits), Home Possible (general loan limits), and Texas Section 50(a)(6) loan transactions. This is now a permanent overlay.

## Bulletin Details, continued

### Agency Updates, continued

Topic	Update
Credit Score Requirements, continued	<p><b>Notes:</b></p> <ul style="list-style-type: none"> <li>For Agency Plus, Agency Plus Select, and high-balance HomeReady transactions, <b>Fannie Mae requires</b> that all borrowers must have at least one credit score. This existing DU requirement is not an overlay.</li> <li>For Agency Plus, Agency Plus Select, and high-balance Home Possible transactions, <b>Freddie Mac requires</b> that at least one borrower on the transaction must have a usable credit score, as determined by LPA. This existing LPA requirement is not an overlay.</li> <li>Standard Agency <b>non-AUS</b> transactions where all borrowers on the loan are relying solely on nontraditional credit to qualify (i.e., no borrowers on the loan have a credit score) remain eligible.</li> </ul> <p>We also removed all references to temporary COVID-19 related restrictions from the headers of our Agency standard documents and from the Agency Overlays Matrix.</p>
Verbiage Updates to Nontraditional Credit History and Risk Factors Evaluated by DU Requirements	<p>We added verbiage only changes to the following requirements to align with Fannie Mae's wording/presentation of guidance:</p> <ul style="list-style-type: none"> <li>non-AUS and DU nontraditional credit history</li> <li>risk factors evaluated by DU requirements related to rent payment history and the borrower's equity and LTV ratio</li> </ul> <p><b>Note:</b> No new requirements were implemented as a result of these updates. Examples of the verbiage changes include, but are not limited to, the following: changing "his/her" references to "their"; changing "credit profile" references to "credit history"; changing "sources" and "credit source(s)" references to "credit reference(s)", etc.</p>
DU Recommendations	<p>We updated DU "Approve/Ineligible" and "Refer with Caution" recommendations guidance to clarify that the lender may attempt to resolve the reason for the ineligibility and resubmit the loan casefile to DU or manually underwrite the loan in accordance with published requirements.</p>
Other Standards Improvement Updates	<p>In support of our standards improvement initiative, under the "Credit Score Requirements" subtopic, we:</p> <ul style="list-style-type: none"> <li>removed non-AUS second home and investment property guidance (<i>as previously announced in Product Release <a href="#">COR21-013</a></i>)</li> <li>updated the definition of <i>Indicator Score</i> under LPA requirements, aligning with Freddie Mac's wording</li> <li>provided additional clarity for HomeReady and Home Possible transactions (<i>i.e., added the associated reserve requirements to the minimum credit score chart for HomeReady non-AUS loans, added the specific minimum credit score requirement for DU and LPA transactions, etc.</i>)</li> </ul> <p><b>Note:</b> No new requirements were implemented as a result of these updates.</p>

### 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](#), [Fannie Mae HomeReady®](#) and [Freddie Mac Home Possible® Mortgages Standard](#), [Texas Section \[50\(a\)\(6\)\] Mortgages Standard](#), and [Agency Overlay Matrix](#) 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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