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## Agency Federal Tax Installment Plans and Income Documentation Revisions

Truist Bank (Truist) revises Agency Loan Product Advisor® (LPA<sup>SM</sup>) requirements to align with recently announced Freddie Mac updates. With these updates we:

- add requirements to address tax installment agreements with the Internal Revenue Service (IRS) that are pending IRS approval for payment of past-due federal taxes
- revise documentation requirements for income from alimony, child support, and/or separate maintenance

### Effective Dates

All updates are effective for new loan applications on or after October 13, 2023.

### Background Information

Freddie Mac Bulletin 2023-16 announced updates related to federal tax installment plans that are pending IRS approval and documentation requirements for income from alimony, child support, and/or separate maintenance. In response to this publication, we reviewed impacted standard documents and identified the need to implement revisions to align with Freddie Mac requirements.

### Bulletin Details

#### Federal Tax Installment Plans

For LPA loans, we added guidance to address tax installment agreements with the IRS that are pending IRS approval for payment of past-due federal taxes. When the borrower has applied for such an agreement that is pending IRS approval, the following requirements must be met:

- a copy of the application for the installment agreement reflecting the amount of federal taxes owed and requested payment terms must be included in the mortgage file,
- the greater of the monthly payment amount requested by the borrower or the amount of taxes owed divided by 72 must be included in the borrower's monthly debt payment-to-income (DTI) ratio, and
- there must be no indication, and the lender must have no knowledge, that the IRS has filed a Notice of Federal Tax Lien for the taxes owed by the borrower

#### Alimony, Child Support and/or Separate Maintenance Income

For LPA loans, we revised documentation requirements for income from alimony, child support, and/or separate maintenance to:

- specify that the payor's obligation must be verified with legally binding documentation, which may include a signed court order, final divorce decree, legally binding separation agreement, legally binding child support order, or other legally binding documentation for the previous six months, and

**Bulletin Details, continued**

**Alimony, Child Support and/or Separate Maintenance Income, continued**

- require documentation to evidence the borrower’s receipt of the income payment(s) for the most recent six months as follows:
  - evidence that the payment(s) was cashed or deposited into the borrower’s depository account at a financial institution, or
  - evidence that the payment(s) was transferred into a third-party money transfer application account that is owned by the borrower, or
  - a statement from a government agency (i.e., child support agency) reflecting the borrower’s name as the recipient and the amounts paid

**Before and After Matrix**

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

**Revised Material**

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

**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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