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Agency Appraisal, Timeshare Related Obligations, and Income Analysis Revisions

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

- revise the list of unacceptable appraisal practices to:
 - include “working class” and “inner city” as additional examples of terminology that could indicate underlying bias
 - indicate that inclusion of references, statements, or comparisons regarding crime rates or crime statistics in the appraisal analysis or report is an unacceptable appraisal practice
 - specify that the scope of work of some appraisals does not require a personal inspection of the comparable properties
 - reflect that development of an opinion of value based on factors that local, state, or federal law designates as discriminatory is unacceptable
- revise guidance related to timeshare loans and timeshare maintenance fees to specify that:
 - timeshare loans are considered installment debts, regardless of how they are reflected on the credit report (e.g., as a mortgage)
 - timeshare maintenance fees are not required to be included in the borrower’s monthly debt payment-to-income (DTI) ratio
- provide examples of content that may be included in a written income analysis

Effective Dates

- The LPA timeshare related obligations and written income analysis updates are effective immediately for existing and new loan applications on or after January 26, 2024.
- The LPA unacceptable appraisal practices updates are effective for new loan applications dated on or after January 30, 2024.

Background Information

Freddie Mac Bulletin 2023-22 announced updates related to unacceptable appraisal practices, timeshare related obligations, and written income analysis. 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

Unacceptable Appraisal Practices

For LPA loans, we revised the list of unacceptable practices to:

- include “working class” and “inner city” as additional examples of terminology that could indicate underlying bias
- indicate that inclusion of references, statements or comparisons regarding crime rates or crime statistics, whether objective or subjective, in the appraisal analysis or report is an unacceptable appraisal practice
- specify that the scope of work of some appraisals does not require a personal inspection of the comparable properties
- reflect that development of an opinion of value based on factors that local, state, or federal law designates as discriminatory is unacceptable

Timeshare Related Obligations

For LPA loans, we revised guidance related to timeshare loans and timeshare maintenance fees to specify that:

- timeshare loans are considered installment debts, regardless of how they are reflected on the credit report (e.g., as a mortgage)
- timeshare maintenance fees are not required to be included in the borrower’s monthly DTI ratio

Written Income Analysis

For LPA loans, we revised general income requirements to include the following examples of content that may be included in a written income analysis:

- the calculation used to determine the qualifying income, unless it can be clearly derived from documentation in the mortgage file (e.g., Social Security pre-determined payment amounts, annual salary)
- the rationale for determining that the source and the amount of the income are stable, including any rationale applicable to the stability, history, calculation, and continuance of the income

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 [Appraisal 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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