

Alert

Update

Reminder

Clarification

Training
Information

Preview

Agency Hybrid Appraisals, Restricted Stock/Stock Unit Income, Authorized User Accounts, Condo, and Other Revisions

Truist Bank (Truist) revises Agency requirements to more closely align with recently announced Fannie Mae and Freddie Mac updates. With these updates we:

- expand hybrid appraisal eligibility for certain Desktop Underwriter® (DU®) loans

Notes:

- Truist will announce expanded hybrid appraisal eligibility for certain Loan Product Advisor® (LPASM) loans in a Product Release Bulletin on April 04, 2025 (*effective for LPA submissions and resubmissions on or after April 07, 2025*).
- All DU and LPA loans originated with a hybrid appraisal must be underwritten by the Correspondent lender (approved by Truist for delegated underwriting authority). This includes CorrAdvantage loans.
- revise LPA requirements related to the following:
 - restricted stock and restricted stock unit income
 - the treatment of authorized user accounts when calculating the monthly debt payment-to-income ratio
 - the age of questionnaire requirement for the Project Certified Submission process in Condo Project Advisor®

We also refresh various Agency requirements to more closely align with Fannie Mae and Freddie Mac's wording and/or presentation of guidance (*requirements intent remain the same*).

Effective Dates

- The revised age of questionnaire requirement for the Project Certified Submission process in Condo Project Advisor is effective March 31, 2025.
- The DU expanded hybrid appraisal eligibility requirements are effective for DU Version 12.0 loan casefiles submitted or resubmitted to DU on or after the weekend of March 22, 2025.
- The restricted stock/restricted stock unit income and authorized user accounts related updates are effective immediately for new loan applications on or after March 21, 2025.
- All other updates are effective immediately for existing and new loan applications on or after March 21, 2025.

Background Information

Fannie Mae SEL-2025-01 announced expanded eligibility requirements for hybrid appraisals and Fannie Mae *Selling Guide* updates to align their *Selling Guide* text with previously communicated DU Version 12.0 release

Background Information, continued

changes. Freddie Mac Bulletin 2024-16 announced restricted stock/restricted stock unit income and authorized user accounts related updates. Freddie Mac Bulletin 2025-1 announced upcoming expanded eligibility for hybrid appraisals. Freddie Mac Bulletins 2024-16 and 2025-1 also announced the reformatting of various chapters in Freddie Mac's *Seller Guide*. Freddie Mac Bulletin 2025-3 announced the expanded age of questionnaire requirement for the Project Certified Submission process in Condo Project Advisor. In response to these publications, we reviewed impacted standard documents and identified the opportunity implement revisions to more closely align with Fannie Mae and Freddie Mac requirements. We also continue to identify opportunities to improve the presentation of our published Agency requirements.

Bulletin Details

DU Hybrid Appraisal Expansion

For DU loans, we expanded eligibility requirements for hybrid appraisals, providing an additional appraisal option. This means that hybrid appraisals will no longer be limited to loans that have lost eligibility in DU for Value Acceptance + Property Data due to a change in qualifying loan characteristics. Starting this weekend, for loan casefiles that are eligible for a hybrid appraisal option, DU will issue a message informing the lender they can obtain an appraisal reported on the *Uniform Residential Appraisal Report (Hybrid)* (Form 1004 Hybrid) or *Individual Condominium Unit Appraisal Report (Hybrid)* (Form 1073 Hybrid). DU will also issue messages for other appraisal options. The lender may select from any of the options presented, which may include a hybrid appraisal, desktop appraisal, or traditional appraisal. *See today's revised product materials for complete details related to this expanded hybrid appraisal eligibility, including, but not limited to, a listing of eligible and ineligible property and transaction types. Also, see the Bulletin Summary (on page one) for a reminder regarding the underwriting restriction for loans purchased with a hybrid appraisal.*

Restricted Stock and Restricted Stock Unit Income

For LPA loans, we revised requirements for restricted stock (RS) and restricted stock units (RSU) income as follows:

- added definitions of performance-based RS and RSU income and time-based RS and RSU income
- expanded requirements for the calculation of qualifying income from performance-based RS and RSU to permit the use of less than 24 months (but not less than 12 months) in the calculation when the history of receipt of income with the current employer is between 12 and 24 months (**Note:** *The lender must support the use of a shorter timeframe in the calculation with a written analysis and compensating factors.*)
- expanded requirements to state that RS and RSU awarded on a recurring basis must be likely to continue for at least three years and specified that nonrecurring awards must have at least three years' vesting and distribution remaining on the vesting schedule (*prior to this update, requirements stated that all time-based RS and RSU income must continue for at least three years*)

Bulletin Details, continued

Restricted Stock and Restricted Stock Unit Income, continued

- replaced the 52-week average stock price with a 200-day simple moving average stock price as the basis for calculating RS and RSU income
- retired the requirement for the average stock price to be determined as of the application received date; we will now accept an average dated in accordance with standard age of documentation requirements

We also reorganized the content of the RS and RSU income requirements for improved readability.

Treatment of Authorized User Accounts When Calculating the Monthly Debt Payment-to-Income Ratio

For LPA loans, we revised authorized user account requirements to reflect that when a borrower is an authorized user on a revolving or a 30-day account, the monthly payment on the account must be included in the debt payment-to-income ratio only if the lender is required to include documentation that the borrower has been making payments on the account for the last 12 months. LPA will return a feedback message when additional documentation is required. When the message is included on the Last Feedback Certificate, for each account the borrower is listed as an authorized user, the mortgage file must include documentation of one of the following:

- the account is owned by another borrower on the mortgage
- the account is owned by the borrower's spouse
- the borrower has been making the payments on the account for the last 12 months and the monthly payment, as reported on the borrower's credit report, is included in the monthly debt payment-to-income ratio

Exception: When the lender is unable to document one of the three as required above, the mortgage file must include a written determination by the lender that:

- the information on the credit report is representative of the borrower's own credit reputation, and
- the account has an insignificant impact on the borrower's overall credit history; when there are multiple authorized user accounts, all accounts collectively must be considered.

The written determination should be based on the number of the borrower's own tradelines, as well as their age, type, size, and the payment history, as compared to the authorized user accounts.

If the lender is unable to document as required above when the feedback message is returned, the lender must consider the LPA decision invalid (i.e., the loan is not eligible for LPA).

We also reorganized the content of the authorized user account requirements for improved readability.

Bulletin Details, continued

Condo Project Advisor Project Certified Submission (PCS): Age of Questionnaire

For LPA loans, we revised the age of questionnaire requirement for the PCS process in Condo Project Advisor. Lender full review questionnaires may now be dated within 180 days instead of 120 days of the PCS request date. Condo Project Advisor will be updated to reflect this new age requirement on March 31, 2025.

Standards Improvements Updates

All other updates made to the topics/subtopics/requirements outlined below were in support of our standards improvement initiative. With these additional updates, intent of requirements remained the same:

- **Section 2.01 Agency Loan Standard:**
 - Incorporated Fannie Mae wording/presentation of guidance alignment updates for the following:
 - **Credit Requirements / Nontraditional Credit History**
 - **Appraisal Requirements / Appraisal Report Forms and Exhibits / Exhibits for Appraisals / Building Footprint Sketch or Floor Plan and Calculations**
 - **Underwriting the Borrower / Fannie Mae DU Loans / Risk Factors Evaluated by DU**
 - Incorporated Freddie Mac wording/presentation of guidance alignment updates for the following:
 - **Income / General Income Information**
 - **Liabilities and Qualifying Ratios / Alimony, Child Support, and/or Maintenance Payments**
 - **Liabilities and Qualifying Ratios / Qualifying Ratios**
 - **Credit Requirements / Inquiries**
 - **Credit Requirements / Nontraditional Credit History**
 - **Underwriting the Borrower / Freddie Mac LPA Loans / Rent Payment History Included in the Loan Product Advisor Assessment**
 - **Underwriting the Borrower / Freddie Mac LPA Loans / Borrower Cash Flow Included in the Loan Product Advisor Assessment**
- **Section 2.01c Texas Section 50(a)(6) Mortgages Standard / Appraisal Requirements:**
 - Added the word “traditional” to align with Fannie Mae’s terminology when referencing their standard full appraisal documents (i.e., Form 1004 and Form 1073 for condos)
 - Removed duplicated “Lender Responsibilities” requirements and added a bullet point that refers readers back to the “Appraisal Requirements/Lender Responsibilities” topic/subtopic in the applicable base product standard document for this guidance

Before and After Matrices

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

Bulletin Details, continued

Revised Materials

Click [Underwriting Standard](#), [Agency Loan Standard](#), [Texas Section 50\(a\)\(6\) Mortgages Standard](#), and [Agency Overlays Matrix](#) to review the revised product materials.

Note: The *Condominium and PUD Approval Requirements Standard* document will be revised on April 04, 2025, to reflect the **Condo Project Advisor Project Certified Submission (PCS): Age of Questionnaire** related update outlined in this Product Release Bulletin. Until that time, use this Product Release Bulletin for reference.

Former Standards

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

Other Resources

Support Group	Description and Contact Information:
Correspondent Relationship Coordinator	Specific questions on applying this procedure to specific loan files. Contact your Correspondent Relationship Coordinator 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. ©2025 Truist Financial Corporation. Truist, Truist Purple and the Truist logo are service marks of Truist Financial Corporation. All rights reserved.