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Agency Interested Party Contributions, Lender Incentives, Prorated Real Estate Tax Credits, and Other Revisions

Truist Bank (Truist) revises Agency non-AUS, Desktop Underwriter® (DU®), and Loan Product Advisor® (LPASM) requirements as a result of recently announced Fannie Mae and Freddie Mac updates. With these updates we:

- revise non-AUS, DU, and LPA requirements for interested party contributions and lender incentives
- clarify non-AUS and DU requirements related to the treatment of a prorated tax credit in underwriting
- extend the DU loan casefile archival and resubmission timeframes for single-closing construction-to-permanent transactions

In support of our standards improvement initiative, we refresh:

- LPA requirements related to funds required for the mortgage transaction to align with Freddie Mac's wording and/or presentation of guidance (*requirements intent remain the same*)
- "Maximum Financing Concessions" requirements to reflect a previously published update related to the ineligibility of non-AUS second home and non-AUS investment property transactions

Effective Dates

All updates are effective immediately for existing and new loan applications on or after July 25, 2025.

Background Information

Fannie Mae SEL-2025-03 and Freddie Mac Bulletin 2025-6 announced updated requirements for interested party contributions and lender incentives. Fannie Mae SEL-2025-03 also included a clarification related to the treatment of a prorated tax credit in underwriting. Fannie Mae SEL-2025-05 announced an additional lender incentives update and revisions to DU's loan casefile archival and resubmission timeframes for single-closing construction-to-permanent transactions. In response to these publications, we reviewed impacted standard documents and identified the opportunity to implement revisions to 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

Interested Party Contributions and Lender Incentives

We revised interested party contributions (IPCs) and lender incentives requirements as follows:

- For non-AUS, DU, and LPA loans:
 - incorporated clearer definitions of interested parties, IPCs, sales concessions, and lender incentives

Bulletin Details, continued

Interested Party Contributions and Lender Incentives, continued

- For non-AUS, DU, and LPA loans, continued:
 - clarified the list of items that are not subject to IPC requirements
 - specified that incentives from lenders that are, or are affiliated with, an interested party are considered sales concessions
 - added realtor rebates to the list of examples of sales concessions
 - clarified arrangements subject to lender incentive requirements include cash, cash-like contributions (for example, a gift card), or items of value which may be provided directly by a lender to a borrower or through a third-party on behalf of the lender
 - removed the maximum dollar amount limit for lender incentives
 - specified that lender incentives:
 - must not be sourced from/funded through the mortgage transaction (for example, premium pricing)
 - may not be considered when qualifying the borrower (for example, the incentive cannot be considered as a source of funds for closing or reserves)
 - reorganized impacted subtopics content to align with Fannie Mae and Freddie Mac's wording and/or presentation of guidance
- For non-AUS and DU loans:
 - revised requirements to reflect that maximum financing concessions (formerly referred to as "IPC limits") are calculated using the lower of the sales price or appraised value (not the loan amount) of the subject transaction

Note: For DU transactions, the calculation to determine the maximum allowable financing concessions must take place outside of DU. Currently DU uses the sales price when determining whether the financing concessions are within limits. Fannie Mae anticipates that DU will be updated in a future release to align with their Selling Guide calculation requirement.

- For LPA loans:
 - defined "affiliation" for the purpose of IPC requirements as follows:
 - an affiliation exists when the two parties are owned or controlled by a common third party or when one of the parties has ownership or control over the other

Bulletin Details, continued

Prorated Real Estate Tax Credits

For non-AUS and DU loans, we clarified requirements to reflect that a prorated real estate tax credit may be considered when determining if the borrower has sufficient assets for the transaction *only* when an escrow account has been established and includes the portion of taxes owed by the property seller for the period of time they owned the property. In these cases, the prorated real estate tax credit from the property seller may offset all or a portion of the funds needed for the escrow account.

DU Loan Casefiles Archival and Resubmission Timeframes for Single-Closing Construction-to-Permanent Transactions

For DU single-closing construction-to-permanent transactions, we revised requirements to reflect the following:

- Loan casefiles submitted to DU with a construction-to-permanent closing type of single-closing will now be archived 540 days after the original casefile creation date, regardless of activity. This change eliminates the previous requirement to resubmit a loan casefile prior to 270 days of inactivity to maintain an active loan casefile.
- When a DU loan casefile has been archived, the timeframe for creation of a new DU loan casefile for resubmission purposes has been extended to 18 months (*previously 12 months*) after the initial closing of a single-closing C-to-P transaction. There are no changes to all other conditions.

Standards Improvements Updates

In support of our standards improvement initiative, we:

- refreshed LPA requirements related to funds required for the mortgage transaction to align with Freddie Mac's wording and/or presentation of guidance (*intent of requirements remained the same*)
- removed non-AUS second home and non-AUS investment property transactions requirements under the "Maximum Financing Concessions" subsection (*due to the ineligibility of non-AUS second home and non-AUS investment property transactions, previously announced in Product Release Bulletin [COR21-013](#)*)

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.

Revised Materials

Click [Agency Loan Standard](#) and [Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Standard](#) to review the revised product materials.



Product Release

Information for Correspondent Lenders of Truist Bank
July 25, 2025 • COR25-040

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.

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