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RD HB-1-3555 Chapter 11 Updates

Truist Bank (Truist) announces alignment with USDA's recent updates to RD Handbook 1-3555, Chapter 11.

Effective Dates

Effective immediately for new and existing RD applications as of January 16, 2026.

Background Information

On November 25, 2025, USDA announced revisions to HB-1-3555, Chapter 11.

Bulletin Details

The following updates are included in USDA's recent announcement:

Total Debt Ratio

- If an applicant pays off a debt in order to qualify, lenders must document the source of funds used to pay off the obligation in the permanent loan file.

Liabilities

- PITI includes:
 - First Mortgage (P&I), property taxes, homeowner's insurance, mortgage insurance (first year annual fee monthly amount), association/project dues, other.
- Open 30-Day Accounts:
 - Lenders may utilize the credit report to document the applicant has paid the outstanding balance for the most recent 12 months.
 - If the credit report reflects late payments in the most recent 12 months, include five percent of the outstanding balance in the monthly debts.
- Business debts:
 - Acceptable evidence includes canceled checks or bank statements from a business account for the most recent 12 months.
- Co-Signed Obligations:
 - Co-signed debts must be included in the monthly debts unless the applicant provides evidence another obligor (party to the debt) has successfully made the payment for the most recent 12 months.
 - Late payments reported in the most recent 12 months will require the monthly liability to be included in the monthly debts
 - Debts assigned to another party by court order (such as through a divorce decree) can be excluded from consideration when there is evidence the other party is legally obligated to pay the debt. A copy of the court order which requires the other party to make the payments must be retained in the permanent loan file.
- Mortgages: Divorce
 - In the case of a divorce, obtain a copy of the legal separation agreement or divorce decree to document the remaining legally obligated party is responsible to pay all mortgage debts from the effective date of the decree forward.
 - Mortgage debts assigned to another party by court order (such as through a divorce decree) can be excluded from consideration when there is evidence the other party is legally obligated to pay the debt. A copy of the court order which requires the other party to make the payments must be retained in the permanent loan file.

Bulletin Details, continued

Liabilities, continued

- Mortgages: No Release of Liability
 - Mortgage liabilities disposed of through a sale, trade or transfer without a release of liability (i.e., borrower remains on the promissory note) must be included in the total debt ratio unless evidence can be obtained to confirm the remaining legally obligated party has successfully made the payment for the most recent 12 months.
 - Evidence may be reported through the credit report or verification from the creditor/servicer to document the payment history has been current for the most recent 12 months.
 - If there are late payments in the most recent 12 months, the full mortgage obligation must be included in the monthly debt.
- Mortgages: Rental Property
 - If the credit report reflects late mortgage payments on the rental dwelling in the most recent 12 months, the full mortgage liability and all associated costs must be included in the monthly debts.

Truist aligns with these updates.

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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