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DU Version 12.0 Updates, Agency Rental Income, Limited Cash-Out Refinance, and Other Revisions

Truist Bank (Truist) announces that Fannie Mae will implement updates to Desktop Underwriter® (DU®) Version 12.0 this weekend, November 15, 2025. Changes in the DU release will include updates related to the following:

- DU Eligibility Assessment Update Removing Minimum Credit Score Requirements

Important Note: Due to future technology updates that are required to support this change, Truist is **delaying alignment** with this update and will be maintaining **existing** published credit score requirements, with the following exception:

- For the following transactions, the minimum credit score requirement will be revised to align with the requirements of the applicable Agency first mortgage loan program:
 - loans for borrowers financing a second home or investment property who will be obligated on seven to ten financed properties (multiple financed properties)
 - single-closing construction-to-permanent loans where the extended age of credit documents exception is being used (**Reminder:** Non-Delegated lenders are not eligible to sell Truist single-close construction-to-permanent transactions. Also, DU single-close transactions are ineligible for delivery under the CorrAdvantage execution.)

Except as outlined above, this applies to CorrAdvantage loans as well.

- Documentation Updates for Borrowers without Traditional Credit
- Undisclosed Liabilities
- Rural High-Needs Areas
- Appraisal Messages

We revise Agency non-AUS and DU requirements to align with recently announced Fannie Mae updates. With these updates we:

- revise rental income requirements related to:
 - the use of rental income from accessory dwelling units (ADUs)
 - documentation requirements for loans with rental income reported from a business
 - calculating monthly qualifying rental income (or loss)
- increase the maximum cash back allowed for non-AUS limited cash-out refinance transactions to the “greater of 1% of the new refinance loan amount or \$2,000”

We also refresh various Agency non-AUS and DU requirements to incorporate previously published updates, more closely align with Fannie Mae’s wording, and promote clarity in our published Agency requirements.

Effective Dates

- Effective for new DU loan casefiles created on or after November 16, 2025, DU will no longer require a minimum credit score. ***Truist is delaying alignment with this change and will continue to require a minimum credit score for all DU loans.***
- The 2025 rural high-needs designations will be applied to new DU loan casefiles created on or after November 16, 2025. All other DU release related updates, including Truist's revised multiple financed properties and single-closing construction-to-permanent loan minimum credit score requirements, are effective for DU Version 12.0 loan casefiles submitted or resubmitted to DU on or after the weekend of November 15, 2025.
- All rental income related updates are effective for new loan applications dated on or after November 14, 2025.
- All limited cash-out refinance and standards improvements related updates are effective immediately for existing and new loan applications on or after November 14, 2025.

Background Information

In Desktop Underwriter/Desktop Originator Release Notes DU Version 12.0 November Update, Fannie Mae announced DU Version 12.0 related updates. Fannie Mae SEL-2025-08 announced rental income and limited cash-out refinance allowable cash back related updates. Fannie Mae SEL-2025-09 announced the removal of the requirement for a minimum representative credit score for single-closing construction-to-permanent loans using the extended age of credit documents exception. In response to these publications, we evaluated technology and standard document impacts and identified the updates we are currently able to implement to align with Fannie Mae requirements. We also continue to identify opportunities to improve the presentation of our published Agency requirements.

Bulletin Details

DU Version 12.0 Updates

Highlights of the DU Version 12.0 updates are outlined in the table below:

Topic	Update
DU Eligibility Assessment Update Removing Minimum Credit Score Requirements	DU will no longer apply a minimum credit score requirement for new DU loan casefiles created on or after November 16, 2025. This requirement will be replaced with a minimum credit risk standard based on the credit risk factor evaluation within the DU credit risk assessment. The factors that will be used in this assessment are those specified in the "Risk Factors Evaluated by DU" requirements outlined in our currently published Agency requirements. In addition, the minimum representative credit score of 720 for borrowers financing a second home or investment property who will be obligated on seven to ten financed properties (multiple financed properties) will be removed for DU loan casefiles submitted or resubmitted on or after the weekend of November 15, 2025. For single-closing construction-to-permanent loans, Fannie Mae is also removing the requirement for a minimum representative credit score to be eligible for the extended age of credit documents exception. • Due to future technology updates that are required to support these changes, Truist is delaying alignment with these updates and will be maintaining existing published credit score requirements, with the following exception:

Bulletin Details, continued

DU Version 12.0 Updates, continued

Topic	Update
DU Eligibility Assessment Update Removing Minimum Credit Score Requirements, continued	- For the following transactions, the minimum credit score requirement will be revised to align with the requirements of the applicable Agency first mortgage loan program: - loans for borrowers financing a second home or investment property who will be obligated on seven to ten financed properties (multiple financed properties) - single-closing construction-to-permanent loans where the extended age of credit documents exception is being used Note: The Agency Overlays Matrix has been revised to reflect all applicable Truist DU minimum credit score requirements as overlays. We anticipate removing the credit score overlays in the future. See the applicable Before and After Matrix subsequently referenced in this bulletin for additional details on Truist's minimum credit score requirements and the Revised Materials section for additional details on updates to impacted standard documents.
Documentation Update for Borrowers without Traditional Credit	The DU nontraditional credit documentation requirements for borrowers without credit scores will be updated to only apply to DU loan casefiles for borrowers that do not have at least one credit account or installment account reported on their credit report. DU will issue a message specifying when nontraditional credit documentation requirements need to be met.
Undisclosed Liabilities	- DU will be updated to offer enforcement relief of representations and warranties related to undisclosed non-mortgage debt for certain loans underwritten through DU. Mortgage-related debt (including HELOCs and second liens) is excluded from eligibility for relief. - When a final DU submission receives an "Approve/Eligible" recommendation and the below referenced new DU message indicating that the loan has obtained relief from enforcement of representations and warranties for undisclosed non-mortgage liabilities, Fannie Mae will not enforce representations and warranties related to non-mortgage debt obtained by the borrower(s) prior to or concurrent with the day of closing. "Based on data provided to DU, this loan has obtained representation and warranty relief for non-mortgage undisclosed liabilities. If updated income or liabilities information is received prior to closing that exceeds the resubmission tolerances specified in the Selling Guide, the data must be updated, and the loan casefile resubmitted to DU to confirm continued eligibility for this relief option." (DU Message ID 3941) - Lenders must continue to meet all post-closing quality control requirements to verify the accuracy and integrity of the information used to support the underwriting decision. This includes ensuring all data submitted to DU is true, correct, and complete, and conducting a reverification of credit history. If the reverification credit report reveals non-mortgage debt that was not disclosed by the borrower nor identified by the lender prior to or concurrent with the day of closing, then the lender is not required to re-underwrite the loan to confirm its eligibility for sale to Fannie Mae if enforcement relief was provided and all conditions for relief were met. Note: DU's offering of enforcement relief does not relieve the lender of any of its obligations related to the identification and inclusion of a borrower's liabilities in the DTI and for consideration of those debts in underwriting, including those that may be identified throughout the origination and prefunding QC processes. Lenders remain responsible for ensuring loans meet all obligations under all applicable laws and regulations, including Ability to Repay and the Qualified Mortgage Rule.
Rural High-Needs Areas	The areas that are designated as rural high-needs are provided to Fannie Mae by their regulator, the U.S. Federal Housing Finance Agency (FHFA). DU uses these areas to determine eligibility for the rural high-needs value acceptance offer and Duty to Serve mortgage loans/messaging. The 2025 rural high-needs designations will be applied to new DU loan casefiles created on or after November 16, 2025.

Bulletin Details, continued

DU Version 12.0 Updates, continued

Topic	Update
Appraisal Messages	The appraisal messages in DU will be updated to reflect the changes in the Uniform Appraisal Dataset (UAD) 3.6 and appraisal forms redesign. The existing messages referencing specific form numbers will be updated to denote eligibility for a Uniform Residential Appraisal Report. Reminder: Due to future technology updates that are required to support the UAD 3.6 dynamic appraisal, Truist is not currently participating in the UAD 3.6 Limited Production phase. At this time, Truist continues to only accept UAD 2.6 appraisals during this phase and specific appraisal form numbers will remain in Truist's published appraisal requirements. For awareness of the updated appraisal messages, click here to view a comparison of the current and updated appraisal messages text.

Agency Rental Income Updates

• Rental Income from ADUs:

- Previously, eligibility of rental income generated from an ADU on a 1-unit primary residence could only be considered towards qualifying income when the mortgage was a HomeReady mortgage (non-AUS and DU). With today's update, we expanded eligibility of rental income generated from an ADU on a 1-unit primary residence to non-HomeReady non-AUS [i.e., Standard Agency and Texas Section 50(a)(6)] mortgage transactions.
- For non-HomeReady non-AUS mortgage transactions and HomeReady (non-AUS and DU) mortgage transactions, rental income from an existing ADU can be used in qualifying with the following conditions:
 - one-unit, primary residence only,
 - rental income from only one ADU allowed,
 - purchase or limited cash-out refinance transactions, and
 - qualifying rental income amount from the ADU is limited to 30% of the total qualifying income.

Note: All other requirements for documentation of rental income apply.

Important Note: DU will not be updated until Q1 2026 to include eligibility for ADU rental income for non-HomeReady [i.e., Standard Agency, Agency Plus, Agency Plus Select, and Texas Section 50(a)(6)] mortgages. As a result, HomeReady mortgages **only** remain eligible for rental income from an ADU for **DU** transactions. Until DU is updated, for non-HomeReady DU loans, a borrower **must** qualify for the mortgage **without** considering any rental income from the ADU.

• Uniform Documentation Requirements and Additional Updates:

- For Agency non-AUS and DU loans, we revised rental income requirements as follows:
 - aligned documentation requirements for loans with rental income reported on partnership or S corporation federal business tax returns using Form 8825 with those applicable to rental income reported on Schedule E of federal personal tax returns.

Bulletin Details, continued

Agency Rental Income Updates, continued

- **Uniform Documentation Requirements and Additional Updates, continued:**

- For Agency non-AUS and DU loans, we revised rental income requirements as follows, continued:
 - When the borrower receives only rental income reported on the Schedule K-1, lenders must obtain the most recent one-year federal business income tax return for rental income reported on Form 8825. This aligns with documentation requirements for rental income reported on Schedule E for individual borrowers.
 - Additionally, all rental income reported on partnership or S corporation returns using Form 8825 will now be classified as self-employment income, regardless of the borrower's personal obligation on the associated mortgage.

Note: *DU messaging will not be updated until Q1 2026 to support the changes outlined above. Until that time, the second year of tax returns and Schedule K-1 requirement reflected in DU messaging may be disregarded.*

- refreshed "Calculating Monthly Qualifying Rental Income (or Loss)" requirements as follows:
 - added guidance related to housing payment requirements
 - revised the presentation of the tables that provide restrictions on the amount of rental income that may be used for qualifying purposes based on various borrower and rental income scenarios [**Note:** *With the exception of a non-subject, 1-4 Unit Investment Property - Existing Rental (one year of receiving rental income), revised requirements now state that a borrower must have a current primary housing payment/expense in order to use any portion of the rental income for qualification.*]

Agency Limited Cash-Out Refinance Revisions

For Agency non-AUS loans, the amount of cash back the borrower may receive on a limited cash-out refinance transaction was increased from the "lesser of 2% of the new refinance loan amount or \$2,000" to the "greater of 1% of the new refinance loan amount or \$2,000." This update aligns the maximum allowable cash back for non-AUS limited cash-out refinance transactions with the requirements for DU limited cash-out refinance transactions (*previously announced in Product Release Bulletin [COR25-057](#)*).

We also refreshed various Agency DU limited cash-out refinance requirements to more closely align with Fannie Mae's wording and to remove duplicated guidance (*now that non-AUS and DU requirements for the maximum allowable cash back are the same*). For these additional updates, requirements intent remained the same.

Bulletin Details, continued

Standards Improvements Updates

In support of our standards improvement initiative, we:

- removed non-AUS second home and non-AUS investment property transactions requirements under the “Multiple Financed Properties for the Same Borrower” subtopic (*due to ineligibility, as previously announced in Product Release Bulletin [COR21-013](#)*)
- revised non-AUS requirements under the following subtopics to reflect the existing requirement that states the representative credit score must be used to determine if the minimum credit score requirement has been met for the loan transaction is an overlay:
 - Assets as Qualifying Income (Employment-Related Assets as Qualifying Income)
 - Calculation of LTV/TLTV/HTLTV Ratios
 - Credit Score Requirements
- refreshed requirements in the following subtopics to more closely align with Fannie Mae’s wording and/or presentation of guidance and to promote clarity in our published Agency requirements (*intent of requirements remained the same*):
 - Calculation of LTV/TLTV/HTLTV Ratios
 - Credit Reports
 - Homeownership Education and Housing Counseling
 - Multiple Financed Properties for the Same Borrower
 - Nontraditional Credit History
 - Underwriting the Borrower

Before and After Matrices

- [Click here](#) to see the before and after matrix that provides a detailed overview of all Agency rental income and limited cash-out refinance related revisions.
- [Click here](#) to see the before and after matrix that provides a detailed overview of all Agency DU Version 12.0 release and standards improvements related revisions.

Revised Materials

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

Note: The Agency Loan Standard, Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Standard, and CorrAdvantage Standard documents will be revised on December 5, 2025, to reflect the DU Version 12.0 release and standards improvements related revisions announced 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.

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