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## Agency HomeStyle Energy and Home Possible Plus Product Eliminations, HomeStyle Renovation, Gifts, DU Version 12.1 Release, and Other Revisions

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

- announce the elimination of the HomeStyle® Energy mortgage product offering
- expand eligible upfront disbursements and clarify limited cash-out refinance transactions requirements for HomeStyle® Renovation mortgages (See “Bulletin Details” for a reminder regarding underwriting and delivery restrictions for HomeStyle Renovation mortgages)
- remove the 3% acceptability requirement for Agency 7/6-Month and 10/6-Month SOFR ARMs
- revise the definition of acceptable donors for gift funds
- clarify requirements related to the number of nontraditional credit references required for DU transactions

We announce the release of Fannie Mae’s DU Version 12.1, scheduled for this weekend, March 21, 2026. The changes in this DU release will include updates related to the following:

- HomeStyle® Refresh, a rebranded version of Fannie Mae’s HomeStyle Energy mortgage

**Note:** Truist is **not** aligning with this update and therefore, HomeStyle Refresh mortgage transactions will not be eligible for purchase by Truist. See “Bulletin Details” for additional information.

- expanded eligibility of the use of rental income from accessory dwelling units for qualification
- enhanced ability for the DU Validation Service to match employers’ names
- messaging updates related to the following:
  - base income
  - removal of the 3% acceptability requirement for Agency 7/6-Month and 10/6-Month SOFR ARMs
  - revised documentation requirements for loans with rental income reported from a business, previously announced in Product Release Bulletin [COR25-067](#)
- retirement of DU Version 11.1

We provide notification of upcoming Home Possible® mortgage updates related to the following:

- determining borrower qualifying income
- ineligibility of unsecured loan proceeds as a source of funds
- elimination of the Home Possible Plus mortgage product offering

We also refresh DU “Multiple Financed Properties for the Same Borrower” requirements to more closely align with Fannie Mae’s wording and/or presentation of guidance.

## Effective Dates

- All Home Possible related updates are effective for new and existing locks for loans with applications dated on or after April 12, 2026.
  - **Purchase Deadline:** To meet Freddie Mac delivery requirements, Home Possible pipeline loans with applications dated **prior to** April 12, 2026, **and** underwritten to currently published requirements that are impacted by the updates outlined in this bulletin will be honored; however, they must be purchased by Truist on or before May 27, 2026. (See “*Bulletin Details*” for additional information.)
- Fannie Mae retires DU Version 11.1 on March 21, 2026.
- The DU Version 12.1 release related changes will apply to new loan casefiles submitted to DU on or after the weekend of March 21, 2026, with the following exception:
  - The DU Validation Service enhancement will apply to DU Version 12.1 loan casefiles and to DU Version 12.0 loan casefiles submitted or resubmitted to DU on or after the weekend of March 21, 2026.

**Note:** Loan casefiles created in DU Version 12.0 and resubmitted after the weekend of March 21, 2026, will continue to be underwritten through DU 12.0.

- The HomeStyle Energy mortgage product elimination is effective for new locks on or after March 20, 2026.
- All remaining updates are effective for new and existing locks on or after March 20, 2026.

## Background Information

Fannie Mae SEL-2025-10 introduced HomeStyle Refresh, announced updated and clarified HomeStyle Renovation financing requirements, and announced the removal of the 3% acceptability requirement for Agency 7/6-Month and 10/6-Month SOFR ARMs. Fannie Mae SEL-2026-01 announced a revised definition of acceptable donors for gift funds and clarified DU nontraditional credit requirements. In Desktop Underwriter/Desktop Originator Release Notes DU Version 12.1, Fannie Mae announced DU Version 12.1 related updates. Freddie Mac Bulletin 2026-1 announced upcoming Home Possible mortgage updates. In response to these publications, we evaluated technology, operational, and standard document impacts and identified the updates we are currently able to implement 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

### HomeStyle Energy and HomeStyle Refresh

For non-AUS and DU loans, Fannie Mae recently introduced HomeStyle Refresh, a rebranded version of their HomeStyle Energy mortgage with expanded financing options and streamlined requirements. Due to current technology and operational constraints to support, Truist is not aligning with this update. As a result, HomeStyle Refresh mortgage transactions will not be eligible for purchase by Truist (*new overlay*). Additionally, effective today, March 20, 2026, Truist will no longer accept new locks for HomeStyle Energy

## Bulletin Details, continued

### HomeStyle Energy and HomeStyle Refresh, continued

mortgages. With today's updates, all references to HomeStyle Energy have been removed from impacted standard documents.

#### Notes:

- *The above referenced HomeStyle Refresh purchase restriction and HomeStyle Energy product elimination applies under the CorrAdvantage execution as well.*
- *No existing HomeStyle Energy loans have been identified in Truist's current pipeline of loans.*

### HomeStyle Renovation

For non-AUS and DU loans, we revised HomeStyle Renovation requirements as follows:

- **Increased Flexibility for Initial Renovation Disbursement**
  - Lenders may now disburse up to 50% of the total costs at closing. Eligible uses include the following: material purchases, permit fees, architectural and design services, or borrower deposits.
- **Clarification for HomeStyle Renovation Limited Cash-Out Refinance Transactions**
  - Lenders may use HomeStyle Renovation limited cash-out refinance transactions to buy out a co-owner's interest, such as in cases of inheritance or divorce, while completing renovations. Borrowers may not receive any cash proceeds from these transactions, including those typically permitted under a standard limited cash-out refinance eligibility requirement.

**Reminder:** *All HomeStyle Renovation mortgage transactions must be underwritten by the Correspondent lender (approved by Truist for delegated underwriting authority). Additionally, HomeStyle Renovation mortgage transactions are ineligible for delivery under the CorrAdvantage execution.*

### Removal of the 3% Acceptability Requirement for Agency 7/6-Month and 10/6-Month ARMs

Prior to today's update for non-AUS and DU loans, lenders were required to determine whether an ARM loan was acceptable for purchase by subtracting the initial note rate of the loan from the fully indexed rate in effect when the loan originated. The difference could not exceed 3%. With today's update, we removed this 3% acceptability requirement for Agency 7/6-Month and 10/6-Month SOFR ARMs.

**Note:** *The 3% acceptability requirement remains for Agency 5/6-Month ARM loan purchases.*

### Personal Gifts – Acceptable Donors

For non-AUS and DU loans, we revised the definition of an acceptable "non-relative" donor for gift funds. With this update, reference to "godparent" was removed and replaced with the following: *"an individual with a long-standing familial-like or mentorship relationship with the borrower."* Acceptable donor requirements now read as follows:

## Bulletin Details, continued

### Personal Gifts – Acceptable Donors, continued

- **Acceptable Donors**

- A gift can be provided by:
  - a relative, defined as the borrower’s spouse, child, or other dependent, or by any other individual who is related to the borrower by blood, marriage, adoption, or legal guardianship; or
  - a non-relative that shares a familial relationship with the borrower defined as a domestic partner (or relative of the domestic partner), individual engaged to marry the borrower, former relative, or an individual with a long-standing familial-like or mentorship relationship with the borrower.
- The donor may not be, or have any affiliation with, the builder, the developer, the real estate agent, or any other interested party to the transaction.

***Note:** Gift funds from the seller who is also an acceptable donor and not affiliated with any other interested party to the transaction are allowed. The donor of a gift of equity is not considered an interested party to the transaction.*

### Number of Nontraditional Credit References

For DU loans, we clarified requirements related to the number of nontraditional credit references as follows:

- DU messages will specify when a nontraditional credit history must be documented.
- If DU requires a nontraditional credit history to be documented, at least two credit references for each borrower are required.
- No additional documentation is required if DU conducts a cash flow assessment and issues a message that the third-party asset verification report may be used to satisfy the “Documentation and Assessment of a Nontraditional Credit History” requirements.

### DU Version 12.1 Updates

Highlights of the DU Version 12.1 updates are outlined in the table below.

Topic	Update
HomeStyle Refresh	DU will be updated to support HomeStyle Refresh, Fannie Mae’s rebranded version of HomeStyle Energy. <b>Truist is not aligning with this update.</b> See the “HomeStyle Refresh and HomeStyle Energy” topic previously presented in this bulletin for additional details.
Accessory Dwelling Units	<ul style="list-style-type: none"> <li>• Currently published DU requirements reflect that HomeReady mortgage loan transactions only are eligible for the use of rental income from an accessory dwelling unit (ADU) for qualification when specific requirements are met. With the DU Version 12.1 release, DU will be updated to expand eligibility of the use of rental income from an ADU unit on a 1-unit primary residence for qualification to non-HomeReady [i.e., Standard Agency, Agency Plus, Agency Plus Select, and Texas Section 50(a)(6)] mortgages. DU will also be updated to determine if the amount of rental income used for qualifying purposes from the ADU exceeds 30% of the borrower’s total qualifying income.</li> </ul>

## Bulletin Details, continued

### DU Version 12.1 Updates, continued

Topic	Update
Accessory Dwelling Units, continued	<ul style="list-style-type: none"> <li>Rental income from an existing ADU can be used in qualifying with the following conditions:                             <ul style="list-style-type: none"> <li>one-unit, primary residence only,</li> <li>rental income from only one ADU allowed,</li> <li>purchase or limited cash-out refinance transactions, and</li> <li>qualifying rental income amount from the ADU is limited to 30% of the total qualifying income.</li> </ul> </li> </ul> <p><b>Note:</b> All other requirements for documentation of rental income apply.</p>
DU Validation Service	The DU validation service will be updated to enhance the ability to match the employer’s name in the loan application to the employer’s name on the verification of employment or verification of income and employment report. As a reminder, when the employer’s name does not match, a DU message will specify the name of the active employer(s) observed in the verification report.
DU Message Updates	<ul style="list-style-type: none"> <li><b>ARMs:</b> The DU ARM messages will be updated to reflect the removal of the 3% acceptability requirement for Agency 7/6-Month and 10/6-Month SOFR ARMs. See the “Removal of the 3% Acceptability Requirement for Agency 7/6-Month and 10/6-Month SOFR ARMs” topic previously presented in this bulletin for additional details.</li> <li><b>Base Income:</b> The messages issued when base income is provided on the loan application will be updated to ensure those messages are not also issued when the borrower only provides <b>Other Employment</b> income as the <b>Other Employment Income</b> verification message informs the lender of the documentation needed to support that income.</li> <li><b>Rental Income:</b> Product Release Bulletin <a href="#">COR25-067</a> announced 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. The DU messages specifying the requirement for tax returns will be updated to reflect this alignment.</li> </ul>
Retirement of DU Version 11.1	With the release of DU Version 12.1, Fannie Mae retires DU Version 11.1. Complete final submissions of all DU Version 11.1 loans (to DU Version 11.1) before March 21, 2026, or obtain an updated underwriting recommendation by submitting a new loan casefile to DU Version 12.1 on or after the weekend of March 21, 2026.

### Home Possible Mortgage Updates

Freddie Mac recently announced the following upcoming updates for Home Possible mortgages:

- Borrower Qualifying Income:** When determining the borrowers’ qualifying income for Home Possible mortgages, the borrowers’ base earnings must be considered for both non-fluctuating and fluctuating employment earnings before any additional employment earnings (e.g., bonus, commission, overtime, tips) may be considered.
- Sources of Funds:** Unsecured loan proceeds may no longer be used as a source of funds for Home Possible mortgages.
- Ineligible Mortgages:** Home Possible Plus (i.e., high-balance Home Possible) mortgages will no longer be eligible.

Truist will be aligning with the above referenced Home Possible updates, effective for new and existing locks for loans with applications dated **on or after** April 12, 2026. Additionally, LPA will be updated on April 12, 2026, to support these changes.

## Bulletin Details, continued

### Home Possible Mortgage Updates, continued

- **Impact of these Updates to Existing Home Possible Pipeline Loans:**

- To meet Freddie Mac delivery requirements, Truist is imposing a purchase cut-off date for Home Possible pipeline loans that are underwritten to currently published requirements that are impacted by the updates outlined above. As a result, the following Home Possible pipeline loans with applications dated **prior to** April 12, 2026, will be honored; however, they must be purchased by Truist on or before May 27, 2026:
  - Home Possible loans where the borrowers' base earnings for both non-fluctuating and fluctuating employment earnings were **not** considered before any additional employment earnings (e.g., bonus, commission, overtime, tips) were considered for qualification
  - Home Possible loans where unsecured loan proceeds were used as a source of funds for the Home Possible mortgage
  - Home Possible Plus loans

**Note:** *As of today, no existing Home Possible Plus loans have been identified in Truist's current pipeline of loans.*

### Standards Improvements Updates

In support of our standards improvement initiative, we refreshed DU "Multiple Financed Properties for the Same Borrower" requirements to more closely align with Fannie Mae's wording and/or presentation of guidance (*intent of requirements remained the same*).

### Before and After Matrix

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

**Note:** *A before and after matrix detailing all impacted standard documents revisions to support the Home Possible mortgage updates outlined in this bulletin will be included in our Friday, April 10, 2026, product release bulletin publication. Additionally, the Home Possible updates will be incorporated into impacted standard documents on Friday, April 10, 2026.*

### Revised Materials

Click [Title Insurance Standard](#), [Agency Loan Standard](#), [Fannie Mae HomeReady®](#) and [Freddie Mac Home Possible® Mortgages Standard](#), [CorrAdvantage Standard](#), and [Agency Overlay Matrix](#) 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 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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