Agency LPA Income Revisions and Reminder Regarding Upcoming Agency Condominium Project Review Requirements Updates

Truist Bank (Truist) revises Agency Loan Product Advisor® (LPA℠) income requirements as a result of previously announced Freddie Mac updates. With these LPA income updates we:

- clarify existing income continuance start date requirements for various income types
- update employed income requirements to add clarity and/or flexibility related to the following:
  - examples included in the employed income requirements
  - base non-fluctuating employment earnings types
  - base fluctuating hourly employment earnings – calculation methods
  - excluding time periods based on a specific event unlikely to recur
- remove the W-2 documentation requirement for military base pay and entitlements
- revise pension income documentation requirements
- revise tax-exempt income requirements by:
  - removing the requirement for documentation of the tax-exempt status for child support and Housing Choice Voucher homeownership program *(also referred to as Section 8)* payments
  - clarifying requirements related to calculating tax-exempt income
- refresh various income requirements to promote clarity and to more closely align with Freddie Mac's wording and/or presentation of guidance *(requirements intent remain the same)*

We also take the opportunity to provide a reminder regarding the following upcoming Agency non-AUS, Desktop Underwriter® (DU®), and LPA condominium project review requirements updates *(previously announced in Product Release Bulletin COR26-029)*:

- retirement of the Limited Review (Fannie Mae) and Streamlined Review (Freddie Mac) processes
- enhanced reserve study requirements

Effective Dates

- All LPA income related updates are effective for new and existing locks on or after July 17, 2026.
- The retirement of the Limited Review (Fannie Mae) and Streamlined Review (Freddie Mac) processes and the enhanced reserve study requirements for Agency condominium loan transactions will be effective for new locks for loans with applications dated on or after August 03, 2026.

Background Information

Freddie Mac Bulletins 2025-6, 2025-7, 2025-16, 2026-1, and 2026-4 announced various income related updates. In response to these publications, we reviewed impacted standard documents and identified the opportunity to implement revisions to align with Freddie Mac requirements. Product Release Bulletin COR26-029 provided an advance notice of upcoming condominium project review requirements updates. We take the opportunity to provide a reminder regarding these upcoming condominium related updates. We also continue

Background Information, continued

to identify opportunities to improve the presentation of our published Agency requirements.

Bulletin Details

Agency LPA Income Revisions

Highlights of the Agency LPA income revisions are outlined in the table below.

<table>
<tr><th>Topic</th><th>Update</th></tr>
<tr><td>Income Continuance Start Date</td><td>We clarified existing Agency LPA income continuance requirements when the duration is defined and documentable by adding the “application received date” as a start date for the three-year continuance requirement (Note: This does not represent a change to existing requirements). This update applies to the following income types, when applicable:
<table>
<tr><th>Income Type</th><th>Continuance Category</th></tr>
<tr><td>Alimony, Child Support, and/or Separate Maintenance</td><td>Duration of obligation is defined and documentable.</td></tr>
<tr><td>Housing Choice Voucher (HCV) Homeownership Program (also referred to as Section 8)</td><td>Duration of HCV term limit is defined and documentable.</td></tr>
<tr><td>Mortgage Differential
Nonrecurring Restricted Stock and Restricted Stock Unit Awards Subject to Time-Based Vesting Provisions
Notes Receivable
Royalty Payments (Fixed Payments)
Trust Income (Fixed Payments)</td><td>Duration of payment and/or payment eligibility is defined and documentable.</td></tr>
<tr><td>Long-Term Disability
Public Assistance (e.g., Temporary Assistance for Needy Families)
Retirement Income (not including retirement account distributions as income)
Survivor and Dependent Benefit Income</td><td>May or may not have documentable continuance.</td></tr>
</table></td></tr>
<tr><td>Employed Income</td><td>We revised Agency LPA employed income requirements to reflect the following:

Employed Income Examples: Employed income examples are provided for illustrative purposes only and do not represent the only allowable scenario(s).
Base Non-Fluctuating Employment Earnings Type Updates:

Minor Fluctuations in Hours: Minor variations in base hours on paystubs (e.g., borrower clocked out a few minutes early) are acceptable and may be treated as base non-fluctuating earnings when the variation is no more than an hour per week. Minor variations do not automatically render the base earnings as fluctuating if the historical earnings support the level of pay.
Minimum Required Hours Exception for Primary Employment: For borrowers with primary employment earnings that fluctuate but have a position with a minimum number of required hours, the earnings may be considered non-fluctuating, and the minimum required hours are acceptable to use for gross pay when the following requirements are met:

The lender must obtain written documentation from the employer confirming the minimum required hours (i.e., written verification of employment (VOE), offer letter, or equivalent documentation).
The documented minimum required hours must be supported by year-to-date (YTD) income and prior year, as applicable.

Only the minimum required hours may be considered non-fluctuating. The requirements for fluctuating employment earnings apply to any additional hours used to qualify the borrower.

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Bulletin Details, continued

Agency LPA Income Revisions, continued

Topic	Update

Employed Income, continued	• **Base Fluctuating Hourly Employment Earnings – Calculation Method Updates**:
	  ◦ Specified that the base fluctuating hourly earnings must be averaged over the most recent year(s) and YTD income, with examples
	  ◦ Added exception language for when a lender may average using ***less than*** the most recent year(s) and YTD income, if the income is supported by the employment history, historical earnings, and documentation, with examples
	• **Excluding Time Periods Based on a Specific Event Unlikely to Recur**: We clarified existing requirements that permit calculation to be based on a shorter number of months (no less than 12 months combined) in certain instances for base fluctuating hourly earnings and bonus, overtime, commission, and tip earnings by adding a specific section/row (titled **Calculation: Excluding Time Periods Based on a Specific Event Unlikely to Recur**) to the following income subtopics:
	  ◦ Base (Salary or Hourly) Income
	  ◦ Bonus and Overtime Income
	  ◦ Commission Income
	  ◦ Tip Income

Employed Income - Military Earnings	For Agency LPA loans, we removed the IRS Form W-2 documentation requirement for military base (basic) pay and military entitlements.
Pension Income Documentation	We revised Agency LPA income documentation requirements for existing and established pension income to reflect the following: • When IRS Form 1099 is used to document current receipt and verifies income type and source, the age of documentation requirements do not apply.
Tax-Exempt Income	We revised Agency LPA tax-exempt income requirements as follows: • Removed the requirement to provide documentation evidencing the tax-exempt status of income from child support and Housing Choice Voucher homeownership program payments • Clarified requirements related to calculating tax-exempt income and included examples *(requirements intent remained the same)*
Standards Improvements	In support of our standards improvements initiative, we also refreshed various Agency LPA income requirements to more closely align with Freddie Mac's wording and/or presentation of guidance. For these additional updates, requirements intent remained the same. *See the "Before and After" Matrix attached to this product release bulletin for a complete overview of all impacted income subtopics.*

Reminder Regarding Upcoming Agency Condominium Project Review Requirements Updates

As previously announced in Product Release Bulletin COR26-029, the Agency non-AUS, DU, and LPA condominium project review requirements updates outlined in the table below will be published by Truist on **Friday, July 31, 2026.** These updates will be **effective for new locks for loans with applications dated on or after August 03, 2026.**

Topic	Update
Retirement of the Limited Review and Streamlined Review Processes	The Limited Review (Fannie Mae) and Streamlined Review (Freddie Mac) options are being **retired**. When this change is implemented, projects previously eligible for a Limited/Streamlined Review must be reviewed using the lender-delegated Full Review process for established projects (Fannie Mae and Freddie Mac), Freddie Mac's Reciprocal Review process, or, if eligible, they may also be reviewed under the Waiver of Project Review (Fannie Mae) or Exempt from Review (Freddie Mac) options.

Bulletin Details, continued

Reminder Regarding Upcoming Agency Condominium Project Review Requirements Updates, continued

Topic	Update
Retirement of the Limited Review and Streamlined Review Processes, continued	***Note**: This update will also effectively retire the remaining geographic restrictions that apply to the state of Florida. Geographic restrictions remain in effect until the Limited/Streamlined Review processes are retired on August 03, 2026.*
Enhanced Reserve Study Requirements	Requirements will be updated to clarify when lenders obtain a reserve study to demonstrate a project has sufficient reserves *(when it is not budgeting for replacement reserves that meet Fannie Mae and Freddie Mac requirements)*, the following requirements will apply: • the project's budget must include the highest recommended reserve allocation amount in the reserve study, and • the highest recommended reserve allocation amount must **not** be based on a baseline funding method, where the reserve cash balance approaches but never falls below zero. ***Note**: If Truist has an unexpired project review completed prior to the effective date of this change, Truist must still confirm that the project complies with the revised requirements for applications dated on or after August 03, 2026.*

***Important Notes**:*

- *Currently published requirements remain in effect until the updates outlined above are effective.*
- *With the DU Version 12.1 June Update implemented on the evening of June 26, 2026 (announced in Product Release Bulletin COR26-036), Fannie Mae retired the Limited Project Review message prior to the August 03, 2026 effective date of the retirement of their Limited Project Review process. As a result, DU loan casefiles submitted or resubmitted to DU on or after the evening of June 26, 2026, will now receive a message indicating that a **Full Project Review** is required. This means that DU Underwriting Findings reports that previously reflected eligibility for a Limited Project Review will no longer display that messaging if the loan casefile is resubmitted to DU on or after June 26, 2026. For Agency loans with applications dated **prior to** August 03, 2026 that are secured by an attached unit in an established condominium project, the Truist Condominium Department and/or the Correspondent lender with delegated projects underwriting authority may continue to assess eligibility for a Limited Project Review based on currently published requirements. If the loan meets those requirements, a Limited Project Review may be completed, and the DU message indicating that a Full Project Review is required may be disregarded. Contact the Truist Condominium Department by e-mail at Mortgage.condodesk@truist.com with any questions.*

Before and After Matrix

Click here to see the before and after matrix that provides a detailed overview of all Agency LPA income requirements revisions.

Revised Material

Click Agency Loan Standard to review the revised product material.

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.