TRUIST

Product Release

Information for Correspondent Lenders of Truist Bank
July 31, 2026 • COR26-042

Alert	**Update**	Reminder	Clarification	Training Information	Preview

Self-Employed Income Underwriting Standard Updates for the Key Loan Program

As part of our continued effort to align the Key Loan underwriting standards more closely with GSE requirements, Truist takes the opportunity to update the underwriting standards and guidance for self-employed income for the Key Loan Program. These changes provide more comprehensive guidance for evaluating self-employed borrowers, enhancing consistency in income analysis, and reducing unnecessary documentation requirements.

Effective Dates

Effective for new and existing locks on July 31, 2026.

Background Information

Truist currently permits lending to self-employed borrowers while applying heightened documentation and review requirements related to business stability, tax return analysis, income trends, and borrower ownership percentages. This update will more closely align self-employed income requirements with the GSEs and broader market practices.

Bulletin Details

Key Loan Standard Updates for Self-Employed Income

With this update, Truist aligns the following self-employed requirements with GSE guidance (refer to the B&A for complete details):

1. **Expanded self-employed borrower guidance**
   Replacement of limited requirements with comprehensive guidance on evaluating self-employed borrowers, including business stability, cash flow analysis, income distributions, and business viability considerations.
2. **Self-Employment History**
   Maintains the general expectation of a two-year earnings history but now permits consideration of borrowers with at least one full year of self-employment income when supported by prior experience in a similar field or occupation.
3. **Extended validity period for self-employed Verification of Employment (VOE)**
   Increases the allowable timeframe for self-employed verbal verification of employment/business verification from 30 to 120 calendar days, reducing operational friction while remaining consistent with industry practices.

Bulletin Details, continued

4. **Balance Sheet Requirement**
   Requirement to obtain balance sheets for all self-employed borrowers is removed. A balance sheet is required when year-to-date earnings exceed historical income, and the increased income is being used for qualification. Aligning documentation requirements more closely with GSE practices.
5. **Profit and Loss (P&L) Statements**
   Allows unaudited profit and loss statements in most cases and requires additional support only when YTD earnings exceed historical income and is being used for qualification.
6. **Non-Borrowing Spouse Clarification**
   Clarifies that self-employed co-borrower income not used for qualification generally does not need to be documented or analyzed while ensuring any personally obligated business debt remains included in debt-to-income calculations.
7. **Streamlined tax transcript requirements**
   Clarifies that IRS transcripts are required for personal tax returns used to qualify, while IRS Form 4506-C is no longer required for business tax returns. This reduces documentation burden while maintaining income validation controls.
8. **Enhanced business existence verification guidance**
   Clarifies acceptable methods for verifying an active business, including regulatory agencies, licensing authorities, CPA verification, business listings, and internet-based verification sources.
9. **Treatment of Schedule K-1 income**
   Guidance is expanded for borrowers with less than 25% ownership interest and clearly distinguishes documentation requirements based on ownership percentage.

Before and After Matrix

Click here to see the before and after matrix that provides a detailed overview of all standard revisions.

Revised Materials

Click the Key Loan Standard and the Key Loan Eligibility Checklist (COR 0650) 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.