Maryland Automatic Subordinations

Truist Bank (Truist) is expanding automatic-subordination eligibility to qualifying refinance transactions secured by Maryland properties. When all requirements are met, the statutory automatic-subordination process may be used instead of obtaining a separate subordination agreement.

Effective Date

Effective for existing and new loan applications on or after September 25, 2026.

Background Information

Maryland law permits an existing junior lien to automatically subordinate to a new first-lien refinance mortgage in certain circumstances. Truist will permit this process when the requirements of Maryland State law and the applicable Truist lending standards are met.

Bulletin Details

Maryland Automatic Subordinations

The revised guidance applies to the following products:

- Agency non-AUS, Desktop Underwriter® (DU®), and Loan Product Advisor® (LPA®)
- Agency Plus DU and LPA
- HomeReady® non-AUS and DU; Home Possible® LPA; HomeReady Plus DU
- Texas Equity 50(a)(6)
- Key Loan
- FHA, VA, and Rural Development (RD)

The property being refinanced must satisfy all of the following conditions:

- The real property is located in Maryland and is subject to a subordinate lien.
- The transaction refinances indebtedness secured by a first mortgage or deed of trust. The subject property is not required to be a primary residence.
- The principal amount secured by the junior lien does not exceed $150,000.
- The new refinance mortgage does not exceed the unpaid principal balance of the existing first mortgage or deed of trust, plus closing costs not exceeding $5,000. Cash-out refinances are not eligible for the automatic process.
- The interest rate is stated in the refinance mortgage when recorded and is lower than the rate stated in the prior mortgage.
- A completed Maryland Automatic Subordination Checklist (COR 1381) is required in the loan file.

Bulletin Details, continued

Maryland Automatic Subordinations, continued

***Important Notes**:*

- Automatic subordination is not eligible for a subordinate lien provided by a federal, state, or local government agency, including an affordable-housing lien subject to the statutory non-subordination notice described in the revised standards.
- Maryland automatic subordination may be used with any lender's second mortgage when all applicable state and Truist requirements are met.

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 Section 1.26: Subordination of Truist Second Mortgage Loans 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.