

Alert

Update

Reminder

Clarification

Training
Information

Preview

HomeStyle Renovation and CHOICERenovation Guideline Revisions

Truist Bank (Truist) revises requirements related to Agency HomeStyle[®] Renovation loans as a result of recently announced Fannie Mae updates. With these updates we:

- clarify renovation contract requirements
- revise renovation loan agreement requirements
- clarify closing and loan settlement documentation requirements

We revise the renovation completion/loan delivery timeframe (*to Truist for purchase*) for HomeStyle Renovation and CHOICERenovation[®] adjustable rate mortgage (ARM) loans from within 5 months to within 9 months of the date of the mortgage note. This renovation completion/loan delivery timeframe remains a Truist overlay.

Additionally, we revise HomeStyle Renovation guidelines to reflect the ineligibility of non-AUS second home and investment property transactions (previously announced in [COR21-013](#)).

Effective Dates

- The update related to the ineligibility of non-AUS second home and investment property transactions was effective for loans purchased by Truist on or after March 15, 2021.
- The revised renovation completion/loan delivery timeframe for HomeStyle Renovation and CHOICERenovation ARM loans is effective immediately for existing and new loan applications on or after April 29, 2022.
- All other updates are effective immediately for new loan applications on or after April 29, 2022.

Background Information

Fannie Mae SEL-2022-01 announced updated requirements related to HomeStyle Renovation loans. In response to this publication, we reviewed impacted guidelines and identified the need to implement revisions to more closely align with Fannie Mae requirements.

Additionally, to promote consistency between the HomeStyle Renovation and CHOICERenovation mortgage program offerings, we identified the opportunity to revise the renovation completion/loan delivery timeframe overlay for ARM loans to align with Truist's existing requirement for fixed rate mortgages. We also take the opportunity to incorporate a previously announced update within our guideline documents.

Bulletin Details

HomeStyle Renovation and CHOICERenovation Guideline Revisions

- For non-AUS and Desktop Underwriter[®] (DU[®]) HomeStyle Renovation loans, we revise requirements to reflect the following:
 - the renovation contract must be fully executed by both the contractor and the borrower prior to closing
 - the lender must keep a copy of the fully executed renovation contract in the loan file
 - the renovation loan agreement must:
 - be fully executed by both the lender and the borrower at closing and dated the same date as the note
 - state the original principal amount of the related promissory note payable to the lender
 - include the property address
 - require the borrower to agree that all renovation work will be completed within the required timeframe and in accordance with the terms of the renovation contract (subject to approved change orders)
 - be kept in the loan file and the original document sent to the document custodian as part of the delivery package
 - the mortgage or an appropriate rider to the security instrument ("renovation loan rider to security instrument" or "security instrument rider") must grant the lender an assignment of rents as additional security for the loan and the right to appointment of a receiver of rents if the property is held for rental purposes

Product Release

Information for Correspondent Lenders of Truist Bank
April 29, 2022 • COR22-014



Bulletin Details, continued

HomeStyle Renovation and CHOICERenovation Guideline Revisions, continued

- For non-AUS and DU HomeStyle Renovation ARM and Loan Product Advisor® (LPASM) CHOICERenovation ARM loans, we revise the renovation completion/loan delivery timeframe (*to Truist for purchase*) to within 9 months of the date of the mortgage note. With this update, the renovation completion/loan delivery timeframe is now the same for both fixed rate and ARM loans under these renovation mortgage program offerings; however, remains a Truist overlay. (*Previously, for ARM loans, we required all renovation work to be completed and the loan delivered to Truist for purchase within 5 months of the date of the mortgage note.*)
- For HomeStyle Renovation loans, we revise “Property Requirements” guidance to **remove** reference to the eligibility of non-AUS second home and investment property transactions, as previously announced in Product Release [COR21-013](#).

Reminders:

- All HomeStyle Renovation mortgage and CHOICERenovation mortgage transactions must be underwritten by the Correspondent lender (approved by Truist for delegated underwriting authority). HomeStyle Renovation mortgage and CHOICERenovation mortgage transactions are not eligible for purchase if Truist underwrites the loan.
- Due to the unique activities and responsibilities required after closing (and prior to purchase) for HomeStyle Renovation mortgage and CHOICERenovation mortgage transactions, for additional clarity, all references to “lender” in HomeStyle Renovation and CHOICERenovation guidelines (unless otherwise noted) refers to the Correspondent lender underwriting and monitoring the completion of the HomeStyle Renovation mortgage and CHOICERenovation mortgage transaction.
- HomeStyle Renovation and CHOICERenovation mortgage transactions are ineligible for delivery under the CorrAdvantage execution.

Before and After Matrix

[Click here](#) to see the before and after matrix that provides a detailed overview of all guideline revisions.

Revised Materials

Click [Loan Delivery and Purchase Review](#), [Agency Loan Programs](#), and [Correspondent Agency Overlay Matrix](#) to review the revised product materials.

Former Guidelines

See the before and after matrix provided in the Bulletin Details section of this bulletin to access the former guidelines.

Other Resources

Support Group	Description and Contact Information:
Correspondent Relations Coordinator	Specific questions on applying this procedure to specific loan files. Contact Correspondent Relations Coordinators 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.

This information is for use by mortgage professionals only and should not be distributed to or used by consumers or other third parties. This is not for solicitation of sales. Information is accurate as of date of posting and is subject to change without current product details and lending procedure. Truist Bank does not guarantee or assume liability for any third-party products or services. Truist Bank is an Equal Housing Lender. ©2020 Truist Financial Corporation. SunTrust, Truist, and the BB&T|SunTrust now Truist logo are service marks of Truist Financial Corporation. All rights reserved.