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## Agency LPA CHOICERenovation and Delayed Financing Cash-Out Refinance Revisions

Truist Bank (Truist) revises Agency Loan Product Advisor® (LPA<sup>SM</sup>) requirements related to CHOICERenovation® mortgages and delayed financing cash-out refinance transactions as a result of previously announced Freddie Mac updates.

### Effective Dates

All updates are effective immediately for existing and new loan applications on or after October 28, 2022.

### Background Information

Freddie Mac Bulletin 2021-27 announced updates related to CHOICERenovation mortgages and delayed financing cash-out refinance transactions. In response to this publication, we reviewed impacted standards and identified the need to implement revisions to more closely align with Freddie Mac requirements.

### Bulletin Details

#### CHOICERenovation Mortgages

For LPA loans, we revise CHOICERenovation mortgage requirements, as follows:

- If the borrower chooses to have renovation work completed through a home improvement stores renovation program, up to 100% of the materials and renovation costs identified in the renovation contract (including labor costs) may be advanced and/or paid to a home improvement store at closing, when certain criteria are met, in lieu of such funds being deposited into a completion escrow account or custodial account for renovation funds.
- We revise requirements to reflect that the CHOICEReno eXPress<sup>SM</sup> mortgages option is not eligible for purchase by Truist (this is a new overlay).

**Reminder:** CHOICERenovation mortgage transactions are ineligible for delivery under the CorrAdvantage execution.

#### Delayed Financing Cash-Out Refinance Transactions

For LPA loans, we align with Freddie Mac and revise delayed financing cash-out refinance requirements to provide additional flexibility by permitting any funds that were borrowed to purchase the subject property to be paid down, instead of being paid off, as previously required. When borrowed funds are paid down and a balance remains:

- no additional cash-out is permitted, and

## Bulletin Details, continued

### Delayed Financing Cash-Out Refinance Transactions, continued

- the payment on any remaining outstanding balance of the borrowed funds must be included in the debt payment-to-income ratio.

### 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 [Agency Loan 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 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.

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