

Alert

Update

Reminder

Clarification

Training
Information

Preview

Agency Automated Employment Assessment with LPA Using Account Data and Other Revisions

Truist Bank (Truist) revises Agency Loan Product Advisor® (LPASM) requirements to align with previously announced updates from Freddie Mac. With these updates we:

- introduce Freddie Mac's automated employment assessment with LPA using account data, which provides lenders with the option for an automated solution to meet the 10-day pre-closing verification (PCV) requirement
- increase the maximum single investor concentration for certain condominium purchase transactions
- revise leasehold estate lease provisions related to non-monetary default requirements

Effective Dates

All updates are effective immediately for existing and new loan applications on or after August 18, 2023.

Background Information

Freddie Mac Bulletin 2022-11 announced updates related to the introduction of automated employment assessment with LPA using account data, maximum single investor concentration for condominium projects, and leasehold estate lease provisions related to non-monetary default requirements. In response to this publication, we reviewed impacted standard documents and identified the need to implement revisions to align with Freddie Mac requirements.

Bulletin Details

Automated Employment Assessment with LPA Using Account Data

For LPA loans, we have embraced automated employment assessment with LPA using account data, which is part of asset and income modeler (AIM). This offering provides the option for an automated solution to meet the 10-day PCV requirement, which verifies the borrower's current employment. Highlights of the requirements for automated employment assessment with LPA using account data are outlined below. *(See the attached before and after matrix for a complete list of automated employment assessment with LPA using account data requirements).*

- To utilize this offering, the lender must obtain a verification report that is produced by a third-party service provider designated by Freddie Mac or produced through a Freddie Mac-supplied application programming interface (API) using data transmitted by the lender. The lender must obtain Freddie Mac's written approval to transmit data through the API.
- This offering does not need to be used with other AIM offerings. Additionally, lenders can use the verification report to satisfy the 10-day PCV requirement regardless of the income representation and warranty eligibility result or asset representation and warranty eligibility result.

Bulletin Details, continued

Automated Employment Assessment with LPA Using Account Data, continued

- For purposes of verifying the borrower's employment, the borrower's depository history must be transmitted to Freddie Mac with a minimum of three consecutive payroll deposits from the same payor(s).
- The results of the automated employment assessment related to the 10-day PCV will be displayed in a message on the Feedback Certificate or reflected on the verification report with the "close-by-date".
- Alternatively, lenders can obtain a verification report after the note date but prior to the delivery date of the mortgage (to Truist) to confirm employment. In this case, the "close-by-date" will be after the note date; however, the 10-day PCV requirement will be met.
- If the lender does not use the automated employment assessment to meet the 10-day PCV requirement, then the lender must obtain a 10-day PCV.

Maximum Single Investor Concentration for Condominium Purchase Transactions

For LPA loans, we increased the maximum single investor concentration for purchase transactions on condominium projects if the following conditions are met:

- the purchase transaction will result in a reduction of the single investor concentration,
- the single investor does not own more than 49% of the units in the project,
- the single investor is marketing units for sale to further reduce their concentration to 25% or less (and can provide documentation to support),
- the single investor is current on all HOA assessments, and
- there are no planned or current special assessment in the project

Leasehold Estates

For LPA loans, we updated leasehold estate lease provisions related to non-monetary default requirements to remove a reference to nonpayment of ground rent, which is considered a monetary default.

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 [Condominium and PUD Approval Requirements Standard](#) and [Agency Loan Standard](#) 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.

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. ©2023 Truist Financial Corporation. All rights reserved.