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## Agency Rental Income Revisions

Truist Bank (Truist) revises Agency Loan Product Advisor® (LPA<sup>SM</sup>) rental income requirements to align with recently announced Freddie Mac updates. With these updates we:

- remove the requirement that a lease must have a minimum original term of one year
- specify that for newly executed leases, the first rental payment due date must be no later than the first payment due date of the mortgage
- update documentation requirements for receipt of two months rental income to require evidence that the payments were cashed or deposited into the borrower's depository account at a financial institution or transferred into a third-party money transfer application account owned by the borrower
- permit documentation of receipt of the security deposit plus first month's rental payment, in lieu of receipt of two months rental payments
- remove the appraisal requirement that at least one comparable sale must be from an accessory dwelling unit (ADU) that is rented, when rental income generated from an ADU on a subject 1-unit primary residence is used to qualify the borrower
- reformat the documentation requirements table for rental income generated from an ADU on a subject 1-unit primary residence

### Effective Dates

All updates are effective for existing and new loan applications dated on or after February 23, 2024.

### Background Information

Freddie Mac Bulletin 2023-19 announced updates related to rental income 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

#### Rental Income

For LPA loans, we revised rental income requirements as follows:

- removed the requirement that a lease must have a minimum original term of one year
- specified that for newly executed leases, the first rental payment due date must be no later than the first payment due date of the mortgage
- updated documentation requirements for receipt of two months rental income to require evidence that the payments were:
  - cashed or deposited into the borrower's depository account at a financial institution, or
  - transferred into a third-party money transfer application account owned by the borrower

## Bulletin Details, continued

### Rental Income, continued

- now permit documentation of receipt of the security deposit plus first month's rental payment, in lieu of receipt of two months rental payments
- removed the appraisal requirement that at least one comparable sale must be from an ADU that is rented, when rental income generated from an ADU on a subject 1-unit primary residence is used to qualify the borrower
- reformatted the documentation requirements table for rental income generated from an ADU on a subject 1-unit primary residence

### Before and After Matrix

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

### Revised Material

Click [Agency Loan Standard](#) to review the revised product material.

## 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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