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## Agency LPA Automated Income and Asset Assessment Revisions

Truist Bank (Truist) revises Agency Loan Product Advisor® (LPA<sup>SM</sup>) automated income and asset assessment requirements to align with previously announced Freddie Mac updates. With these updates, we announce enhancements to the following LPA asset and income modeler (AIM) offerings:

- automated income assessment with LPA using employed income data
- automated income assessment with LPA using tax data (i.e., LPA AIM for self-employed income)

***Reminder:** LPA loans for borrowers with self-employed income evaluated using automated income assessment with LPA using tax data (i.e., LPA AIM for self-employed income) must be underwritten by a Correspondent lender approved by Truist for delegated underwriting authority. These transactions are not eligible for purchase if Truist underwrites the loan.*

- automated asset assessment with LPA using account data

### Effective Dates

All updates are effective immediately for existing and new loan applications on or after May 10, 2024.

### Background Information

Freddie Mac Bulletins 2023-16 and 2024-1 announced updates related to automated income and asset assessment with LPA. In response to these publications, we reviewed impacted standard documents and identified the opportunity to implement revisions to align with Freddie Mac requirements.

### Bulletin Details

#### Automated Income Assessment with LPA Using Employed Income Data

We revised automated income assessment with LPA using employed income data requirements to reflect that data sourced directly from a borrower's paystub(s) and W-2 form(s) will now be included in the income assessment. Representation and warranty relief eligibility for the income calculation will be included on the LPA Feedback Certificate. LPA has been updated to incorporate this change, including [feedback message updates](#).

#### Automated Income Assessment with LPA Using Tax Data (i.e., LPA AIM for Self-Employed Income)

We revised automated income assessment with LPA using tax data requirements to reflect that tax transcript data can now be included in the income assessment for self-employed borrowers who are sole proprietors and report income on IRS Form Schedule C (Form 1040). If other self-employed income is reflected on other tax schedules (e.g., Schedule E or Schedule F), the mortgage is not eligible for the automated assessment using tax transcripts.

## Bulletin Details, continued

### Automated Income Assessment with LPA Using Tax Data (i.e., LPA AIM for Self-Employed Income), continued

Lenders may request from the IRS, via a service provider, a tax transcript of the borrower's federal individual income tax return(s). LPA will retrieve the tax transcript data from the service provider and assess for income and data representation and warranty relief eligibility and return the results of the assessment on the LPA Feedback Certificate. LPA has been updated to incorporate this change, including [feedback message updates](#).

**Note:** See the *Bulletin Summary (on page one)* for a reminder regarding the underwriting restriction for loans purchased using this AIM offering.

### Automated Asset Assessment with LPA Using Account Data

We revised automated asset assessment with LPA using account data requirements as follows:

- added gifts and grants as eligible sources of funds
- added securities and retirement accounts as eligible asset types
- revised requirements to reflect that for purchase transactions, when LPA identifies large deposits, it will issue feedback messaging identifying the amount of the large deposits for which the lender must document the source of funds
- introduced partial representation and warranty relief, subject to additional documentation requirements

**Note:** Examples of additional documentation may include gift letters, documentation sourcing large deposits, or proof of liquidation of retirement accounts.

LPA has been updated to incorporate these changes, including [feedback message updates](#).

### 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 [Underwriting 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 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.

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