

Alert

Update

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Preview

Updates to RD HB-1-3555, Chapters 9, 10 and 16

Truist Bank (Truist) is aligning with the Single Family Housing Guaranteed Loan Program’s (SFHGLP’s) recent announcement regarding revisions to RD HB-1-3555, Chapters 9, 10, and 16.

Effective Dates

Effective for existing and new RD loan applications on or after May 10, 2024.

Background Information

On April 08, 2024, SFHGLP announced revisions to RD HB-1-3555, Chapter 9, Income Analysis; Chapter 10, Credit Analysis; and Chapter 16, Closing the Loan and Requesting the Guarantee.

Bulletin Details

Truist aligns with the following updates:

Chapter 9, Income Analysis:

- Clarified that tax transcripts not received prior to closing will not delay the loan closing, but are still required to be obtained and retained in lender’s permanent loan file.
- Written and email verifications are acceptable methods for verifying employment within 10 days of closing.
- Clarified the most recent asset information available at the time of loan application should be obtained.
- Removed “part-time income” from the Income and Documentation Matrix and included this type of income under “base wages”.
- Clarified repayment income guidance for “unreimbursed employee or business expenses” on the Income and Documentation Matrix.
- Added requirement to verify the income for each adult household member for the previous 2 years. Annual and adjusted annual income calculations must include all eligible income sources from all adult household members, not just parties to the loan note.
- Clarified that the use of social security benefits as repayment income is permissible when the income is reasonably expected to continue for at least 3 years into the mortgage.
- Added “foreign assets” to the Assets and Reserves Matrix.
- Updated guidance on the sourcing of gift funds to eliminate the level of sensitive financial documentation requested from the gifting party.
- Updated the list of Federally Mandated Exclusions from Income.

Bulletin Details, continued

Chapter 10, Credit Analysis:

- Added monthly subscription services, gym memberships, etc. to the list of eligible sources of non-traditional credit.

Chapter 16, Closing the Loan and Requesting the Guarantee:

- Updated the maximum insurance deductible permitted to 5% of the total coverage amount for hazard insurance and \$10,000 for flood insurance.
- Clarified that when permitting a high deductible, Truist must be mindful of the applicant's repayment ability to ensure the deductible selected is reasonable and will not cause undue hardship on the applicant.

Revised Material

Click [Section 2.24 Rural Development Loan Standard](#) to review the revised material.

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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