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Agency Appraisal, Leasehold, Limited Cash-Out Refinance, and Other Revisions

Truist Bank (Truist) revises Agency non-AUS and Desktop Underwriter® (DU®) requirements to more closely align with recently announced Fannie Mae updates. With these updates we:

- add clarifying language related to time adjustments in appraisals
- revise requirements for properties subject to leasehold estates
- add additional exceptions to the borrower ownership requirement for limited cash-out refinance transactions
- extend the age requirement for an energy report for HomeStyle® Energy mortgages (**Reminder:** *HomeStyle Energy mortgage transactions are ineligible for delivery under the CorrAdvantage execution.*)
- clarify requirements related to the loan agreement execution date for HomeStyle® Renovation mortgages (**Reminder:** *All HomeStyle Renovation mortgage transactions must be underwritten by the Correspondent lender (approved by Truist for delegated underwriting authority). Additionally, HomeStyle Renovation mortgage transactions are ineligible for delivery under the CorrAdvantage execution.*)

We revise impacted standard documents to reflect the expanded LTV/TLTV ratios for Loan Product Advisor® (LPASM) Automated Collateral Evaluation (ACE) and ACE+ Property Data Report (PDR) appraisal alternatives previously announced in Product Release Bulletin [COR25-008](#). We also refresh various Agency requirements to promote consistency and/or to more closely align with Fannie Mae's wording and/or presentation of guidance.

Effective Dates

- As previously announced, the expanded LTV/TLTV ratios for ACE and ACE+ PDR were effective for LPA submissions and resubmissions on or after February 24, 2025.
- The time adjustments in appraisals updates are effective for appraisals dated on or after March 01, 2025.
- All leasehold related updates are effective for loans with applications dated on or after March 01, 2025.
- All other updates are effective immediately for existing and new loan applications on or after February 28, 2025.

Background Information

Fannie Mae SEL-2024-07 announced updates to leasehold provisions. Fannie Mae SEL-2024-08 announced time adjustments in appraisals, limited cash-out refinance, HomeStyle Energy, and HomeStyle Renovation related updates. In response to these publications, we reviewed impacted standard documents and identified the need to implement revisions to more closely align with Fannie Mae requirements. We take the opportunity to incorporate the previously announced ACE and ACE+ PDR expanded LTV/TLTV ratios into the impacted standard documents. We also continue to identify opportunities to improve the presentation of our published Agency requirements.

Bulletin Details

Time Adjustments in Appraisals

For non-AUS and DU loans, we clarified appraisal requirements to reflect the following:

- Because the appraisal is for a specific point in time (the effective date of the appraisal), the appraiser must analyze comparable sales for any changes in market conditions from their contract dates through the effective date to determine whether time adjustments are warranted. Time adjustments, or the lack thereof, must be supported by evidence. Use of home price indices (HPIs) to support time adjustments is consistent with Fannie Mae's policy. The adjustment rates can also be determined through statistical analysis, modeling, paired sales, or other commonly accepted methods. The appraisal report must, at a minimum, summarize the supporting evidence and include a description of the data sources, tool(s), and technique(s) used.
- Failure to make market-derived time adjustments when indicated by market data is an example of an unacceptable appraisal practice.

Leasehold Estates

For non-AUS and DU loans, we revised leasehold estate requirements as follows:

- clarified the list of eligible and ineligible property types
- added a "Definitions" subsection to the "Leasehold Estates" subtopic
- clarified multiple provisions for leaseholds related to first lien enforceability, appraisal, and title insurance
- incorporated updates to multiple lease requirements, including provisions for notices of default and options to cure, merger of title, assignments, and protection of the lender's financial interest in the event of condemnation
- clarified when lease requirements differ based on whether the borrower or the homeowners' association (HOA) are the lessee
- added the following new requirement for loans with new leases entered into on or after September 01, 2025: *The fee estate must not be subject to any prior secured loans or other liens, unless the secured party or lienholder has agreed to recognize and not disturb the lease if it becomes the owner of the fee estate, as evidenced by an agreement recorded in the appropriate land records.*

We also reorganized the content of the leasehold estate requirements for improved readability.

Limited Cash-Out Refinances

For non-AUS and DU loans, we revised limited cash-out refinance requirements to include two additional exceptions to the requirement that at least one borrower is an owner (on title) of the subject property at the time of the initial application. The following additional exceptions are permitted if the lender documents that:

- the borrower is currently financially obligated on the loan being paid off but not on the title. This includes loans where the property is currently owned by a limited liability corporation (LLC) that is majority owned or controlled by the borrower(s). Ownership must be transferred into the name of the individual borrower(s) at time of closing, or

Bulletin Details, continued

Limited Cash-Out Refinances, continued

- the borrower is paying off an installment land contract that was executed more than 12 months before the date of the loan application.

We also clarified that the payoff of an installment land contract that was executed more than 12 months before the date of the loan application is an acceptable use of a limited cash-out refinance transaction.

HomeStyle Energy - Energy Report Age Extension

For non-AUS and DU loans, we revised requirements to allow an energy report for HomeStyle Energy mortgages, when required, to be dated no more than 24 months before the note date (*previously, requirements stated that the energy report must be dated no earlier than 120 days prior to the note date*).

Note: See the Bulletin Summary (on page one) for a reminder regarding the delivery restriction for HomeStyle Energy loans.

HomeStyle Renovation Loan Agreement Execution Date

For non-AUS and DU loans, we clarified HomeStyle Renovation requirements to state that the lender and borrower may execute the renovation loan agreement at any time during the closing process; however, the agreement date must match the note date.

Note: See the Bulletin Summary (on page one) for a reminder regarding underwriting and delivery restrictions for HomeStyle Renovation loans.

LPA ACE and ACE+ PDR LTV/TLTV Expansion

For LPA loans, we revised the *Agency Loan Standard* document to include the increased maximum LTV/TLTV ratios permitted for ACE and ACE+ PDR appraisal alternatives previously announced in Product Release Bulletin [COR25-008](#).

Standards Improvements Updates

All other updates made to the subtopics/requirements outlined below were in support of our standards improvement initiative.

- **Section 1.06 Condominium and PUD Approval Requirements Standard / Agency:**
 - **Ineligible Projects / List of Ineligible Project Characteristics:** Incorporated Fannie Mae wording/presentation of guidance alignment updates (*requirements intent remained the same*)
 - **Eligibility Requirements for Units in PUD Projects:** Incorporated Fannie Mae wording/presentation of guidance alignment updates (*requirements intent remained the same*)

Bulletin Details, continued

Standards Improvements Updates, continued

- **Section 2.01 Agency Loan Standard / Installment Land Contract:** Refreshed non-AUS and DU requirements related to the execution timeframe of an installment land contract in order for the transaction to be considered a purchase transaction (*aligning with Fannie Mae*) to read as follows:
 - When the proceeds of a mortgage loan are used to pay off the outstanding balance on an installment land contract (also known as contract or bond for deed) that was executed within the 12 months preceding the date of the loan application, Fannie Mae will consider the mortgage loan to be a purchase money mortgage loan.
- **Section 2.01a Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Standard:**
 - **Occupancy/Property Types / Eligible Occupancy/ Property Types:** Added reference to excluding Indian lands that are leasehold estates (*an existing overlay for non-AUS, DU, and LPA loans*)
 - **Occupancy/Property Types / Ineligible Occupancy/ Property Types:** Added reference to “Indian lands that are leasehold estates” (*an existing overlay for non-AUS, DU, and LPA loans*)
- **Agency Overlays Matrix / Property Types / PUD Projects:** Incorporated minor wording updates for consistency (*overlay intent remained the same*)

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](#), [Appraisal Standard](#), [Agency Loan Standard](#), [Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Standard](#), and [Agency Overlays 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 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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