

Alert

Update

Reminder

Clarification

Training  
Information

Preview

## Liabilities Standards for the Key Loan Program

Truist takes the opportunity to update and clarify certain Underwriting Standards, focused on liabilities.

### Effective Dates

Effective for new locks on or after April 18, 2025.

### Background Information

When possible, based on safe and sound banking practices, Truist is committed to narrowing the distinctions between Truist standards and GSE Selling Guides. To ensure clarity and efficiency for lenders, the standards are further being updated.

### Bulletin Details

#### Key Loan Program Underwriting Standard Updates and Clarifications

The liabilities standard is updated to closely align with verbiage used by the GSEs (refer to the Before and After for detailed updates):

- **Gifts Funds – (Personal Gifts)** – removing the provision that disallows gifts to be used to pay off or pay down debt types such as installment, mortgage, revolving, open-end debts, collections, charge-offs, judgments, garnishments, and/or liens.
- **Collection, Judgements, Liens, and/or Charge Offs** – removing the provision that disallows gift funds to pay off these debt types.
- **Acceptable Liability Documentation** – updating the standard to allow for any available technology to reproduce documents while maintaining the intent that the age of credit documentation must be no more than 120 days old.
- **Alimony, Child Support, and/or Maintenance Payments** – updating the standard to allow the offset of qualifying income vs. inclusion in DTI of alimony /separate maintenance.
- **Bridge/Swing Loans** – updating the standard to enable exclusion of the Bridge Loan debt with a fully executed contract and clearing of financing contingencies.
- **Current Principal Residence Pending Sale** – updating the standard to allow debt to be waived within the DTI if certain contingencies are met.
- **Business Debt in Borrower’s Name** – adding more specificity for scenarios where the debt must be counted and adding one flexibility that Fannie allows (to not count debt when the account in question does not have a history of delinquency).

## Bulletin Details, continued

- **Installment Debt** – refining guidance regarding debt with  $\leq 10$  or fewer payments to consider the debt if it substantially impacts DTI and allowing paydown considering this approach.
- **Revolving Debt** - allowing gift funds to be used to pay off this type of debt.

Additionally, the following sections of the Key Loan Program Standard is updated for clarity and alignment with verbiage used by the GSEs (refer to the Before and After for detailed updates):

- **30 -Day Accounts** – guidance and clarification are added regarding the underwriting process and documentation requirements for this type of account.
- **Court-Ordered Assignment of Debt** – guidance and clarification are added regarding the underwriting process and documentation requirements.
- **Debt Paid by Others** – adding guidance and clarification on handling of this type of debt.
- **Deferred Installment Debt** – adding verbiage and guidance that deferred installment debt must be considered as a recurring monthly debt obligation.
- **Federal Income Tax Installment Agreement** – clarifying the documentation requirements needed when a borrower has entered into an installment agreement with the IRS.
- **Garnishments** – adding guidance that all garnishments with more than ten months remaining must be included in the borrower's recurring monthly debt obligations for qualifying purposes. Garnishments with 10 or fewer monthly payments remaining are not included in the debt ratio calculation if the borrower has sufficient assets to pay off the debt over and above required reserves and funds required for closing.

## 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 [Key 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 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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