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Agency Updates to Medical Collections, Real Estate Commission and DU Reserves

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

- align with Fannie Mae policy for the treatment of medical collections with the risk assessment performed by Desktop Underwriter.
- now permit the use of a borrower's earned real estate commission for down payment and closing costs.
- add DU minimum reserve requirements to our Agency Standards.

Effective Dates

This update is effective with new and existing applications on or after May 26, 2023.

Background Information

Fannie Mae SEL-2023-03 announced updates related to medical collections, earned real estate commission and DU minimum reserve requirements. In response to this publication, we reviewed impacted standard documents and identified the need to implement revisions to align with Fannie Mae requirements.

Bulletin Details

Medical Collections

Truist has revised our underwriting requirements for collections and charge-offs on non-mortgage accounts. Specifically, medical collection accounts are no longer required to be paid off at or prior to closing for both DU and manually underwritten loans, regardless of the amount. This change aligns with Fannie Mae's DU risk assessment.

Additionally, for manually underwritten loans, we removed the flexibility that permitted certain unpaid collections and charge offs on non-mortgage accounts to remain unpaid if the borrower had a strong credit profile and meaningful reserves. Going forward, non-medical collection accounts and non-mortgage charge-off accounts that exceed \$250 individually or \$1,000 in aggregate must be paid in full at or prior to closing.

DU was updated the weekend of April 15, 2023, to no longer include accounts reported as medical collections in the collection messages.

Bulletin Details, continued

Use of Earned Real Estate Commission

Truist will now permit the use of the borrower's earned real estate commission for down payment and closing costs for Non-AUS and DU loans. The borrower's earned real estate commission may now be used as an eligible source of funds when the borrower is a licensed real estate agent and will receive a sales commission from the purchase of the subject property.

DU Minimum Reserve Requirements

Truist has updated our Agency Loan Standard to describe in more detail how DU determines the amount of required reserves for loan casefiles based on the transaction type, risk assessment of the loan casefile, and other factors. DU reserves requirements have not changed, and this update is for informational purposes only.

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 [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 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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