Section 1.05 – Underwriting Standard

In This Section

This section contains the following topics.

Overview

General

- Truist underwrites agency and investor loans to both traditional and automated underwriting standards.
- Truist requires an underwriting fee of $550 for any loan submitted for underwriting.
- This underwriting fee is applicable for all first mortgage loan submitted to Truist for underwriting. This fee will be netted from your wire at the time of funding.
- Truist will require the underwriting fee in addition to the document review fee. As a reminder, we will net the document review fee from your wire.
  - The underwriting fee is not charged in addition to the Non-Delegated Division document review fee.
- We require the $550 underwriting fee for withdrawn and denied loans which we underwrite for delegated lenders. These fees will be billed on a monthly basis.
- Product descriptions included in this Seller Guide address the unique details of each loan program.
- All loans must conform to the underwriting standards set forth in this Seller Guide or in Correspondent Bulletin updates revising or clarifying underwriting standards.
- Loans are approved by a Truist underwriter prior to settlement or by Correspondent lenders who have been granted delegated underwriting authority by Truist Bank.

References:

- See the *Subordination standards* within the Section 1.26: Subordination of Truist Second Mortgage Loans Standard for information on delegated underwriting as it relates to subordinate financing.
- See the Section 1.19: Fraud Prevention Standard for information on fraud prevention.

- The Correspondent Loan Purchase Agreement outlines that Correspondent lenders are solely responsible for ensuring that each mortgage loan sold to Truist is originated in compliance with all applicable federal, state, and local laws, rules and regulations, including the USPAP and the FACT Act.
- The applicable mortgage loan files must contain evidence of such compliance with the USPAP and the FACT Act.
- Correspondent lenders are encouraged to consult their legal counsel for further interpretation of the Acts.

Related Bulletins

General

Related bulletins are provided below in PDF format. To view the list of published bulletins, select the applicable year below.

- 2025
- 2024
- 2023
- 2022
- 2021
- 2020
- 2019

Ability-to-Repay and Qualified Mortgage

Ability-to-Repay and Qualified Mortgage

Agency and Key Loan Programs

- The Consumer Financial Protection Bureau (CFPB) amended the Qualified Mortgage (QM) requirements of the Ability to Repay (ATR) rule that generally requires lenders to make a reasonable, good faith determination of a borrower's "ability to repay" before originating a mortgage loan and establishes certain protections from liability for "qualified mortgages."
- Lenders must determine that borrowers have a reasonable ability to repay a loan based on consideration and verification of factors indicative of a consumer's credit capacity, including income/assets, employment status, monthly housing payment (PITI, HOAs, and subordinate financing), other debt obligations, DTI, and credit history.
- To be eligible for purchase by Truist:
  - All Agency loans with application dates on or after July 1, 2021 must meet the "General QM" definition under the **Revised** General QM Rule.
  - All Key loans with application dates on or after September 2, 2022 must meet the "General QM" definition under the **Revised** General QM Rule.

  Note: The Revised General QM Rule refers to the CFPB's QM rule in Regulation Z, C.F.R. § 1026.43(e)(2), that became effective on March 1, 2021 and requires mandatory compliance by October 1, 2022.

- Every qualified mortgage must:
  - Have a fully amortizing payment (fixed rate or ARM),
  - Have a term of 30 years or less,
  - Not have points and fees in excess of 3% of the loan amount (subject to different standards for lower-balance loans and the permitted exclusion for investment property purchase and rate/term refinance transactions),
  - Have an annual percentage rate (APR) that does not exceed a threshold of 2.25% over the Average Prime Offer Rate (APOR), as of the date the interest rate is set (subject to higher thresholds for loans with smaller loan amounts, for certain manufactured housing loans, and for subordinate-lien transactions),

    Notes:
    - For ARMs, with an initial fixed period of five (5) years or less, lenders must calculate the APR using the maximum interest rate that could apply during the first five years after the first payment is due.
    - Truist <u>does not purchase</u> manufactured home loans.

  - For Agency loans, be eligible for sale to the GSE per published standards.

- Truist may require additional underwriting criteria over and above the terms allowed under the Revised General QM Rule that demonstrate our interpretation of the spirit and intent of the ability to repay requirements. Any additional criteria beyond the Revised General QM Rule requirements will be denoted as an overlay and/or standard.

Reference: See Section 1.35: Compliance Overview Standard for additional guidance related to Qualified Mortgages.

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Ability-to-Repay Requirements, continued

Non-Agency Loan Programs

All non-Agency loans, including but not limited to all FHA, all Portfolio product offerings, RD and VA MUST meet the 8 minimum requirements for the "Ability-to-Repay" as outlined below without exception:

- Truist requires that underwriting for all loans must evaluate and consider ***at a minimum*** the following eight (8) factors to establish that a reasonable and good faith ability-to-repay determination was made:
  1. The loan file must fully document and verify the income and assets disclosed and necessary to meet AUS findings, and/or required to complete the transaction per the product/underwriting requirements. The underwriter must validate all documentation meets standards.
     - All income documentation meets or exceeds product/underwriting standards. Income calculation must be fully documented in all files based on the appropriate product/underwriting standards.
     - Assets are fully sourced and seasoned as per product/underwriting standards.
  2. The underwriter must confirm the borrower(s) current employment status and stability/continuance of employment if the employment income is being used in determining repayment ability of the loan (qualifying income).
     - If the application or any supporting documentation in the file indicate that there will be a change in the borrower(s) income source which will impact repayment ability on or after the closing/note date, such as, but not limited to, a borrower(s) application states that the borrower(s) plans to retire within 12 months without obtaining new employment or that the borrower(s) will transition from a full-time to part-time employment, the underwriter must evaluate this information and qualify the borrower on the lowest earnings in all cases.
  3. The borrower(s) monthly mortgage payment must be qualified based on the maximum qualifying interest rate for the product and for a period of not less than 5 years after note/closing date. All Truist loans will be fully amortizing payments. Refer to the qualifying rate standards in the appropriate product description.
  4. The borrower(s) monthly payment on any loan in process (including a HELOC) that the underwriter knows or has reason to know will be made, requires additional due diligence when reviewing the credit report inquiries and the payment impact must be considered in the underwriting decision. For a HELOC, the underwriter MUST include the payment on any or all simultaneous loan transaction in the qualifying debt-to-income ratio, regardless of whether the HELOC is drawn at or before note/closing date. Refer to the secondary financing standards for additional information.
  5. The borrower(s) total monthly payment for all housing obligations (property taxes, insurance, HOA/condo/co-op fees and special assessments, ground rent, or leasehold payment must be included when determining the qualifying DTI ratio.

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Ability-to-Repay Requirements, continued

Non-Agency Loan Programs, continued

6. The underwriter must include and document all current debt obligations, including but not limited to non-standard payroll deductions (standard payroll deductions which are not in debt obligations/DTI: federal, state, and local taxes, FICA, retirements contributions, 401K, union dues, deductions to savings, child care, voluntary deductions), garnishments, regularly scheduled withdrawals on the credit report, alimony, and child support when calculating the qualifying DTI ratio. Refer to both the credit requirements and the liabilities standards for the appropriate product for additional information.
7. The underwriter must fully validate that the borrower(s) total monthly DTI ratio (including all debts as disclosed and verified by credit report/VOL/VOM, etc. [debts may or may not appear on the credit report but may on the application and/or title binder]) does not exceed 43% or allowable DTI based on AUS findings, except on an FHA or VA loan. See qualifying DTI standards for the appropriate product.
8. The underwriter must fully evaluate the borrower(s) credit history past and present as documented by an acceptable credit report, verification of loan, verification of mortgage, cancelled checks on private debts, and/or previous rental/mortgage history, etc. The borrower must have demonstrated a willingness and ability to repay debt obligations past and present. The underwriter may require additional information to verify that any previous derogatory credit situation(s) have been resolved and is confident in the borrower(s) ability to repay the loan.

- The underwriter must validate that all of the above standards have been met or exceeded prior to final loan approval and/or clearing a loan to close. The correspondent lender should not proceed with closing until necessary validation is in the loan file.
- Established within the amendment to Reg. Z is a safe harbor provision known as the “qualified mortgage” (QM) standard. In order for a loan to meet the QM standard it must meet specific requirements above the ATR requirements. The additional requirements affect credit tolerances, product features, compensation and pricing. Truist does not permit the origination of “non-qualified mortgages” (Non-QM) for the Key Loan Program in the Correspondent Line of Business.

Underwriting Submission for Conventional Non-Delegated Loans

General Requirements for all Non-Delegated Loans

- All loans must be registered prior to submitting to Truist for underwriting.
- All conventional, conforming loans eligible for automated underwriting must be submitted through either Fannie Mae's Desktop Underwriter (DU) or Freddie Mac's Loan Product Advisor (LPA) before traditional underwriting may be considered

  Reference: See Section 1.04: Automated Underwriting Standard of the *Correspondent Seller Guide*, for specific details.

- Correspondent lenders are required to order mortgage insurance if the loan requires.
- The Mortgage Insurance Certificate must be in the closed loan file prior to purchase by Truist.
- For all loans, the Underwriting Submission Checklist (COR 0005) should be used to assist in submitting complete files for underwriting.
- The following loan transactions are not eligible for purchase if Truist underwrites the loan:
  - loans utilizing Freddie Mac's appraised value representation and warranty relief – Loan Collateral Advisor®

    Note: This does not include loans eligible for Freddie Mac's LPA automated collateral evaluation (ACE).

  - loans utilizing Fannie Mae's DU Value Acceptance + Property Data offer, including DU loans where a property data collection (PDC) report has been upgraded to Form 1004 Hybrid, *Uniform Residential Appraisal Report (Hybrid)*
  - loans utilizing Freddie Mac's ACE+ PDR, including a PDR upgraded to hybrid Form 70H, *Uniform Residential Appraisal Report (Hybrid)*
  - loans where a paystub or bank statement is used as a method to verify employment
  - Fannie Mae's HomeStyle Renovation mortgage transactions
  - Freddie Mac's CHOICERenovation mortgage transactions
  - **Calculating Self-Employment Income**:
    - DU loans where a Fannie Mae-approved self-employment income calculation tool (e.g. LoanBeam's FNMA SEI 1084 workbook) has been used. See Fannie Mae's website for the list of Approved Vendor Tools
    - LPA loans for borrowers with self-employed income evaluated using automated income assessment with Loan Product Advisor using tax data (i.e., LPA AIM for self-employed income)

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Submission to Truist

- For Credit and Collateral underwriting, the entire loan file, inclusive of the appraisal and sales contract, if applicable, is submitted electronically via the Doc Center in LendingSpace.
- For Credit Only underwriting (TBD address), submit a complete credit package electronically via the Doc Center in LendingSpace. Once the property has been identified, update the address and upload the contract and appraisal to the Doc Center in LendingSpace.
- For Delegated Key Loan Program transactions, submit appraisals to the Doc Center in LendingSpace for both Full and High Level review unless the transaction is a single closing Construction to Permanent loan; single closing Construction to Permanent transactions are ineligible for:
  - Full appraisal review
  - Pre-close High Level Appraisal Review

  Note: High Level Appraisal Review will be performed when construction is complete. The full appraisal, Appraisal Update and Completion Report (Form 1004D) must be submitted in its entirety when the loan is delivered, including the appraisal update and certification of completion.

References:
- See Appraisal Delivery Reference Guide for additional information.
- Contact your LendingSpace admin for access.
- See Section 1.07: Appraisal Standard for appraisal requirements.

Electronic Document Delivery

- Click here for standards on delivering a credit file electronically.

Note: As a reminder, credit files must be submitted by 4:30 p.m. Eastern Time for the documents to be considered received by Truist on that day.

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Underwriting Submission for Conventional Non-Delegated Loans, Continued

Underwriting Response Time

- Truist understands the importance of a prompt underwriting response; therefore, once a pre-registered loan has been uploaded to LendingSpace and is eligible for setup, it is Truist's goal to complete the underwriting on the file within two (2) business days.

  Notes:
  - Although Truist will make every effort to meet the two (2) day turnaround goal, we cannot guarantee this turn time. Turn time will be based on current volumes.
  - Two (2) business days is defined as delivering a verbal decision no later than 5:00 p.m. Eastern Time, or two (2) business days following Truist's receipt and setup of the pre-registered underwriting file.

- Underwriters will continue to call lenders with underwriting decisions.
- Delegated lenders are strongly encouraged to use their delegated authority where appropriate. Truist underwriting resources will be available to focus on loans that require prior investor approval.
- As a reminder to Non-delegated conventional lenders, issuance of our underwriting approval that is clear to close is required prior to closing the loan. Correspondent lenders must manage pipeline lock expiration dates accordingly.
- Loan term and product changes requiring marketing approval may delay the communication of written approval.
- Additionally the following standards apply:
  - loan re-submissions for product and/or loan term changes, PTC conditions, and pended information are typically reviewed within 1-2 business days of Truist's receipt,
  - all conditions, re-submissions, and pended items must be uploaded to imaging choosing the correct document file type,
  - all PTC conditions for a loan should be submitted for review at the same time,
  - only PTC conditions that require sign-off by Truist should be submitted prior to closing, and
  - for efficiency, include loan disclosures along with all other conditions in the closing file.
  - Revisions to appraisals need to be uploaded to www.gofnc.com/truist/ in MISMO XML file format.

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Prevalent Reasons for Delayed Underwriting Turn Times

The following lists the most prevalent underwriting pend items found at the time of Truist underwriting:

- Missing verification of the secondary financing as noted below:
  - Terms of the existing HELOC/Secondary lien (i.e., a copy of the Note),
  - The HELOC/Secondary financing payment must be included in the "proposed housing expense," and
  - The AUS findings (DU/DO and LPA) must reflect the secondary lien.

  Note: Most loans with secondary financing do not have this documentation, including closed loans.

- Income issues:
  - declining income not addressed,
  - use of unsupported income,
  - inadequately documented income,
  - alimony and child support not documented per AUS findings,
  - incorrectly calculated income,
  - use of self-employment income received less than one (1) year,
  - type of income entered in AUS incorrectly, and
  - missing pay stubs, etc.
- Asset issues:
  - retirement entered in AUS incorrectly,
  - stock and mutual funds entered in AUS incorrectly,
  - type of asset entered in AUS incorrectly,
  - internet verifications that do not identify account number, account holder or financial institution,
  - all pages of statements not included to meet program requirements, and
  - large deposits not explained or documents.
- Missing 1008, 1003 signed by borrower(s) and LO, submission 1003, AUS findings, credit report.

Helpful Hints:

- Always use program checklist.
- Use the Underwriting Submission Checklist (COR 0005).
- Do not submit disclosures in credit file.
- Always read and fully comply with AUS findings and Truist published standards.
- Provide letters of explanation and/or documentation to show how income was determined and calculated.
- Always address declining income.
- Always document earnings trends for self-employed borrowers with a history of declining income.
- Do not assume you can use the lower year's earnings for self-employed borrowers who have declining income.
- Frozen credit reports must meet product standards.
- All credit alerts must be addressed by lender per credit reporting bureaus instructions.
- Submit all conditions for review at one time.

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Loan Approval

- On loans underwritten by Truist, Correspondent lenders will be notified via telephone and e-mail when a credit file is approved. The commitment will be documented on the *Decision Letter* which is delivered via email through the LendingSpace portal.
- The *Decision Letter* indicating approval is subject to compliance with the stated terms and stipulations and satisfaction of the prior to closing and settlement stipulations. These terms and stipulations will be listed first by order of priority (i.e.; prior to funding, prior to closing, at settlement, etc.) and then by category (i.e.; asset, closing, credit/liability, employment/income, etc.).
- The *Decision Letter* indicating approval is subject to compliance with the stated terms and stipulations and satisfaction of the prior to closing and settlement stipulations. These terms and stipulations will be listed first by order of priority (i.e.; prior to funding, prior to closing, at settlement, etc.) and then by category (i.e.; asset, closing, credit/liability, employment/income, etc.).
- The credit expiration date is established from the date of the oldest credit document submitted with the loan file, and the number of days allowed for the loan product or AUS system, if applicable.
- Credit Only Approval is valid for 60 calendar days. If a fully executed sales contract has not been received in underwriting within 60 calendar days from approval, the loan will be cancelled.
- If updating of documents is required, the loan must be submitted for re-approval.
- New appraisals and appraisal updates must be uploaded to www.gofnc.com/truist/ in MISMO XML file format for re-approval.

  Reference: See Section 1.07: Appraisal Standard of the Correspondent Seller Guide for additional information on appraisal date requirements.

Incomplete Credit File (Pended Status)

- If the credit file is incomplete, the underwriter will notify the correspondent of the additional information needed to make a credit decision. A *Pended Loan Notification* will be delivered via the LendingSpace portal.
- Correspondent lenders may deliver underwriting stipulations electronically by uploading into the LendingSpace portal.
- If the underwriter has not received the proper documentation, by the end of the 60th business day, the loan may be designated as denied.
- If the loan is denied, a *Notice of Action Taken* will be issued.

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Borrower Removal from Multi-borrower Loan Application

- Truist does not permit the modification of an existing application removing an applicant for any reason. In order to ensure compliance with all regulatory requirements, Truist confirms that the final action taken on the existing application is appropriate. A new application is required when proposing different applicant(s), as follows:
  - **Non-qualifying applicants:** If any of the applicants on an existing application does not qualify for the requested credit, Truist issues the appropriate Notice of Adverse Action to the correspondent lender. After denial of the exiting application, submit a new application in the LendingSpace portal, which receives a new loan number.

  - If the final action of a loan is denied and the same loan information and borrower information is entered in the LendingSpace portal, the correspondent lender will not get a duplicate loan error.

  - **Applicants who wish to withdraw:** Prior to making a credit decision, if a qualifying applicant wishes to withdraw their name from an existing application, submit the applicant's withdrawal request to Truist, for withdrawal of the file. Once Truist withdraws the existing file, submit a new application in the LendingSpace portal, which receives a new loan number.

  - If the final action of a loan is withdrawn and the same loan information and borrower information is re-entered in the system within 120 days of the withdrawn date and within the same calendar year, then the correspondent lender will get a duplicate loan error. The correspondent lender must contact the Loan Registration and Lock Desk to determine if the loan is truly a duplicate. If a withdrawn loan is not re-entered within the same calendar year, the correspondent lender will not get a duplicate loan error when re-entering the same loan information and borrower information.
- Pricing on the New Application: After taking the appropriate final action (denied or withdrawn) on the existing application, contact the Loan Registration and Lock Desk for assistance with pricing on the new application and the transferring of lock information, if applicable.
- Transferring Documents to the New Application: You may not transfer the credit report from the existing application to the new application; you must pull a new credit report and obtain a new AUS case file, if applicable. Truist will not make any exceptions to this policy. It is acceptable to transfer the appraisal to the new application if the appraisal date is unexpired. If the existing appraisal is older than 120 days (90 days for some products) it is acceptable to update the existing appraisal according to Truist's Appraisal Date Requirements.

  Reference: See Section 1.07: Appraisal Standard for information and requirements on the appraisal date.

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Underwriting Submission for Conventional Non-Delegated Loans, Continued

Loan Denial

- Truist is required to provide the originating correspondent with a completed *Notice of Action Taken*. It is the correspondent's responsibility to create and provide an adverse action notification to the applicant.

Quality Control

Truist will conduct periodic audits to ensure compliance with these procedures.

File Retention

- An image of the entire file for all denied and withdrawn loans will be retained in the Truist Bank Headquarters for a period of twenty-five (25) months.
- The files will include a copy of the *Notice of Action Taken*.

Loans Underwritten by MI Contract Underwriting Services

General

- In lieu of the direct submission of credit files to Truist, Correspondent lenders may provide eligible files to an approved mortgage insurance (MI) contract underwriter for loan approval and mortgage insurance coverage (if applicable) in accordance with Truist standards.
- The procedures below outline eligibility standards for loans underwritten by mortgage insurance contract resources either in a correspondent's office or off-site at the mortgage insurance company's office.
  - Correspondent lenders must submit under the lender’s contract with the MI Company.
  - The MI Company will underwrite the loan under the lender’s Truist approved level of delegated underwriting authority.
  - Lenders without Truist delegated underwriting authority must submit all loan files to Truist for underwriting.
- Approved MI contract underwriters may contact a Truist underwriter regarding specific underwriting questions at 1-800-382-2111.

Note: Some product offerings do not permit MI Contract Underwriting. Please refer to specific Product Standard to confirm eligibility.

Approved MI Companies

- Enact (formerly Genworth)
- MGIC
- Essent Guaranty
- Arch MI (formerly CMG/UGI/AGI)
- Radian
- National MI

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Loan Delivery to Truist

- Approved, closed loans submitted to Truist Bank for purchase, must contain the complete credit loan file including the following:
  - the computer generated approval notification issued by the MI contract underwriter,
  - the approval notification must reflect the Correspondent lender as the lender/lender, and
  - the AUS findings, if applicable.

  Notes:
  - If the loan has been submitted through DO/DU, Fannie Mae has provided allowances for tolerances in some of the information.
  - If the loan has been submitted through LPA, Freddie Mac has provided allowances for tolerances in some of the information.

  References:
  - See the *Tolerances* subtopic in the *Underwriting the Borrower* topic within Section 2.01: Agency Loan Standard of the *Correspondent Seller Guide* for additional information.
  - See Section 1.04: Automated Underwriting Standard in the *Correspondent Seller Guide*, for additional information.

- Any conditions of approval that did not require the sign-off by the MI underwriter must be cleared by an appropriate associate of the Correspondent lender staff prior to submission for purchase.
- Loans should be delivered to Truist according to the loan purchase procedures outlined in Section 1.08: Loan Delivery and Purchase Review Standard.

Conventional Delegated Underwriting

Delegated Underwriting Classification

Correspondent lenders who have been approved by Truist for delegated underwriting authority may underwrite and approve certain loans based on the following delegation levels:

<table>
<tr><th>Delegation</th><th>Delegated Authority</th></tr>
<tr><td>Level II</td><td>

Eligible:

Agency Automated Underwriting Systems (AUS) loans including:

Agency (1-4 units)
Agency Plus (1-4 units)
Agency Plus Select (1 unit only)
Agency Texas Section 50(a)(6) Mortgages
Fannie Mae HomeReady® (1-4 units)
Freddie Mac Home Possible® (1-4 units)

All eligible loans must receive one of the following eligible AUS recommendations:

Agency, Agency Plus, and Agency Plus Select
DU “Approve/Eligible”
LPA “Accept/Eligible”
Agency Texas Section 50(a)(6) Cash-out Refinance
DU “Approve/Eligible”
Fannie Mae HomeReady®
DU “Approve/Eligible”
Freddie Mac Home Possible®
LPA “Accept/Eligible”

Ineligible:

Non-AUS (Manually Underwritten Transactions)
Key Loan Program
Loans that receive a DU/DO “Refer with Caution” recommendation are not acceptable.

Reference: See the “Loans Underwritten by MI Contract Underwriting Services” topic within this document for additional requirements for submitting loans to MI Companies for underwriting purposes.
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<tr><td>Expanded</td><td>

Eligible:

All loans eligible under Level II Authority
Agency 1-4 units, non-AUS (Manually Underwritten Transactions)
Fannie Mae HomeReady® 1-4 units, non-AUS (Manually Underwritten Transactions)

Ineligible:

Key Loan Program

Reference: See the “Loans Underwritten by MI Contract Underwriting Services” topic within this document for additional requirements for submitting loans to MI Companies for underwriting purposes.
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Delegated Underwriting Classification, (continued)

Delegation	Delegated Authority, (continued)

Expanded Plus	• Eligible:
	  • All loans eligible under Expanded Authority
	  • Key Loan Program transactions meeting the following requirements:
	    • Maximum loan amount is based on lender approval level by Truist and is either </= $1,000,000, </= $1,500,000 or </= $2,000,000
	    • 1-unit primary residence only (i.e., no second homes)
	    • Single-closing construction lending transactions must be underwritten by lenders with delegated authority; these transactions are not eligible for:
	      • Non-delegated underwriting
	      • Full appraisal review
	      • Pre-close High Level Appraisal Review
	      Note: High Level Appraisal Review will be performed when construction is complete. The full appraisal, Appraisal Update and Completion Report (Form 1004D) must be submitted in its entirety when the loan is delivered, including the appraisal update and certification of completion.
	• Ineligible
	  • Key Loan Program transactions not meeting the above criteria (must be underwritten by Truist)
	    • Second Homes
	    • Non-Occupant co-borrower
	    • Short Sale subject properties
	    • TPO Originated
	    Note: Joint Ventures are excluded from this restriction as long as the Correspondent has control of the joint venture through majority ownership or voting rights. Joint Venture approval is required by Truist.
	Reference: See the "Loans Underwritten by MI Contract Underwriting Services" topic within this document for additional requirements for submitting loans to MI Companies for underwriting purposes.

Reference: The *Correspondent Loan Purchase Agreement* and any *Amendments to the Correspondent Loan Purchase Agreement* specify the lender's level of delegated underwriting authority. Correspondent lenders are responsible for underwriting loans within their delegated authority as indicated on their *Amendments.*

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Delegated Underwriting Classification, (continued)

- Correspondent lenders may not make exceptions to product and underwriting standards.
- Not all Correspondent lenders are eligible for delegated underwriting authority.
- Contact your Account Manager for eligibility and qualifying information.

  References:
  - See the *Underwriting Submission for Conventional Non-Delegated Loans* topic previously presented for additional information.
  - See the subtopic, Loans Underwritten by MI Contract Underwriting Services" previously mentioned in this document for additional information.

General Requirements for all Delegated Loans

- The following forms are required for all conventional delegated loans:

Forms
• *Key Loan Program Eligibility Checklist* (COR 0650), if applicable

- Loans previously underwritten by Truist are not eligible for delegated underwriting.

  Notes:
  - See the subtopic, DTI Tolerance Standards in the Products topic of Section 2.01: Agency Loan Standard in the *Correspondent Seller Guide* for revised DTI Tolerance Standards.
  - See the subtopic, DTI Tolerance Standards in Section 1.04: Automated Underwriting Standard in the *Correspondent Seller Guide* for revised DTI Tolerance Standards

- The following loan transactions are not eligible for purchase if Truist underwrites the loan:
  - loans utilizing Freddie Mac's appraised value representation and warranty relief – Loan Collateral Advisor®

    Note: This does not include loans eligible for Freddie Mac's LPA automated collateral evaluation (ACE).

  - loans utilizing Fannie Mae's DU Value Acceptance + Property Data offer, including DU loans where a property data collection (PDC) report has been upgraded to Form 1004 Hybrid, *Uniform Residential Appraisal Report (Hybrid)*
  - loans utilizing Freddie Mac's ACE+ PDR, including a PDR upgraded to hybrid Form 70H, *Uniform Residential Appraisal Report (Hybrid)*
  - loans where a paystub or bank statement is used as a method to verify employment

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General Requirements for all Delegated Loans, (continued)

- Fannie Mae's HomeStyle Renovation mortgage transactions
- Freddie Mac's CHOICERenovation mortgage transactions
- **Calculating Self-Employment Income**:
  - DU loans where a Fannie Mae-approved self-employment income calculation tool (e.g. LoanBeam's FNMA SEI 1084 workbook) has been used. See Fannie Mae's website for the list of Approved Vendor Tools
  - LPA loans for borrowers with self-employed income evaluated using automated income assessment with Loan Product Advisor using tax data (i.e., LPA AIM for self-employed income)
- All AUS loans submitted for purchase must include the Fannie Mae Transmittal (1008) and must match the AUS Findings.
- Truist randomly selects a certain population of delegated loans for quality control review on a pre or post-funding basis.
- Under the quality control review, the funding of these loans will not be delayed unless material underwriting and/or documentation deficiencies are identified, which must be resolved prior to Truist's purchase of the loan.

Government Underwriting

VA Government Sponsorship Program	Truist eliminated the VA Government Sponsorship Program on October 15, 2010.
Loans Underwritten by Correspondent Lenders with DE or VA Automatic Underwriters	• Truist will purchase FHA and VA loans from Correspondent Lenders that meet Truist's government lending approval criteria and that have FHA Direct Endorsement or VA Automatic underwriters. • It is the Correspondent Lender's responsibility to insure that all FHA and VA loans are in full compliance with FHA and VA regulations, as well as all Truist specific requirements identified in the Truist VA and FHA product descriptions. • Truist is not responsible for training Correspondent Lenders or providing HUD or VA handbooks, mortgagee letters, or bulletins. • All FHA or VA loans submitted for purchase must include a copy of the current, complete set of AUS Findings, if applicable. • Loan files that do not include the AUS Findings will be pended and funding will be delayed. Reference: See Section 1.08: Loan Delivery and Purchase Review of the *Correspondent Seller Guide* for additional information.
HUD Handbooks and Mortgagee Information	• It is the responsibility of the originating correspondent to ensure that mortgages processed for 203(b) loans meet HUD's standards. • Correspondent Lenders are responsible for checking their HOC's frequently for local updates or clarifications. Reference: Access the new handbook by clicking this link: HUD Handbook 4000.1.
VA Handbooks and Updates to the VA Loan Program	• It is the responsibility of the originating correspondent to obtain VA Handbooks and updates to the VA Loan Program and policy as well as to adhere to the VA Lenders Handbook requirements. • Changes to the VA Lenders Handbook are on VA's Loan Guaranty website at http://www.benefits.va.gov/homeloans/. • Lenders should check this website frequently, as all updates to the VA Home Loan Program will be posted to this site. • VA's Loan Guaranty website provides a listing of Regional VA Loan Centers and Eligibility Centers. • Correspondents are responsible for checking their regional loan center site frequently for local updates or clarifications.

HMDA Information

General

Correspondent Lenders are urged to consult with their Legal and Compliance departments for all of the revisions, information, interpretation and/or additional requirements related to HMDA.

Reference: See the *HMDA* topic within Section 1.35: Compliance Overview Standard of the *Correspondent Seller Guide*, for additional information on HMDA reporting.

Credit Scoring

General

Refer to the specific product description for minimum credit score requirements.

Credit Repair Vendors

- Truist prohibits the use of Credit Repair Vendors designed to help a borrower falsely repair their credit profile by manipulating the data to purposely improve their credit score.
- It is important to Truist that our lenders are as knowledgeable as possible. Their awareness makes the lending process beneficial to them and us. That is why we approve the use of credit monitoring, fraud alerts, and non-profit credit counseling services to assist the customer in gaining insight about their credit circumstances as it relates to proposed financing with Truist.
- If past, current or proposed usage of these credit reporting vendors, for the purpose of artificially improving a borrower's credit profile, is revealed at any time during the loan process, the loan will be determined ineligible and unacceptable to Truist.

Reference: See Section 1.27: Credit Vendor and Reporting Standard of the *Correspondent Seller Guide* for additional specific information on use of credit vendors.

IRS Form 4506-C

General	**Agency Loan Programs** Reference: See "General Income Documentation Requirements" in the "Income" topic outlined in Section 2.01: Agency Loan Standard of the *Correspondent Seller Guide* for standards. **Non-Agency Loan Programs** Reference: See Income topic within the applicable product description for standards.

Escrow Waiver Eligibility

Waiver of Escrows	Reference: Please see the Waiver of Escrow subtopic in the Closing Documentation topic in Section 1.08: Loan Delivery and Purchase Review Standard for specific information on escrow waiver eligibility.