Agency Standards Revisions

***Note**: Truist specific overlays are underlined.*

<table>
<tr><th>Topic</th><th>Impacted Document</th><th>Impacted Products</th><th>Current Standard</th><th>Revised Standard</th></tr>
<tr>
<td>Fannie Mae DU Loans</td>
<td>Section 2.01 - Agency Loan Standard</td>
<td>• Standard Agency (DU)
• Agency Plus (DU)
• Home Ready® (DU)
• Texas Section 50(a)(6) Mortgages (DU)</td>
<td>Fannie Mae DU Loans > Risk Factors Evaluated by DU > Rent Payment History
Note: Below is an EXCERPT only of the content from the above referenced section.
• Rent Payment History
  • For certain first-time homebuyers who have a credit score, the lender may use a 12-month third-party asset verification report to have their rent payment history considered in DU. When DU logic can identify rent payments in the asset verification report, it will use the rent payment history to positively supplement the credit risk assessment.
  • The following requirements apply when using rent payment history in DU. At least one borrower must:
    • be a first-time homebuyer purchasing a primary residence,
    • have a credit score (nontraditional credit is not permitted), and
    • have been renting for at least 12 months with a monthly rent payment of at least $300.
  • For DU to be able to identify rent payments, the lender must:
    • enter the monthly rent paid by the borrower in the online loan application,
    • obtain an asset verification report with 12 months of bank statement data through an authorized DU validation service asset verification report vendor, and
    • confirm the borrower is an account holder and that the account provided in the asset verification report is the one from which the borrower pays rent.
  • The same 12-month asset verification report may be used for both rent history and asset documentation, including asset validation through the DU validation service. See “DU Validation Service” previously presented in this “Fannie Mae DU Loans” subtopic for details on asset validation. In addition, lenders are responsible for reviewing only the most recent 60 days of account activity within the 12-month asset verification report in accordance with the requirements outlined in the “General Asset Documentation Requirements” subtopic and “DU Validation Service” requirements previously presented in this “Fannie Mae DU Loans” subtopic.</td>
<td>Fannie Mae DU Loans > Risk Factors Evaluated by DU > Rent Payment History
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  • For DU to be able to identify rent payments, the lender must:
    • enter the monthly rent paid by the borrower in the online loan application,
    • obtain an asset verification report with 12 months of bank statement data through an authorized DU validation service asset verification report vendor, and
    • confirm the borrower is an account holder and that the account provided in the asset verification report is the one from which the borrower pays rent.
  • At the time of loan origination, the originating lender must have access to the full asset verification report containing the data covering the period of time provided to DU for assessment.
  • ~~The same 12-month asset verification report may be~~ When a third-party asset verification report is used for both rent history and asset documentation, including asset validation through the DU validation service, ~~See “DU Validation Service” previously presented in this “Fannie Mae DU Loans” subtopic for details on asset validation. In addition, lenders are responsible for reviewing~~ only the most recent 60 days of account activity must be reviewed and retained in the loan origination file ~~within the 12-month asset verification report~~ in accordance with the requirements outlined in the “General Asset Documentation Requirements” subtopic and “DU Validation Service” requirements previously presented in this “Fannie Mae DU Loans” subtopic.</td>
</tr>
<tr>
<td>General Income Information</td>
<td>Section 2.01 - Agency Loan Standard</td>
<td>• Standard Agency (Non-AUS)
• Standard Agency (DU)
• Agency Plus (DU)
• Home Ready® (DU)
• Texas Section 50(a)(6) Mortgages (DU)</td>
<td>General Income Information > Non-AUS
Note: Below is an EXCERPT only of the information from the above referenced section.
• Continuity of Income
  • A key driver of successful homeownership is confidence that all income used in qualifying the borrower will continue to be received by the borrower for the foreseeable future. Unless the lender has knowledge to the contrary, if the income does not have a defined expiration date and the applicable history of receipt of the income is documented (per the specific income type), the lender may conclude that the income is stable, predictable, and likely to continue. The lender is not expected to request additional documentation from the borrower.
  • If the income source does have a defined expiration date or is dependent on the depletion of an asset account or other limited benefit, the lender must document the likelihood of continued receipt of the income for at least three years.
  • If the lender is notified that the borrower is transitioning to a lower pay structure, for example due to pending retirement, the lender must use the lower amount to qualify the borrower.
  • • The following table contains examples of income types with and without defined expiration dates. This information is provided to assist lenders in determining whether additional income documentation may be necessary to support a three-year continuance. Note that lenders remain</td>
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• Continuity of Income
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  • The following table contains examples of income types with and without defined expiration dates. This information is provided to assist lenders in determining whether additional income documentation may be necessary to support a three-year continuance. Note that lenders remain responsible for making the final determination of whether the borrower’s specific income source has a defined expiration date. See the “Income” section of this document for additional information related to the use and documentation of specific income sources.</td>
</tr>
</table>

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<tr><td></td><td></td><td></td><td>responsible for making the final determination of whether the borrower’s specific income source has a defined expiration date.
<table>
<tr><th>Expiration Date Not Defined</th><th>Defined Expiration Date[1]</th></tr>
<tr><td>Lender does not need to document 3–year continuance
• automobile allowance
• base salary
• bonus, overtime, commission, or tip income
• capital gains income
• corporate retirement or pension
• disability income — long-term
• foster-care income
• interest and dividend income (unless other evidence that asset will be depleted)
• military income
• part-time job, second job, or seasonal income
• rental income
• self-employment income
• Social Security, VA, or other government retirement or annuity</td><td>Lender must document 3–year continuance
• alimony or child support
• distributions from a retirement account – for example, 401(k), IRA, SEP, Keogh
• mortgage differential payments
• notes receivable
• public assistance
• royalty payment income
• Social Security (not including retirement or long-term disability)
• trust income
• VA benefits (not including retirement or long-term disability)</td></tr>
<tr><td colspan="2">[1] Because these income sources have a defined expiration date or allow the depletion of an asset, care must be taken when this is the sole source or majority of qualifying income. Lenders must consider the borrower’s continued capacity to repay the mortgage loan when the income source expires or the distributions will deplete the asset prior to maturation of the mortgage loan.</td></tr>
</table></td><td>
<table>
<tr><th>Examples of Income Types without a Defined Expiration Date</th><th>Examples of Income Types with a Defined Expiration Date[1]</th></tr>
<tr><td>Lender does not need to document 3–year continuance
• automobile allowance
• base salary
• bonus, overtime, commission, or tip income
• capital gains income
• corporate retirement or pension
• disability income — long-term
• foster-care income
• interest and dividend income (unless other evidence that asset will be depleted)
• military income
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[1] Because these income sources have a defined expiration date or allow the depletion of an asset, care must be taken when this is the sole source or majority of qualifying income. Lenders must consider the borrower’s continued capacity to repay the mortgage loan when the income source expires, or the distributions will deplete the asset prior to maturation of the mortgage loan.</td></tr>
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<table>
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<td>Section 2.01 - Agency Loan Standard</td>
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Standard Agency (Non-AUS)
Standard Agency (DU)
Agency Plus (DU)
Home Ready® (DU)
Texas Section 50(a)(6) Mortgages (DU)

</td>
<td>

Social Security Income > Non-AUS

***Note**: Below is an EXCERPT only of the information from the above referenced section*

Verification requirements for social security income are as follows:

- Social Security income for retirement or long-term disability that the borrower is drawing from his or her own account/work record will not have a defined expiration date and must be expected to continue.
- However, if Social Security benefits are being paid as a benefit for a family member of the benefit owner, that income may be used in qualifying if the lender obtains documentation that confirms the remaining term is at least three years from the date of the mortgage application.
- Truist further clarifies that pending or current re-evaluation of medical eligibility for insurance and/or benefit payments is not considered an indication that the insurance and/or benefit payment will not continue.
- Document regular receipt of payments, as verified by the following, depending on the type of benefit and the relationship of the beneficiary (self or other) as shown in the table below.

<table>
<tr><th colspan="3">Documentation Requirements</th></tr>
<tr><th>Type of Social Security Benefit</th><th>Borrower is drawing Social Security benefits from own account/work record[1]</th><th>Borrower is drawing Social Security benefits from another person's account/work record[2]</th></tr>
<tr><td>Retirement</td><td rowspan="2">• Social Security Administrator's (SSA) Award Letter, or
• Proof of current receipt</td><td rowspan="3">• SSA Award Letter,
• Proof of current receipt, AND
• Three-year continuance (e.g., verification of beneficiary's age)</td></tr>
<tr><td>Disability</td></tr>
<tr><td>Survivor Benefits</td><td>N/A</td></tr>
<tr><td>Supplemental Security Income (SSI)</td><td>• SSA Award Letter, and
• Proof of current receipt</td><td>N/A</td></tr>
<tr><td colspan="3">[1] An SSA Award letter may be used to document the income if the borrower is receiving Social Security payments or if the borrower will begin receiving payments on or before the first payment date of the subject mortgage as confirmed by a recently issued award letter.
[2] Examples of how a borrower might draw social security benefits from another person's account/work record and use the income for qualifying:
• A borrower may be eligible for benefits from a spouse, ex-spouse, or dependent parents (the benefit is paid to the borrower on behalf of the spouse, etc.); or
• A borrower may use social security income received by a dependent (a minor or disabled dependent)</td></tr>
</table>

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Social Security Income > Non-AUS

***Note**: Below is an EXCERPT only of the information from the above referenced section*

Verification requirements for social security income are as follows:

- Social Security income for retirement or long-term disability that the borrower is drawing from his or her own account/work record will not have a defined expiration date and must be expected to continue.
- ~~However, if Social Security benefits are being paid as a benefit for a family member of the benefit owner, that income may be used in qualifying if the lender obtains documentation that confirms the remaining term is at least three years from the date of the mortgage application.~~
- Social Security income based on another person's account/work record or from the borrower's own work record, but for the benefit of another (such as a dependent) may also be used in qualifying, provided the lender documents a 3-year continuance.
- Truist further clarifies that pending or current re-evaluation of medical eligibility for insurance and/or benefit payments is not considered an indication that the insurance and/or benefit payment will not continue.
- Document regular receipt of payments, as verified by the following, depending on the type of benefit and the relationship of the beneficiary (self or other) as shown in the table below.

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<tr><td>Retirement</td><td rowspan="2">• Social Security Administrator's (SSA) Award Letter,
• SSA-1099,
• Most recent signed federal income tax returns (or tax transcripts[3]) or
• Proof of current receipt</td><td rowspan="3">• SSA Award Letter,
• Proof of current receipt, AND
• Three-year continuance[4] ~~(e.g., verification of beneficiary's age)~~</td></tr>
<tr><td>Disability</td></tr>
<tr><td>Survivor Benefits</td><td>N/A</td></tr>
<tr><td>Supplemental Security Income (SSI)</td><td>• SSA Award Letter, and
• Proof of current receipt</td><td>N/A</td></tr>
<tr><td colspan="3">[1] An SSA Award letter may be used to document the income if the borrower is receiving Social Security payments or if the borrower will begin receiving payments on or before the first payment date of the subject mortgage as confirmed by a recently issued award letter.
[2] Examples of how a borrower might draw social security benefits from another person's account/work record and use the income for qualifying:
• A borrower may be eligible for benefits from a spouse, ex-spouse, or dependent parents (the benefit is paid to the borrower on behalf of the spouse, etc.); or
• A borrower may use social security income received by a dependent (a minor or disabled dependent)
[3] If joint tax returns or tax transcripts include income that is not associated with a borrower on the loan transaction, the lender must obtain additional documentation supporting the amount of income from the SSA being used in qualifying, such as the SSA-1099.</td></tr>
</table>

</td>
</tr>
</table>

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Topic	Impacted Document	Impacted Products	Current Standard	Revised Standard
				[4] Confirmation of three-year continuance does not require documentation that provides a defined expiration date and can be assessed by verifying the SSA's requirements related to the specific benefit(s) being paid. For example, if the SSA ties receipt of the benefits to the beneficiary's age, confirmation of a three-year continuance can be met by verifying that the beneficiary's age supports that benefit(s) will continue for at least three years from the date of the loan application.

Loan Application Requirements	Section 2.01 - Agency Loan Standard	• Standard Agency (Non-AUS)
		• Standard Agency (DU)
		• Agency Plus (DU)
		• Home Ready® (DU)
		• Texas Section 50(a)(6) Mortgages (DU)
			Loan Application Requirements > Non-AUS
			***Note**: Below is an EXCERPT only of the information from the above referenced section.*
			Conventional Non-AUS
			• A loan application must be documented on the Uniform Residential Loan Application (Form 1003).
			• A complete, signed, and dated version of the final Form 1003 must always be included in the loan file. The final Form 1003 must reflect the income, assets, debts, and final loan terms
			• used in the underwriting process. See "Ensuring DU Data and Delivery Information Accuracy/DU Tolerances" guidance previously presented in the "Underwriting the Borrower" topic for additional information about ensuring DU data accuracy and tolerances.
			• If either the note or the security instrument and the final Form 1003 will be executed pursuant to a power of attorney, then the initial Form 1003 must be personally signed by the borrower (except as provided below) and included in the mortgage file. However, a power of attorney may be used to execute both the initial and final Form 1003 in any of the following circumstances:
			  • a borrower is on military service with the United States armed forces serving outside the United States or deployed aboard a United States vessel, as long as the power of attorney expressly states an intention to secure a loan on a specific property;
			  • the attorney-in-fact or agent is the spouse or domestic partner of the borrower;
			  • the attorney-in-fact or agent signs the security instrument in their personal capacity with regard to their individual ownership interest in the mortgaged property; or such use is required of lender by applicable law.
				Loan Application Requirements > Non-AUS
				***Note**: Below is an EXCERPT only of the information from the above referenced section.*
				Conventional Non-AUS
				• A loan application must be documented on the Uniform Residential Loan Application (Form 1003).
				• A complete, signed, and dated version of the final Form 1003 must always be included in the loan file. The final Form 1003 must reflect the income, assets, debts, and final loan terms
				• used in the underwriting process. See "Ensuring DU Data and Delivery Information Accuracy/DU Tolerances" guidance previously presented in the "Underwriting the Borrower" topic for additional information about ensuring DU data accuracy and tolerances.
				• If either the note or the security instrument and the final Form 1003 will be executed pursuant to a power of attorney, then the initial Form 1003 must be personally signed by the borrower (except as provided below) and included in the mortgage file. However, a power of attorney may be used to execute both the initial and final Form 1003 in any of the following circumstances:
				  • a borrower is on military service with the United States armed forces serving outside the United States or deployed aboard a United States vessel, as long as the power of attorney expressly states an intention to secure a loan on a specific property;
				  • ~~the attorney-in-fact or agent is the spouse or domestic partner of the borrower;~~
				  • the attorney-in-fact or agent signs the security instrument in their personal capacity with regard to their individual ownership interest in the mortgaged property; or such use is required of lender by applicable law.

Power of Attorney	Section 2.01 - Agency Loan Standard	• Standard Agency (Non-AUS) • Standard Agency (DU) • Agency Plus (DU) • Home Ready® (DU) • Texas Section 50(a)(6) Mortgages (DU)	**Power of Attorney > Non-AUS** ***Note**: Below is an EXCERPT only of the information from the above referenced section.* • **Eligibility Requirements for Using a Power of Attorney** ***Note**: Table is omitted for the purpose of this B&A* **Note**: A borrower's relative includes any person defined as a relative (per Agency standards), or a person who is a fiancé, fiancée, or in a legally recognized mutual relationship with the borrower (however denominated under applicable local law).	**Power of Attorney > Non-AUS** ***Note**: Below is an EXCERPT only of the information from the above referenced section.* • **Eligibility Requirements for Using a Power of Attorney** ***Note**: Table is omitted for the purpose of this B&A* **Note**: A borrower's relative includes any person defined as a relative (per Agency standards), or a person who is ~~a fiancé, fiancée~~ an individual engaged to marry the borrower, or in a legally recognized mutual relationship with the borrower (however denominated under applicable local law).

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Topic	Impacted Document	Impacted Products	Current Standard	Revised Standard

Appraiser Selection Criteria	Section 2.01 - Agency Loan Standard	• Standard Agency (Non-AUS)
		• Standard Agency (DU)
		• Agency Plus (DU)
		• Home Ready® (DU)
		• Texas Section 50(a)(6) Mortgages (DU)
			Appraiser Selection Criteria > Non-AUS
			***Note**: Below is an EXCERPT only of the information from the above referenced section.*
			• **Knowledge and Experience**
			  • Lenders must use appraisers that:
			    • have the requisite knowledge required to perform a professional quality appraisal for the specific geographic location and particular property type; and
			    • have the requisite knowledge about, and access to, the necessary and appropriate data sources for the area in which the appraisal assignment is located.
			  • Appraisers that are not familiar with specific real estate markets may not have adequate information available to perform a reliable appraisal. Although the Uniform Standards of Professional Appraisal Practice (USPAP) allows an appraiser that does not have the appropriate knowledge and experience to accept an appraisal assignment by providing procedures with which the appraiser can complete the assignment, Fannie Mae does not allow the USPAP flexibility.
				Appraiser Selection Criteria > Non-AUS
				***Note**: Below is an EXCERPT only of the information from the above referenced section.*
				• **Knowledge and Experience**
				  • Lenders must use appraisers that:
				    • have the requisite knowledge required to perform a professional quality appraisal for the specific geographic location and particular property type; and
				    • have the requisite knowledge about, and all access to, ~~the~~ all necessary and appropriate local data sources for the subject's geographic area ~~in which the appraisal assignment is located. ~~, including multiple listing service(s) and government records.
				  • Appraisers that are not familiar with specific real estate markets may not have adequate information available to perform a reliable appraisal. Although the Uniform Standards of Professional Appraisal Practice (USPAP) allows an appraiser that does not have the appropriate knowledge and experience to accept an appraisal assignment by providing procedures with which the appraiser can complete the assignment, Fannie Mae does not allow the USPAP flexibility.