

Agency Standards Revisions

Note: Truist specific overlays are underlined.

| Topic | Impacted Document | Impacted Products | Current Standards | Revised Standards <small>(See COR23-084 for the Applicable Effective Dates of These Revisions)</small> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Standard Agency Maximum LTV/TLTV/HTLTV Ratio Requirements for 2-4 Unit Primary Residences | Correspondent Section 2.01 Agency Loan Standard | <ul style="list-style-type: none"> Standard Agency (DU) | <p>Loan Terms / Agency Maximum LTV/TLTV/ HTLTV Ratio Requirements</p> <p>Primary Residence</p> <p><i>Note: Standard Agency LPA transactions with an LTV, TLTV, and/or HTLTV ratio greater than 95% are referred to by Freddie Mac as HomeOneSM Mortgages. Any specific requirements that apply for these transactions, that differ from standard Agency LPA requirements, are referenced in Truist LPA standards as requirements for transactions with an LTV, TLTV, and/or HTLTV ratio greater than 95%.</i></p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr style="background-color: #2c3e50; color: white;"> <th colspan="5">Agency Primary Residence – Fixed Rate</th> </tr> <tr style="background-color: #34495e; color: white;"> <th>Purpose</th> <th># of Units</th> <th>LTV/TLTV/HTLTV for Non-AUS Loans</th> <th>LTV/TLTV/HTLTV for DU Loans</th> <th>LTV/TLTV/HTLTV for LPA Loans</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Purchase</td> <td>1</td> <td>95%/95%¹/95%</td> <td>97%³/97%^{1, 2, 3}/97%³</td> <td>97%⁵/97%^{1, 5}/97%⁵</td> </tr> <tr> <td>2</td> <td>85%/85%¹/85%</td> <td>85%/85%¹/85%</td> <td>85%/85%/85%</td> </tr> <tr> <td>3</td> <td>75%/75%¹/75%</td> <td>75%/75%¹/75%</td> <td>80%/80%/80%</td> </tr> <tr> <td>4</td> <td>75%/75%¹/75%</td> <td>75%/75%¹/75%</td> <td>80%/80%/80%</td> </tr> <tr> <td rowspan="4">Limited Cash-Out Refinance (Rate/Term)</td> <td>1</td> <td>95%/95%¹/95%</td> <td>97%⁴/97%^{1, 2, 4}/97%⁴</td> <td>97%⁶/97%^{1, 7}/97%⁶</td> </tr> <tr> <td>2</td> <td>85%/85%¹/85%</td> <td>85%/85%¹/85%</td> <td>85%/85%/85%</td> </tr> <tr> <td>3</td> <td>75%/75%¹/75%</td> <td>75%/75%¹/75%</td> <td>80%/80%/80%</td> </tr> <tr> <td>4</td> <td>75%/75%¹/75%</td> <td>75%/75%¹/75%</td> <td>80%/80%/80%</td> </tr> <tr> <td rowspan="4">Cash-Out Refinance</td> <td>1</td> <td>80%/80%/80%</td> <td>80%/80%/80%</td> <td>80%/80%/80%</td> </tr> <tr> <td>2</td> <td>75%/75%/75%</td> <td>75%/75%/75%</td> <td>75%/75%/75%</td> </tr> <tr> <td>3</td> <td>75%/75%/75%</td> <td>75%/75%/75%</td> <td>75%/75%/75%</td> </tr> <tr> <td>4</td> <td>75%/75%/75%</td> <td>75%/75%/75%</td> <td>75%/75%/75%</td> </tr> </tbody> </table> <p>¹For non-AUS and DU transactions, the TLTV may exceed the limits stated above up to 105% only if the mortgage is part of a Community Seconds transaction. 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| | 3 | 75%/75% ¹ /75% | 75%/75% ¹ /75% | 80%/80%/80% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4 | 75%/75% ¹ /75% | 75%/75% ¹ /75% | 80%/80%/80% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash-Out Refinance | 1 | 80%/80%/80% | 80%/80%/80% | 80%/80%/80% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | 75%/75%/75% | 75%/75%/75% | 75%/75%/75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3 | 75%/75%/75% | 75%/75%/75% | 75%/75%/75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4 | 75%/75%/75% | 75%/75%/75% | 75%/75%/75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Agency Standards Revisions

Note: Truist specific overlays are underlined.

| Topic | Impacted Document | Impacted Products | Current Standards | Revised Standards <small>(See COR23-084 for the Applicable Effective Dates of These Revisions)</small> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | | | <table border="1" style="width: 100%; border-collapse: collapse; background-color: #2c3e50; color: white;"> <thead> <tr> <th colspan="5">Agency Primary Residence - 5/6-Month, 7/6-Month & 10/6-Month SOFR ARMs</th> </tr> <tr> <th>Purpose</th> <th># of Units</th> <th>LTV/TLTV/HTLTV for Non-AUS Loans</th> <th>LTV/TLTV/HTLTV for DU Loans</th> <th>LTV/TLTV/HTLTV for LPA Loans</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Purchase</td> <td>1</td> <td>95%/95%¹/95%</td> <td>95%/95%¹/95%</td> <td>95%/95%/95%</td> </tr> <tr> <td>2</td> <td>85%/85%¹/85%</td> <td>85%/85%¹/85%</td> <td>85%/85%/85%</td> </tr> <tr> <td>3</td> <td>75%/75%¹/75%</td> <td>75%/75%¹/75%</td> <td>80%/80%/80%</td> </tr> <tr> <td>4</td> <td>75%/75%¹/75%</td> <td>75%/75%¹/75%</td> <td>80%/80%/80%</td> </tr> <tr> <td rowspan="4">Limited Cash-Out Refinance (Rate/Term)</td> <td>1</td> <td>95%/95%¹/95%</td> <td>95%/95%¹/95%</td> <td>95%/95%/95%</td> </tr> <tr> <td>2</td> <td>85%/85%¹/85%</td> <td>85%/85%¹/85%</td> <td>85%/85%/85%</td> </tr> <tr> <td>3</td> <td>75%/75%¹/75%</td> <td>75%/75%¹/75%</td> <td>80%/80%/80%</td> </tr> <tr> <td>4</td> <td>75%/75%¹/75%</td> <td>75%/75%¹/75%</td> <td>80%/80%/80%</td> </tr> <tr> <td rowspan="4">Cash-Out Refinance</td> <td>1</td> <td>80%/80%/80%</td> <td>80%/80%/80%</td> <td>80%/80%/80%</td> </tr> <tr> <td>2</td> <td>75%/75%/75%</td> <td>75%/75%/75%</td> <td>75%/75%/75%</td> </tr> <tr> <td>3</td> <td>75%/75%/75%</td> <td>75%/75%/75%</td> <td>75%/75%/75%</td> </tr> <tr> <td>4</td> <td>75%/75%/75%</td> <td>75%/75%/75%</td> <td>75%/75%/75%</td> </tr> </tbody> </table> <p>¹ For non-AUS and DU 5/6-Month, 7/6-Month, and 10/6-Month SOFR ARM transactions only, the TLTV may exceed the limits stated above up to 105% only if the mortgage is part of a Community Seconds transaction.</p> | Agency Primary Residence - 5/6-Month, 7/6-Month & 10/6-Month SOFR ARMs | | | | | Purpose | # of Units | LTV/TLTV/HTLTV for Non-AUS Loans | LTV/TLTV/HTLTV for DU Loans | LTV/TLTV/HTLTV for LPA Loans | Purchase | 1 | 95%/95% ¹ /95% | 95%/95% ¹ /95% | 95%/95%/95% | 2 | 85%/85% ¹ /85% | 85%/85% ¹ /85% | 85%/85%/85% | 3 | 75%/75% ¹ /75% | 75%/75% ¹ /75% | 80%/80%/80% | 4 | 75%/75% ¹ /75% | 75%/75% ¹ /75% | 80%/80%/80% | Limited Cash-Out Refinance (Rate/Term) | 1 | 95%/95% ¹ /95% | 95%/95% ¹ /95% | 95%/95%/95% | 2 | 85%/85% ¹ /85% | 85%/85% ¹ /85% | 85%/85%/85% | 3 | 75%/75% ¹ /75% | 75%/75% ¹ /75% | 80%/80%/80% | 4 | 75%/75% ¹ /75% | 75%/75% ¹ /75% | 80%/80%/80% | Cash-Out Refinance | 1 | 80%/80%/80% | 80%/80%/80% | 80%/80%/80% | 2 | 75%/75%/75% | 75%/75%/75% | 75%/75%/75% | 3 | 75%/75%/75% | 75%/75%/75% | 75%/75%/75% | 4 | 75%/75%/75% | 75%/75%/75% | 75%/75%/75% | <table border="1" style="width: 100%; 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| Purchase | 1 | 95%/95% ¹ /95% | 95%/95% ¹ /95% | 95%/95%/95% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Limited Cash-Out Refinance (Rate/Term) | 1 | 95%/95% ¹ /95% | 95%/95% ¹ /95% | 95%/95%/95% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | 4 | 75%/75% ¹ /75% | 75%/75% ¹ /75% | 80%/80%/80% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash-Out Refinance | 1 | 80%/80%/80% | 80%/80%/80% | 80%/80%/80% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Purchase | 1 | 95%/95% ¹ /95% | 95%/95% ¹ /95% | 95%/95%/95% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | 4 | 75%/75% ¹ /75% | 75%/75% ¹ /75% | 80%/80%/80% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Limited Cash-Out Refinance (Rate/Term) | 1 | 95%/95% ¹ /95% | 95%/95% ¹ /95% | 95%/95%/95% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | 85%/85% ¹ /85% | 85%/85% ¹ /85% | 85%/85%/85% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3 | 75%/75% ¹ /75% | 75%/75% ¹ /75% | 80%/80%/80% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4 | 75%/75% ¹ /75% | 75%/75% ¹ /75% | 80%/80%/80% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash-Out Refinance | 1 | 80%/80%/80% | 80%/80%/80% | 80%/80%/80% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | 75%/75%/75% | 75%/75%/75% | 75%/75%/75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3 | 75%/75%/75% | 75%/75%/75% | 75%/75%/75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4 | 75%/75%/75% | 75%/75%/75% | 75%/75%/75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>HomeReady Maximum LTV/TLTV/HTLTV Ratio Requirements for 2-4 Unit Primary Residences</p> <p><i>(General Loan Limits Only)</i></p> | <p>Correspondent Section 2.01a Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Standard</p> | <ul style="list-style-type: none"> HomeReady® (DU) | <p>Loan Terms / HomeReady Maximum LTV/TLTV/ HTLTV Ratio Requirements</p> <p>Notes:</p> <ul style="list-style-type: none"> When submitting a HomeReady Mortgage to DU, select HomeReady in the Community Lending Product field in DU. The matrices below outline LTV/TLTV/HTLTV requirements for HomeReady loans originated using general loan limits and high-cost area loan limits (i.e., high-balance mortgage loans). <table border="1" style="width: 100%; border-collapse: collapse; background-color: #2c3e50; color: white;"> <thead> <tr> <th colspan="5">HomeReady Primary Residence – Fixed Rate</th> </tr> <tr> <th>Purpose</th> <th># of Units</th> <th>LTV/TLTV/HTLTV for Non-AUS Loans</th> <th>LTV/TLTV/HTLTV for DU Loans</th> <th>LTV/TLTV/HTLTV for LPA Loans</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Purchase</td> <td>1</td> <td>95%/95%²/95%</td> <td>97%/97%²/97%¹</td> <td>Not Eligible</td> </tr> <tr> <td>2</td> <td>85%/85%²/85%</td> <td>85%/85%²/85%</td> <td>Not Eligible</td> </tr> <tr> <td>3-4</td> <td>75%/75%²/75%</td> <td>75%/75%²/75%</td> <td>Not Eligible</td> </tr> <tr> <td rowspan="3">Limited Cash-Out Refinance (Rate/Term)</td> <td>1</td> <td>95%/95%²/95%</td> <td>97%^{1,4}/97%^{2,3,4}/97%^{1,4}</td> <td>Not Eligible</td> </tr> <tr> <td>2</td> <td>85%/85%²/85%</td> <td>85%/85%²/85%</td> <td>Not Eligible</td> </tr> <tr> <td>3-4</td> <td>75%/75%²/75%</td> <td>75%/75%²/75%</td> <td>Not Eligible</td> </tr> <tr> <td>Cash-Out Refinance</td> <td>1-4</td> <td colspan="3" style="text-align: center;">Not Eligible</td> </tr> </tbody> </table> | HomeReady Primary Residence – Fixed Rate | | | | | Purpose | # of Units | LTV/TLTV/HTLTV for Non-AUS Loans | LTV/TLTV/HTLTV for DU Loans | LTV/TLTV/HTLTV for LPA Loans | Purchase | 1 | 95%/95% ² /95% | 97%/97% ² /97% ¹ | Not Eligible | 2 | 85%/85% ² /85% | 85%/85% ² /85% | Not Eligible | 3-4 | 75%/75% ² /75% | 75%/75% ² /75% | Not Eligible | Limited Cash-Out Refinance (Rate/Term) | 1 | 95%/95% ² /95% | 97% ^{1,4} /97% ^{2,3,4} /97% ^{1,4} | Not Eligible | 2 | 85%/85% ² /85% | 85%/85% ² /85% | Not Eligible | 3-4 | 75%/75% ² /75% | 75%/75% ² /75% | Not Eligible | Cash-Out Refinance | 1-4 | Not Eligible | | | <p style="color: red;">Note: LTV/TLTV/HTLTV requirements for HomeReady loans originated using general loan limits and for HomeReady loans originated using high-cost area loan limits (i.e., high-balance mortgage loans) are now being presented in two separate sections. Due to Truist's delay in aligning with Fannie Mae's increased DU 2-4-unit LTV/TLTV/HTLTV requirements for general loan limits, overlays are now reflected in the HomeReady general loan limits LTV/TLTV/HTLTV section.</p> <p>Loan Terms / HomeReady General Loan Limits Maximum LTV/TLTV/ HTLTV Ratio Requirements</p> <p>Note: When submitting a HomeReady Mortgage to DU, select HomeReady in the Community Lending Product field in DU.</p> <p style="color: red;">The matrices below outline LTV/TLTV/HTLTV requirements for HomeReady loans originated using general loan limits and high-cost area loan limits (i.e., high-balance mortgage loans).</p> <table border="1" style="width: 100%; border-collapse: collapse; background-color: #2c3e50; color: white;"> <thead> <tr> <th colspan="5">HomeReady General Loan Limits Primary Residence – Fixed Rate</th> </tr> <tr> <th>Purpose</th> <th># of Units</th> <th>LTV/TLTV/HTLTV for Non-AUS Loans</th> <th>LTV/TLTV/HTLTV for DU Loans</th> <th>LTV/TLTV/HTLTV for LPA Loans</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Purchase</td> <td>1</td> <td>95%/95%¹/95%</td> <td>97%¹/97%¹/97%¹</td> <td>Not Eligible</td> </tr> <tr> <td>2</td> <td>85%/85%¹/85%</td> <td>85%/85%¹/85%</td> <td>Not Eligible</td> </tr> <tr> <td>3-4</td> <td>75%/75%¹/75%</td> <td>75%/75%¹/75%</td> <td>Not Eligible</td> </tr> </tbody> </table> | HomeReady General Loan Limits Primary Residence – Fixed Rate | | | | | Purpose | # of Units | LTV/TLTV/HTLTV for Non-AUS Loans | LTV/TLTV/HTLTV for DU Loans | LTV/TLTV/HTLTV for LPA Loans | Purchase | 1 | 95%/95% ¹ /95% | 97% ¹ /97% ¹ /97% ¹ | Not Eligible | 2 | 85%/85% ¹ /85% | 85%/85% ¹ /85% | Not Eligible | 3-4 | 75%/75% ¹ /75% | 75%/75% ¹ /75% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HomeReady Primary Residence – Fixed Rate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purpose | # of Units | LTV/TLTV/HTLTV for Non-AUS Loans | LTV/TLTV/HTLTV for DU Loans | LTV/TLTV/HTLTV for LPA Loans | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchase | 1 | 95%/95% ² /95% | 97%/97% ² /97% ¹ | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | 85%/85% ² /85% | 85%/85% ² /85% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3-4 | 75%/75% ² /75% | 75%/75% ² /75% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Limited Cash-Out Refinance (Rate/Term) | 1 | 95%/95% ² /95% | 97% ^{1,4} /97% ^{2,3,4} /97% ^{1,4} | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | 3-4 | 75%/75% ² /75% | 75%/75% ² /75% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Purpose | # of Units | LTV/TLTV/HTLTV for Non-AUS Loans | LTV/TLTV/HTLTV for DU Loans | LTV/TLTV/HTLTV for LPA Loans | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchase | 1 | 95%/95% ¹ /95% | 97% ¹ /97% ¹ /97% ¹ | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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Agency Standards Revisions

Note: Truist specific overlays are underlined.

| Topic | Impacted Document | Impacted Products | Current Standards | Revised Standards (See COR23-084 for the Applicable Effective Dates of These Revisions) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|--|---|--|--|--|--|---------|------------|----------------------------------|-----------------------------|------------------------------|----------|---|---------------------------|---------------------------|--------------|---|---------------------------|---------------------------|--------------|-----|---------------------------|---------------------------|--------------|--|---|---------------------------|---------------------------|--------------|---|---------------------------|---------------------------|--------------|-----|---------------------------|---------------------------|--------------|--------------------|-----|--------------|--|--|---|---------|---|---------------------------|--|--------------|----------|---|---------------------------|---------------------------|--------------|-----------------------|-----|---------------------------|---------------------------|--------------|--------------------|-----|--------------|--|--|---|--|--|--|--|---------|------------|----------------------------------|-----------------------------|------------------------------|----------|---|---------------------------|---------------------------|--------------|---|---------------------------|---------------------------|--------------|-----|---------------------------|---------------------------|--------------|--|---|---------------------------|---------------------------|--------------|---|---------------------------|---------------------------|--------------|-----|---------------------------|---------------------------|--------------|--------------------|-----|--------------|--|--|
| | | | <p>¹ 95.01-97% LTVs and HTLTVs are permitted on loans originated using general loan limits only. The maximum LTV and HTLTV for high-balance transactions is 95%.</p> <p>² The TLTV may exceed the limits stated above up to 105% only if the mortgage is part of a Community Seconds transaction.</p> <p>³ If the mortgage is part of a Community Seconds transaction and the LTV is 95% or less, Fannie Mae is not required to be the owner of the existing mortgage.</p> <p>⁴ For limited cash out refinances with LTV/TLTV/HTLTV ratios greater than 95%, Fannie Mae must be the owner of the existing mortgage.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #2c3e50; color: white;"> <th colspan="5" style="text-align: center;">HomeReady Primary Residence – 5/6-Month, 7/6-Month & 10/6-Month SOFR ARMs</th> </tr> <tr style="background-color: #2c3e50; color: white;"> <th>Purpose</th> <th># of Units</th> <th>LTV/TLTV/HTLTV for Non-AUS Loans</th> <th>LTV/TLTV/HTLTV for DU Loans</th> <th>LTV/TLTV/HTLTV for LPA Loans</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Purchase</td> <td>1</td> <td>95%/95%¹/95%</td> <td>95%/95%¹/95%</td> <td>Not Eligible</td> </tr> <tr> <td>2</td> <td>85%/85%¹/85%</td> <td>85%/85%¹/85%</td> <td>Not Eligible</td> </tr> <tr> <td>3-4</td> <td>75%/75%¹/75%</td> <td>75%/75%¹/75%</td> <td>Not Eligible</td> </tr> <tr> <td rowspan="3">Limited Cash-Out Refinance (Rate/Term)</td> <td>1</td> <td>95%/95%¹/95%</td> <td>95%/95%¹/95%</td> <td>Not Eligible</td> </tr> <tr> <td>2</td> <td>85%/85%¹/85%</td> <td>85%/85%¹/85%</td> <td>Not Eligible</td> </tr> <tr> <td>3-4</td> <td>75%/75%¹/75%</td> <td>75%/75%¹/75%</td> <td>Not Eligible</td> </tr> <tr> <td>Cash-Out Refinance</td> <td>1-4</td> <td colspan="3" style="text-align: center;">Not Eligible</td> </tr> </tbody> </table> <p>¹ For non-AUS and DU 5/6-Month, 7/6-Month, and 10/6-Month SOFR ARM transactions only, the TLTV may exceed the limits stated above up to 105% only if the mortgage is part of a Community Seconds transaction.</p> | HomeReady Primary Residence – 5/6-Month, 7/6-Month & 10/6-Month SOFR ARMs | | | | | Purpose | # of Units | LTV/TLTV/HTLTV for Non-AUS Loans | LTV/TLTV/HTLTV for DU Loans | LTV/TLTV/HTLTV for LPA Loans | Purchase | 1 | 95%/95% ¹ /95% | 95%/95% ¹ /95% | Not Eligible | 2 | 85%/85% ¹ /85% | 85%/85% ¹ /85% | Not Eligible | 3-4 | 75%/75% ¹ /75% | 75%/75% ¹ /75% | Not Eligible | Limited Cash-Out Refinance (Rate/Term) | 1 | 95%/95% ¹ /95% | 95%/95% ¹ /95% | Not Eligible | 2 | 85%/85% ¹ /85% | 85%/85% ¹ /85% | Not Eligible | 3-4 | 75%/75% ¹ /75% | 75%/75% ¹ /75% | Not Eligible | Cash-Out Refinance | 1-4 | Not Eligible | | | <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr> <td>Limited</td> <td>1</td> <td>95%/95%¹/95%</td> <td>97%³/97%^{1,2,3}/97%³</td> <td>Not Eligible</td> </tr> <tr> <td>Cash-Out</td> <td>2</td> <td>85%/85%¹/85%</td> <td>85%/85%¹/85%</td> <td>Not Eligible</td> </tr> <tr> <td>Refinance (Rate/Term)</td> <td>3-4</td> <td>75%/75%¹/75%</td> <td>75%/75%¹/75%</td> <td>Not Eligible</td> </tr> </table> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr> <td>Cash-Out Refinance</td> <td>1-4</td> <td colspan="3" style="text-align: center;">Not Eligible</td> </tr> </table> <p style="color: red; font-size: small;">¹ 95.01-97% LTVs and HTLTVs are permitted on loans originated using general loan limits only. 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| Purpose | # of Units | LTV/TLTV/HTLTV for Non-AUS Loans | LTV/TLTV/HTLTV for DU Loans | LTV/TLTV/HTLTV for LPA Loans | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchase | 1 | 95%/95% ¹ /95% | 95%/95% ¹ /95% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | 85%/85% ¹ /85% | 85%/85% ¹ /85% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Limited Cash-Out Refinance (Rate/Term) | 1 | 95%/95% ¹ /95% | 95%/95% ¹ /95% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | 85%/85% ¹ /85% | 85%/85% ¹ /85% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3-4 | 75%/75% ¹ /75% | 75%/75% ¹ /75% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Limited | 1 | 95%/95% ¹ /95% | 97% ³ /97% ^{1,2,3} /97% ³ | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash-Out | 2 | 85%/85% ¹ /85% | 85%/85% ¹ /85% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Refinance (Rate/Term) | 3-4 | 75%/75% ¹ /75% | 75%/75% ¹ /75% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Purpose | # of Units | LTV/TLTV/HTLTV for Non-AUS Loans | LTV/TLTV/HTLTV for DU Loans | LTV/TLTV/HTLTV for LPA Loans | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchase | 1 | 95%/95% ¹ /95% | 95%/95% ¹ /95% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Limited Cash-Out Refinance (Rate/Term) | 1 | 95%/95% ¹ /95% | 95%/95% ¹ /95% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Cash-Out Refinance | 1-4 | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HomeReady Maximum LTV/TLTV/HTLTV Ratio Requirements for 2-4 Unit Primary Residences <i>(High-Balance Loan Limits Only)</i> | Correspondent Section 2.01a Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Standard | <ul style="list-style-type: none"> HomeReady® (DU) | <p>Loan Terms / HomeReady Maximum LTV/TLTV/ HTLTV Ratio Requirements</p> <p>Notes:</p> <ul style="list-style-type: none"> When submitting a HomeReady Mortgage to DU, select HomeReady in the Community Lending Product field in DU. The matrices below outline LTV/TLTV/HTLTV requirements for HomeReady loans originated using general loan limits and high-cost area loan limits (i.e., high-balance mortgage loans). | <p style="color: red; font-size: small;">Note: LTV/TLTV/HTLTV requirements for HomeReady loans originated using general loan limits and for HomeReady loans originated using high-cost area loan limits (i.e., high-balance mortgage loans) are now being presented in two separate sections. The underwriting method, LTV/TLTV/HTLTV requirements, and associated footnotes for high-balance HomeReady mortgage loans remain the same. The only reason the guidance below is shown with yellow highlights is because it is being presented in a new section.</p> <p style="background-color: yellow;">Loan Terms / HomeReady High-Balance Loan Limits Maximum LTV/TLTV/ HTLTV Ratio Requirements</p> <p style="background-color: yellow;">Note: When submitting a HomeReady Mortgage to DU, select HomeReady in the Community Lending Product field in DU.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Agency Standards Revisions

Note: Truist specific overlays are underlined.

| Topic | Impacted Document | Impacted Products | Current Standards | Revised Standards (See COR23-084 for the Applicable Effective Dates of These Revisions) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | 3-4 | 75%/75% ¹ /75% | 75%/75% ¹ /75% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Limited Cash-Out Refinance (Rate/Term) | 1 | 95%/95% ¹ /95% | 95%/95% ¹ /95% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | 85%/85% ¹ /85% | 85%/85% ¹ /85% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3-4 | 75%/75% ¹ /75% | 75%/75% ¹ /75% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash-Out Refinance | 1-4 | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>¹ For non-AUS and DU 5/6-Month, 7/6-Month, and 10/6-Month SOFR ARM transactions only, the TLTV may exceed the limits stated above up to 105% only if the mortgage is part of a Community Seconds transaction.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HomeReady High-Balance Loan Limits Primary Residence – Fixed Rate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purpose | # of Units | LTV/TLTV/HTLTV for Non-AUS Loans | LTV/TLTV/HTLTV for DU Loans | LTV/TLTV/HTLTV for LPA Loans | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchase | 1 | Not Eligible | 95%/95% ¹ /95% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | Not Eligible | 85%/85% ¹ /85% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3-4 | Not Eligible | 75%/75% ¹ /75% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Limited Cash-Out Refinance (Rate/Term) | 1 | Not Eligible | 95%/95% ¹ /95% ¹ | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | Not Eligible | 85%/85% ¹ /85% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3-4 | Not Eligible | 75%/75% ¹ /75% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash-Out Refinance | 1-4 | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>¹ The TLTV may exceed the limits stated above up to 105% only if the mortgage is part of a Community Seconds transaction.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HomeReady High-Balance Loan Limits Primary Residence – 5/6-Month, 7/6-Month & 10/6-Month SOFR ARMs | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purpose | # of Units | LTV/TLTV/HTLTV for Non-AUS Loans | LTV/TLTV/HTLTV for DU Loans | LTV/TLTV/HTLTV for LPA Loans | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchase | 1 | Not Eligible | 95%/95% ¹ /95% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | Not Eligible | 85%/85% ¹ /85% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3-4 | Not Eligible | 75%/75% ¹ /75% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Limited Cash-Out Refinance (Rate/Term) | 1 | Not Eligible | 95%/95% ¹ /95% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | Not Eligible | 85%/85% ¹ /85% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3-4 | Not Eligible | 75%/75% ¹ /75% | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash-Out Refinance | 1-4 | Not Eligible | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>¹ The TLTV may exceed the limits stated above up to 105% only if the mortgage is part of a Community Seconds transaction.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Agency Standards Revisions

Note: Truist specific overlays are underlined.

| Topic | Impacted Document | Impacted Products | Current Standards | Revised Standards (See COR23-084 for the Applicable Effective Dates of These Revisions) |
|---|---|---|---|---|
| DU LTV/TLTV/HTLTV Restrictions for Certain CorrAdvantage Agency 2-4 Unit Primary Residence Transactions | Correspondent Section 2.04 CorrAdvantage Standard | <ul style="list-style-type: none"> CorrAdvantage | <p>Underwriting Requirements and Restrictions / Fannie Mae Desktop Underwriter (DU) Restrictions</p> <ul style="list-style-type: none"> Freddie Mac has deemed the following Fannie Mae items ineligible for delivery under the CorrAdvantage execution: <ul style="list-style-type: none"> Mortgages secured by Condominium Units that receive a classification of "Guide Ineligible" from Fannie Mae's Condominium Project Manager("CPM"), with an approved Fannie Mae "Project Eligibility Waiver ("PEW") from Fannie Mae's Credit Variance Administration System^M ("CVAS"), Mortgages originated under Fannie Mae's Waiver titled "Waiver of Project Eligibility Review" for Fannie Mae to Fannie Mae Limited Cash-out Refinances, Mortgages with shared equity plans, Mortgages using Fannie Mae HomeStyle Energy, Mortgages using Fannie Mae HomeStyle Renovation, Mortgages using Fannie Disaster Related Refinance Flexibilities, Fannie Student Loan Cash-out, Mortgages secured by properties with an overall condition rating of C5 or C6; Mortgages using Fannie 97% option for FTHB or refinance of a Fannie owned loan, Mortgages using Fannie Mae's desktop appraisal option with an LTV that exceeds 90%, Fannie High LTV Refinance, Fannie Mae RefiNowTM Mortgages, Fannie Mae HomePath flexibilities, and Mortgages with Community Seconds made by Native American tribes or instrumentalities are not eligible unless: <ul style="list-style-type: none"> the Native American Tribe or instrumentality is federally recognized, and is authorized to operate on the tribal land where the property is located, or the borrower is an enrolled member of the Native American Tribe. International notarizations not performed by a duly authorized official of the U.S. In addition, <u>Truist has elected not to allow the following Fannie Mae terms for delivery under the CorrAdvantage execution:</u> <ul style="list-style-type: none"> Use of an average median credit score to determine if a loan meets the minimum credit score requirement for the loan transaction. <p>Notes:</p> <ul style="list-style-type: none"> For all DU loans, the representative credit score must be used to determine if the minimum credit score requirement has been met for the loan transaction. The minimum representative credit score requirement is 620. Loans with Resale Restrictions: Shared equity transactions with resale restrictions that terminate at foreclosure. Subsidizing the sales price on a Community Seconds mortgage, and HomeReady in combination of Texas 50(a)(6). <p>Notes:</p> <ul style="list-style-type: none"> See subsequent subtopic <i>Ineligible Items for all transactions</i> for restrictions regardless of AUS Method. See subsequent topic <i>ULDD</i> for additional requirements when DU is AUS of record. Use of Fannie Mae's DU Validation Service is acceptable. <p>Resources:</p> <ul style="list-style-type: none"> Fannie Mae's Selling and Servicing Guides may be accessed at Single-Family Homepage. Any guidance within product standards that refer to action by the delivery date not tied to a specific implementation | <p>Underwriting Requirements and Restrictions / Fannie Mae Desktop Underwriter (DU) Restrictions</p> <ul style="list-style-type: none"> Freddie Mac has deemed the following Fannie Mae items ineligible for delivery under the CorrAdvantage execution: <ul style="list-style-type: none"> Mortgages secured by Condominium Units that receive a classification of "Guide Ineligible" from Fannie Mae's Condominium Project Manager("CPM"), with an approved Fannie Mae "Project Eligibility Waiver ("PEW") from Fannie Mae's Credit Variance Administration System^M ("CVAS"), 2-unit primary residence, purchase and limited cash-out refinance transactions originated under the CorrAdvantage Agency Fixed (15, 20, or 30 Year) and CorrAdvantage HomeReady Fixed (15, 20, or 30 Year) loan products with an LTV/TLTV/HTLTV that exceeds 85% 3-4-unit primary residence, purchase and limited cash-out refinance transactions originated under the CorrAdvantage Agency Fixed (15, 20, or 30 Year) and CorrAdvantage HomeReady Fixed (15, 20, or 30 Year) loan products with an LTV/TLTV/HTLTV that exceeds 75% Mortgages originated under Fannie Mae's Waiver titled "Waiver of Project Eligibility Review" for Fannie Mae to Fannie Mae Limited Cash-out Refinances, Mortgages with shared equity plans, Mortgages using Fannie Mae HomeStyle Energy, Mortgages using Fannie Mae HomeStyle Renovation, Mortgages using Fannie Disaster Related Refinance Flexibilities, Fannie Student Loan Cash-out, Mortgages secured by properties with an overall condition rating of C5 or C6; Mortgages using Fannie 97% option for FTHB or refinance of a Fannie owned loan, Mortgages using Fannie Mae's desktop appraisal option with an LTV that exceeds 90%, Fannie High LTV Refinance, Fannie Mae RefiNowTM Mortgages, Fannie Mae HomePath flexibilities, and Mortgages with Community Seconds made by Native American tribes or instrumentalities are not eligible unless: <ul style="list-style-type: none"> the Native American Tribe or instrumentality is federally recognized, and is authorized to operate on the tribal land where the property is located, or the borrower is an enrolled member of the Native American Tribe. International notarizations not performed by a duly authorized official of the U.S. In addition, <u>Truist has elected not to allow the following Fannie Mae terms for delivery under the CorrAdvantage execution:</u> <ul style="list-style-type: none"> Use of an average median credit score to determine if a loan meets the minimum credit score requirement for the loan transaction. <p>Notes:</p> <ul style="list-style-type: none"> For all DU loans, the representative credit score must be used to determine if the minimum credit score requirement has been met for the loan transaction. The minimum representative credit score requirement is 620. Loans with Resale Restrictions: Shared equity transactions with resale restrictions that terminate at foreclosure. Subsidizing the sales price on a Community Seconds mortgage, and HomeReady in combination of Texas 50(a)(6). <p>Notes:</p> <ul style="list-style-type: none"> See subsequent subtopic <i>Ineligible Items for all transactions</i> for restrictions regardless of AUS Method. |

Agency Standards Revisions

Note: Truist specific overlays are underlined.

| Topic | Impacted Document | Impacted Products | Current Standards | Revised Standards (See COR23-084 for the Applicable Effective Dates of These Revisions) |
|--|---|---|---|--|
| | | | <p>date, will be required upon delivery to Truist (examples: Postponed improvements, Employment Contracts or Offer options).</p> <ul style="list-style-type: none"> For questions regarding Fannie Mae’s Underwriting or DU questions, please contact: Dial 1-800-2FANNIE. | <ul style="list-style-type: none"> See subsequent topic <i>ULDD</i> for additional requirements when DU is AUS of record. Use of Fannie Mae’s DU Validation Service is acceptable. <p>Resources:</p> <ul style="list-style-type: none"> Fannie Mae’s Selling and Servicing Guides may be accessed at Single-Family Homepage. Any guidance within product standards that refer to action by the delivery date not tied to a specific implementation date, will be required upon delivery to Truist (examples: Postponed improvements, Employment Contracts or Offer options). For questions regarding Fannie Mae’s Underwriting or DU questions, please contact: Dial 1-800-2FANNIE. |
| DU Value Acceptance + Property Data DU Messaging | Correspondent Section 2.01 Agency Loan Standard | <ul style="list-style-type: none"> Standard Agency (DU) Agency Plus (DU) HomeReady® (DU) | <p>Appraisal Requirements / Fannie Mae’s DU Value Acceptance + Property Data</p> <p>Fannie Mae DU Follow DU requirements, which are as follows:</p> <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> Value Acceptance + Property Data Messaging <ul style="list-style-type: none"> The following initial (i.e., <i>Value Acceptance + Property Data - Eligible</i>) message will be displayed in the DU Underwriting Findings report when a loan receives a value acceptance + property data offer: <ul style="list-style-type: none"> <i>“DU accepts the value submitted by the lender for this subject property. This loan is eligible for value acceptance + property data with representation and warranty relief on the value and marketability of the subject property contingent upon the submission of property data to the Fannie Mae Property Data API and the inclusion of the Casefile ID and Special Feature Code 774 in the loan delivery file. Note that DU does not identify all value acceptance + property data ineligible transactions, including Texas Section 50(a)(6) mortgages; always refer to the Selling Guide to verify eligibility.”</i> After the submission of property data (i.e., property data collection report) to the Fannie Mae Property Data API (and resubmission of the loan to DU), the following final (i.e., <i>Value Acceptance + Property Data - Complete</i>) message will be displayed in the DU Underwriting Findings report indicating that the property is eligible for a value acceptance + property data offer: <ul style="list-style-type: none"> <i>“DU accepts the property data and value submitted for this subject property. This loan is eligible for value acceptance + property data with representation and warranty relief on the value and marketability of the subject property upon inclusion of the Casefile ID and Special Feature Code 774 in the loan delivery file. If an appraisal was obtained for this property, the loan cannot be sold with Special Feature code 774. Instead, the lender must use the value provided on the appraisal and follow all appraisal requirements. Note that DU does not identify all value acceptance + property data ineligible transactions, including Texas Section 50(a)(6) mortgages; always refer to the Selling Guide to verify eligibility.”</i> <p><i>All other currently published requirements in this section remain the same.</i></p> | <p>Appraisal Requirements / Fannie Mae’s DU Value Acceptance + Property Data</p> <p>Fannie Mae DU Follow DU requirements, which are as follows:</p> <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> Value Acceptance + Property Data Messaging <ul style="list-style-type: none"> The following initial (i.e., <i>Value Acceptance + Property Data - Eligible</i>) message will be displayed in the DU Underwriting Findings report when a loan receives a value acceptance + property data offer: <ul style="list-style-type: none"> <i>“Value acceptance + property data eligible, DU resubmission required after property data submitted to the API; DU accepts the value submitted by the lender for this loan with representation and warranty relief on the value and marketability of the subject property contingent upon the submission of a property data collection (PDC) to the Fannie Mae Property Data API. After the PDC has been submitted to the Fannie Mae Property Data API, which must be prior to the note date, the lender must resubmit the loan casefile to DU to receive the message stating that Fannie Mae has received the PDC. Note that DU does not identify all value acceptance + property data ineligible transactions, including Texas Section 50(a)(6) mortgages; always refer to the Selling Guide to verify eligibility.”</i> After the submission of property data (i.e., property data collection report) to the Fannie Mae Property Data API (and resubmission of the loan to DU), the following final (i.e., <i>Value Acceptance + Property Data - Complete</i>) message will be displayed in the DU Underwriting Findings report indicating that the property is eligible for a value acceptance + property data offer: <ul style="list-style-type: none"> <i>“Value acceptance + property data complete: Fannie Mae has received the property data collection (PDC) for this value acceptance + property data eligible loan. The lender must include the Casefile ID and Special Feature Code 774 in the loan delivery file. Note that DU does not identify all value acceptance + property data ineligible transactions, including Texas Section 50(a)(6) mortgages; always refer to the Selling Guide to verify eligibility.”</i> <p><i>All other currently published requirements in this section remain the same.</i></p> |

Agency Standards Revisions

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| Topic | Impacted Document | Impacted Products | Current Standards | Revised Standards (See <u>COR23-084</u> for the Applicable Effective Dates of These Revisions) |
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| Underwriting the Borrower | Correspondent Section 2.01 Agency Loan Standard | <ul style="list-style-type: none"> Standard Agency (DU) Agency Plus (DU) Agency Plus Select (DU) HomeReady® (DU) Texas Section 50(a)(6) Mortgages (DU) | <p>Underwriting the Borrower / Fannie Mae DU Loans</p> <p>Fannie Mae DU Follow DU requirements, which are as follows:</p> <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> Risk Factors Evaluated by DU <ul style="list-style-type: none"> DU considers the following characteristics in the credit report to assess the creditworthiness of borrowers who have traditional credit histories: credit history, delinquent accounts, installment accounts, revolving credit utilization, public records, foreclosures, collection accounts, and inquiries. The non-credit risk factors evaluated by DU include: the borrower’s equity and LTV ratio, liquid reserves, loan purpose, loan term, loan amortization type, occupancy type, debt-to-income ratio, housing expense ratio, property type, co-borrowers, and variable income. DU performs a comprehensive evaluation of these factors, weighing each factor based on the amount of risk it represents and its importance to the recommendation. DU analyzes the results of this evaluation along with the evaluation of the borrower’s credit profile to arrive at the underwriting recommendation for the loan casefile. More information on these risk factors is provided below. <ul style="list-style-type: none"> Credit History <ul style="list-style-type: none"> A borrower’s credit history is an account of how well the borrower has handled credit, both now and in the past. An older, established history—even though the accounts may have zero balances—will have a more positive impact on the borrower’s credit profile than newly established accounts. A borrower who has a relatively new credit history (a few recently opened accounts) is not automatically considered a high credit risk. Successfully managing newly established accounts, including making payments as agreed, signifies lower risk. Delinquent Accounts <ul style="list-style-type: none"> Payment history is a significant factor in the evaluation of the borrower’s credit. DU considers the severity of the delinquencies (30, 60, 90, or more days late), the length of time since the delinquencies, and the number and type of accounts that were not paid as agreed. A payment history that includes bills that are 30 days or more past-due, or a history of paying bills late as evidenced by a number of accounts with late payments, will have a negative impact on the borrower’s credit profile. The amount of time that has elapsed since an account was delinquent is an important factor included in the evaluation of the payment history. For example, a 30-day late payment that is less than three months old indicates a higher risk than a 30-day late payment that occurred several years ago. Installment Loans <ul style="list-style-type: none"> DU evaluates how well a borrower manages debt for all types of installment loans such as mortgage, auto, unsecured, and student loans. Research has shown that borrowers with no active installment accounts represent a higher risk than borrowers who have active installment accounts. Rent Payment History <ul style="list-style-type: none"> 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 | <p>Underwriting the Borrower / Fannie Mae DU Loans</p> <p>Fannie Mae DU Follow DU requirements, which are as follows:</p> <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> Risk Factors Evaluated by DU <ul style="list-style-type: none"> DU considers the following characteristics in the credit report to assess the creditworthiness of borrowers who have traditional credit histories: credit history, delinquent accounts, installment accounts, revolving credit utilization, public records, foreclosures, collection accounts, and inquiries. The non-credit risk factors evaluated by DU include: the borrower’s equity and LTV ratio, liquid reserves, loan purpose, loan term, loan amortization type, occupancy type, debt-to-income ratio, housing expense ratio, property type, co-borrowers, and variable income. DU performs a comprehensive evaluation of these factors, weighing each factor based on the amount of risk it represents and its importance to the recommendation. DU analyzes the results of this evaluation along with the evaluation of the borrower’s credit profile to arrive at the underwriting recommendation for the loan casefile. More information on these risk factors is provided below. <ul style="list-style-type: none"> Credit History <ul style="list-style-type: none"> A borrower’s credit history is an account of how well the borrower has handled credit, both now and in the past. An older, established history—even though the accounts may have zero balances—will have a more positive impact on the borrower’s credit profile than newly established accounts. A borrower who has a relatively new credit history (a few recently opened accounts) is not automatically considered a high credit risk. Successfully managing newly established accounts, including making payments as agreed, signifies lower risk. Delinquent Accounts <ul style="list-style-type: none"> Payment history is a significant factor in the evaluation of the borrower’s credit. DU considers the severity of the delinquencies (30, 60, 90, or more days late), the length of time since the delinquencies, and the number and type of accounts that were not paid as agreed. A payment history that includes bills that are 30 days or more past-due, or a history of paying bills late as evidenced by a number of accounts with late payments, will have a negative impact on the borrower’s credit profile. The amount of time that has elapsed since an account was delinquent is an important factor included in the evaluation of the payment history. For example, a 30-day late payment that is less than three months old indicates a higher risk than a 30-day late payment that occurred several years ago. Installment Loans <ul style="list-style-type: none"> DU evaluates how well a borrower manages debt for all types of installment loans such as mortgage, auto, unsecured, and student loans. Research has shown that borrowers with no active installment accounts represent a higher risk than borrowers who have active installment accounts. Rent Payment History <ul style="list-style-type: none"> 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 |

Agency Standards Revisions

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| | | | <p>report, it will use the rent payment history to positively supplement the credit risk assessment.</p> <ul style="list-style-type: none"> • The following requirements apply when using rent payment history in DU. At least one borrower must: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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. • When an asset verification report is used for both rent history and asset documentation, including asset validation through the DU validation service, only the most recent 60 days of account activity must be reviewed and retained in the loan file 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. • Revolving Credit Utilization <ul style="list-style-type: none"> • The establishment, use, and amount of revolving credit a borrower has available are important. Trended credit data is used to evaluate the borrower’s ability to manage revolving accounts. A borrower who uses revolving accounts conservatively, meaning low revolving credit utilization or regular payoff of revolving balance, is considered lower risk. A borrower whose revolving credit utilization is high or who has low available revolving credit is considered higher risk. • Public Records, Foreclosures, and Collection Accounts <ul style="list-style-type: none"> • A credit history that includes any significant derogatory credit event is considered high risk. Significant derogatory credit events include bankruptcy filings, foreclosures, deeds-in-lieu of foreclosure, preforeclosure sales, mortgage charge-offs, or accounts that have been turned over to a collection agency. • The more recent such events occurred, the more adverse the impact is on the credit profile. Although most public record information is retained in the credit history for seven years (ten years for bankruptcies), as time passes, it does become less significant to DU’s credit evaluation. <p>Note: Collection accounts reported as medical collections are not used in the DU risk assessment.</p> • Inquiries <ul style="list-style-type: none"> • DU evaluates inquiries made within the most recent 12 months of the credit report date. Research has shown that a high number of inquiries can indicate a higher degree of risk. However, multiple inquiries made by different mortgage lenders or different auto loan creditors within the same time frame is not viewed by DU as multiple inquiries (these types of inquiries generally reflect borrowers shopping for favorable | <p>report, it will use the rent payment history to positively supplement the credit risk assessment.</p> <ul style="list-style-type: none"> • The following requirements apply when using rent payment history in DU. At least one borrower must: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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. • When an asset verification report is used for both rent history and asset documentation, including asset validation through the DU validation service, only the most recent 60 days of account activity must be reviewed and retained in the loan file 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. • Revolving Credit Utilization <ul style="list-style-type: none"> • The establishment, use, and amount of revolving credit a borrower has available are important. 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| | | | <p>rates or terms). A borrower who has frequently applied for, or obtained, new or additional credit represents a higher risk.</p> <ul style="list-style-type: none"> • Borrower’s Equity and LTV Ratio <ul style="list-style-type: none"> • The amount of equity in the property is a very important component of the risk analysis. Research has shown that a borrower who makes a large down payment or who has considerable equity in their property is less likely to become delinquent on a mortgage loan than a borrower who makes a small down payment or has a small amount of equity in the property. In other words, the more equity a borrower has in the property, the lower the risk associated with the borrower’s mortgage loan. • DU may use a low LTV ratio to offset other risks that it may identify in the loan application. • Liquid Reserves <ul style="list-style-type: none"> • Liquid reserves are those financial assets that are available to a borrower after a loan closes. Reserves are calculated as the total amount of liquid assets remaining after the loan transaction closes divided by the qualifying payment amount. • DU considers higher amounts of liquid reserves as more favorable than lower amounts or no reserves. Research has shown that mortgages to borrowers with higher amounts of liquid reserves tend to have lower delinquency rates. As with a low LTV ratio, DU may consider high amounts of reserves as an offset for other risks that it may identify in the loan application. • Loan Purpose <ul style="list-style-type: none"> • There is a certain level of risk associated with every transaction, whether it is a purchase or a refinance. Purchase transactions represent less risk than refinance transactions. When evaluating refinance transactions, a limited cash-out refinance transaction represents less risk than a cash-out refinance transaction. • Loan Term <ul style="list-style-type: none"> • Research has shown that mortgages to borrowers who choose to finance their mortgages over shorter terms and build up equity in their properties faster generally tend to perform better than mortgages with longer amortization periods. • Loan Amortization Type <ul style="list-style-type: none"> • Research has shown that there is a difference in loan performance based on the manner in which the mortgage amortizes. Fixed-rate mortgages will be viewed as representing less risk than adjustable-rate mortgages. • Occupancy Type <ul style="list-style-type: none"> • Performance statistics on investor loans are notably worse than those of owner-occupied or second home loans. Owner-occupied transactions represent the least risk, followed by second home transactions, and investment property transactions having the highest risk level. • Debt-to-Income Ratio <ul style="list-style-type: none"> • In DU’s evaluation, generally, the lower the borrower’s debt-to-income ratio (DTI ratio), the lower the associated risk. As the ratio increases, the level of risk also tends to increase; and a high ratio will have the greatest adverse impact on the recommendation when there are also other high-risk factors present. • The composition of the borrower’s debt is also taken into consideration. Borrowers whose revolving debt makes up a smaller percentage of their monthly expense have been shown to represent less risk than those whose revolving debt makes up a larger percentage of their monthly expenses. Also, borrowers with student loan debt have been shown to represent less risk than those with only revolving debt. • Housing Expense Ratio | <p>rates or terms). A borrower who has frequently applied for, or obtained, new or additional credit represents a higher risk.</p> <ul style="list-style-type: none"> • Borrower’s Equity and LTV Ratio <ul style="list-style-type: none"> • The amount of equity in the property is a very important component of the risk analysis. Research has shown that a borrower who makes a large down payment or who has considerable equity in their property is less likely to become delinquent on a mortgage loan than a borrower who makes a small down payment or has a small amount of equity in the property. In other words, the more equity a borrower has in the property, the lower the risk associated with the borrower’s mortgage loan. • DU may use a low LTV ratio to offset other risks that it may identify in the loan application. • Liquid Reserves <ul style="list-style-type: none"> • Liquid reserves are those financial assets that are available to a borrower after a loan closes. Reserves are calculated as the total amount of liquid assets remaining after the loan transaction closes divided by the qualifying payment amount. • DU considers higher amounts of liquid reserves as more favorable than lower amounts or no reserves. Research has shown that mortgages to borrowers with higher amounts of liquid reserves tend to have lower delinquency rates. As with a low LTV ratio, DU may consider high amounts of reserves as an offset for other risks that it may identify in the loan application. • Loan Purpose <ul style="list-style-type: none"> • There is a certain level of risk associated with every transaction, whether it is a purchase or a refinance. Purchase transactions represent less risk than refinance transactions. When evaluating refinance transactions, a limited cash-out refinance transaction represents less risk than a cash-out refinance transaction. • Loan Term <ul style="list-style-type: none"> • Research has shown that mortgages to borrowers who choose to finance their mortgages over shorter terms and build up equity in their properties faster generally tend to perform better than mortgages with longer amortization periods. • Loan Amortization Type <ul style="list-style-type: none"> • Research has shown that there is a difference in loan performance based on the manner in which the mortgage amortizes. Fixed-rate mortgages will be viewed as representing less risk than adjustable-rate mortgages. • Occupancy Type <ul style="list-style-type: none"> • Performance statistics on investor loans are notably worse than those of owner-occupied or second home loans. 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| | | | <ul style="list-style-type: none"> • Borrowers with lower housing expense ratios are considered low risk, while those with higher housing expense ratios are considered higher risk. Research has shown that borrowers whose total monthly expenses are composed primarily of their housing expense may find it more difficult to pay this expense when experiencing an event that would cause financial distress, such as the loss of a job. • Property Type <ul style="list-style-type: none"> • Another important factor that DU considers in the risk analysis is the collateral or property type. DU differentiates the risk based on the number of units, and in some cases the property type. • The level of risk associated with each property type is as follows, starting with those property types representing the least amount of risk: <ul style="list-style-type: none"> • one-unit properties; • condo properties; • two-, three-, and four-unit properties. • Co-borrowers <ul style="list-style-type: none"> • DU considers the number of borrowers (who have traditional credit) on a mortgage application in its evaluation because, generally, the presence of more than one borrower helps to reduce risk. Research has shown that mortgages that have more than one borrower tend to have a lower delinquency rate than mortgages with one borrower. However, additional borrowers tend to reduce risk only when they have good credit histories. • Variable Income <ul style="list-style-type: none"> • DU evaluates the composition of the borrower income. As variable income (bonus, overtime, commission, and other income) can differ from year-to-year, borrowers whose total annual income is made up of a higher percentage of variable income represents an increase in risk. Note that other income is based on entry in Form 1003 of “Other” gross monthly income type in current employment, and “Other” in income from other sources. <p style="color: red; font-style: italic; margin-top: 10px;">All other currently published requirements in this section remain the same.</p> | <ul style="list-style-type: none"> • Borrowers with lower housing expense ratios are considered low risk, while those with higher housing expense ratios are considered higher risk. Research has shown that borrowers whose total monthly expenses are composed primarily of their housing expense may find it more difficult to pay this expense when experiencing an event that would cause financial distress, such as the loss of a job. • Property Type <ul style="list-style-type: none"> • Another important factor that DU considers in the risk analysis is the collateral or property type. DU differentiates the risk based on the number of units, and in some cases the property type. • The level of risk associated with each property type is as follows, starting with those property types representing the least amount of risk: <ul style="list-style-type: none"> • one-unit properties; • condo properties; • two-, three-, and four-unit properties. • Co-borrowers <ul style="list-style-type: none"> • DU considers the number of borrowers (who have traditional credit) on a mortgage application in its evaluation because, generally, the presence of more than one borrower helps to reduce risk. Research has shown that mortgages that have more than one borrower tend to have a lower delinquency rate than mortgages with one borrower. However, additional borrowers tend to reduce risk only when they have good credit histories. • Variable Income <ul style="list-style-type: none"> • DU evaluates the composition of <u>of borrower</u> income. As variable income (bonus, overtime, commission, and other income) can differ from year-to-year, borrowers whose total annual income is made up of a higher percentage of variable income represents an increase in risk. Note that other income is based on entry in Form 1003 of “Other” gross monthly income type in current employment, and “Other” in income from other sources. <p style="color: red; font-style: italic; margin-top: 10px;">All other currently published requirements in this section remain the same.</p> |