Agency Standards Revisions

Note: Truist specific overlays are underlined.

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See <u>COR24-009</u> for the Applicable Effective Dates of These Revisions)

Appraisals - Market Condition Adjustments	Correspondent Section 1.07 Appraisal Standard	• Standard Agency (LPA)
		• Agency Plus (LPA)
		• Agency Plus Select (LPA)
		• Home Possible® (LPA)
		• Texas Section 50(a)(6) Mortgages (LPA)
			Appraisal Analysis: Agency Loan Programs / Sales Comparison Approach Section of the Appraisal Report
			
			Freddie Mac LPA
			Follow LPA requirements, which are as follows:
			
			Note: Below is an EXCERPT only of the requirements from the above referenced section.
			
			• **Date of Sale and Time Adjustments**
			  • See "Date of Sale and Time Adjustments" in the "Adjustments to Comparable Sales" subtopic subsequently presented in this topic for guidance.
			
			All other currently published requirements in this section remain the same.
			
			--- 	
			
			Appraisal Analysis: Agency Loan Programs / Adjustments to Comparable Sales
			
			Freddie Mac LPA
			Follow LPA requirements, which are as follows:
			• **Adjustments**
			  • Each comparable sale must be analyzed for similarities and differences between it and the subject property. When the appraiser's analysis concludes an adjustment is necessary, the appraiser must make an adjustment for differences and indicate the dollar amount of the adjustment to reflect the value of the differences to the market. The appraiser may also need to consider whether the income approach, cost analysis, market surveys or other methods are appropriate for supporting adjustments. The appraiser must provide a sufficient explanation of the basis and rationale for all adjustments (or, if necessary, lack of adjustments) within the appraisal report or addenda.
			  • Comparable sales must be adjusted to the subject property, except for sales and financing concessions that must be adjusted to the market at the time of the sale. Large adjustments typically occur in rural markets, and with unique properties, due to limited market activity. Freddie Mac does not have limitations on gross or net adjustment percentages.
			
			• **Sales and Financing Concessions**
			  • The appraiser must independently verify and analyze all pending and recent sales of comparable properties, report how the sales were verified and whether concessions were granted. At least three verified, closed (settled) sales of comparable properties must be analyzed and market-based adjustments made for significant differences between the comparable sales and the subject property.
			  • Sales or financing concessions are offered by interested parties to the transaction (e.g., the builder, developer, property seller or real estate agent). Because the effect of concessions on sale prices can vary with the type and amount of the concessions, any adjustments to comparable sales must be based on the market reaction to them. The appraiser should provide comparable sales that sold without concessions to justify and support the adjustments made in determining the market reaction to the concessions. Adjustments may not be based solely on dollar-for-dollar deductions equal to the dollar value of the concessions. If comparable sales without concessions are not available, adjustments to comparable sales with concessions must reflect the differences between what the comparable sales actually sold for with the concessions and what they would have sold for without the concessions.
				Appraisal Analysis: Agency Loan Programs / Sales Comparison Approach Section of the Appraisal Report
				
				Freddie Mac LPA
				Follow LPA requirements, which are as follows:
				
				Note: Below is an EXCERPT only of the requirements from the above referenced section.
				
				• **Market Condition Adjustments**
				  • See "Market Condition Adjustments" in the "Adjustments to Comparable Sales" subtopic subsequently presented in this topic for guidance.
				
				All other currently published requirements in this section remain the same.
				
				--- 	
				
				Appraisal Analysis: Agency Loan Programs / Adjustments to Comparable Sales
				
				Freddie Mac LPA
				Follow LPA requirements, which are as follows:
				• **Adjustments**
				  • Each comparable sale must be analyzed for similarities and differences between it and the subject property. When the appraiser's analysis concludes an adjustment is necessary, the appraiser must make an adjustment for differences and indicate the dollar amount of the adjustment to reflect the value of the differences to the market. The appraiser may also need to consider whether the income approach, cost analysis, market surveys or other methods are appropriate for supporting adjustments. The appraiser must provide a sufficient explanation of the basis and rationale for all adjustments (or, if necessary, lack of adjustments) within the appraisal report or addenda.
				  • Comparable sales must be adjusted to the subject property, except for sales and financing concessions that must be adjusted to the market at the time of the sale. Large adjustments typically occur in rural markets, and with unique properties, due to limited market activity. Freddie Mac does not have limitations on gross or net adjustment percentages. See "Market Condition Adjustments" below for market condition adjustment requirements.
				
				• **Sales and Financing Concessions**
				  • The appraiser must independently verify and analyze all pending and recent sales of comparable properties, report how the sales were verified and whether concessions were granted. At least three verified, closed (settled) sales of comparable properties must be analyzed and market-based adjustments made for significant differences between the comparable sales and the subject property.
				  • Sales or financing concessions are offered by interested parties to the transaction (e.g., the builder, developer, property seller or real estate agent). Because the effect of concessions on sale prices can vary with the type and amount of the concessions, any adjustments to comparable sales must be based on the market reaction to them. The appraiser should provide comparable sales that sold without concessions to justify and support the adjustments made in determining the market reaction to the concessions. Adjustments may not be based solely on dollar-for-dollar deductions equal to the dollar value of the concessions. If comparable sales without concessions are not available, adjustments to comparable sales with concessions must reflect the differences between what the comparable sales actually sold for with the concessions and what they would have sold for without the concessions.

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<table>
<tr><th>Topic</th><th>Impacted Document</th><th>Impacted Products</th><th>Current Standards</th><th>Revised Standards
(See COR24-009 for the Applicable Effective Dates of These Revisions)</th></tr>
<tr><td></td><td></td><td></td><td>
The appraiser's opinion of market value must reflect the value of the subject property without the concessions. The appraiser must also provide the dollar value of the concessions as a comment in the appraisal report.
Reference: See the "Interested Party Contributions (IPCs)" topic outlined in Section 2.01: Agency Loan Standard of the Correspondent Seller Guide for information related to lender treatment of sales or financing concessions.
Date of Sale and Time Adjustments
The appraisal report must include time adjustments to reflect any change in market conditions over the period analyzed. This is essential to determine an accurate market value for the subject property. Time adjustments reflect market condition changes from the time a comparable went under contract to the effective date of the subject property appraisal. Adjustments may be either positive or negative and should be supported by comparables that may include listings, contract sales or closed sales. The appraiser must provide an explanation for the use of time adjustments.
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The appraiser's opinion of market value must reflect the value of the subject property without the concessions. The appraiser must also provide the dollar value of the concessions as a comment in the appraisal report.
Reference: See the "Interested Party Contributions (IPCs)" topic outlined in Section 2.01: Agency Loan Standard of the Correspondent Seller Guide for information related to lender treatment of sales or financing concessions.
Market Condition Adjustments
The appraisal report must include market condition adjustments to reflect changes in market conditions over the period analyzed. This is required to determine a credible market value for the subject property. Market condition adjustments reflect market condition changes from the time a comparable sale went under contract to the effective date of the subject property appraisal. Tools or information that may be relied upon to support market condition adjustments include, but are not limited to, market data (e.g., analysis of comparable listings, pending sales or closed sales); home price indices; multiple listings services; public records; and commercial services, models, and data. The appraisal report must include commentary describing the market analysis the appraiser performed.
</td></tr>
<tr><td>Attorney Title Opinion Letters</td><td>Correspondent Section 1.16 Title Insurance Standard</td><td>
Standard Agency (non-AUS & DU)
Agency Plus (DU)
Agency Plus Select (DU)
HomeReady® (non-AUS & DU)
</td><td>
Acceptable Forms of Title Insurance / General

Agency Loans
Non-AUS

Note: Below is an EXCERPT only of the requirements from the above referenced section. All other currently published requirements in this section remain the same.
Attorney Title Opinion Letter Requirements
Lenders are authorized to use an attorney title opinion letter in lieu of a title insurance policy if all of the conditions in the following table are satisfied.
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<tr><td></td><td>state that the title condition of the property is acceptable and the mortgage constitutes a lien of the required priority on a fee simple estate in the property.</td></tr>
<tr><td></td><td>list other liens and state that they are subordinate.</td></tr>
<tr><td></td><td>be given by an attorney licensed to practice law in the jurisdiction where the subject property is located. The attorney must also be insured against malpractice in rendering opinions of title in an amount commonly prevailing in the jurisdiction, taking into account the volume of opinions rendered by the attorney.</td></tr>
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Agency Loans
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Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR24-009 for the Applicable Effective Dates of These Revisions)
			be commonly acceptable in lieu of title insurance by private institutional mortgage investors in the area where the subject property is located. include language relating to the coverage normally provided by ALTA Endorsement 8.1 (Environment Protection Lien). Section (a) of the endorsement insures that there are no environmental protection liens filed in the public records that have priority over the lien of the insured mortgage; Section (b) insures that there are no state statutes that provide that liens filed after the date of the policy would have priority over the lien of the insured mortgage. An attorney may include an exception for possible subsequent super liens that could take priority over the mortgage only if the subject property is located in a state whose state statutes provide for such a super lien. include the following if the loan is an ARM: The law of the state in which the property securing the mortgage is located provides that (i) the lien of the mortgage will not become invalid or unenforceable resulting from provisions in the mortgage that provide for changes in the interest rate calculated pursuant to the formula provided in the mortgage, and (ii) priority of the lien of the mortgage for the UPB of the loan, together with interest as changed and other sums advanced by the noteholder in accordance with the provisions of the mortgage, will not be lost as a result of changes in the rate of interest calculated pursuant to the formula provided in the mortgage. include the following if the loan is secured by a unit in a PUD: • there is no present violation of any restrictive covenants that are in the PUD constituent documents and restrict the use of the land or the forfeiture or reversion of title, • all dues applicable to the subject property are current and not delinquent, and • no recorded right of first refusal to purchase the land was exercised or could have been exercised on or before the closing date of the loan and the undersigned is unaware of the existence or the exercise of any right of first refusal on or before the closing date of the loan. not take exception to survey matters. In addition, the opinion must not be subject to any title exceptions other than those listed as acceptable. See "Schedule B – Part II" in the "Title Binder/Commitment Review" subtopic or "Long Form Residential Loan Policy"/"Schedule B – Part I" in the "Title Policy Review" subtopic subsequently presented in this document for a listing of acceptable exceptions. • **Ineligible Transactions** • The following transactions are not eligible for an attorney title opinion letter: • loans secured by a unit in a condo project; • loans secured by a dwelling on a leasehold estate, • HomeStyle Energy and HomeStyle Renovation loans; • Texas Section 50(a)(6) loans; • loans secured by property subject to restrictive agreements or restrictive covenants; and • loans executed using a power of attorney.	be commonly acceptable in lieu of title insurance by private institutional mortgage investors in the area where the subject property is located. include language relating to the coverage normally provided by ALTA Endorsement 8.1 (Environment Protection Lien). Section (a) of the endorsement insures that there are no environmental protection liens filed in the public records that have priority over the lien of the insured mortgage; Section (b) insures that there are no state statutes that provide that liens filed after the date of the policy would have priority over the lien of the insured mortgage. An attorney may include an exception for possible subsequent super liens that could take priority over the mortgage only if the subject property is located in a state whose state statutes provide for such a super lien. include the following if the loan is an ARM: The law of the state in which the property securing the mortgage is located provides that (i) the lien of the mortgage will not become invalid or unenforceable resulting from provisions in the mortgage that provide for changes in the interest rate calculated pursuant to the formula provided in the mortgage, and (ii) priority of the lien of the mortgage for the UPB of the loan, together with interest as changed and other sums advanced by the noteholder in accordance with the provisions of the mortgage, will not be lost as a result of changes in the rate of interest calculated pursuant to the formula provided in the mortgage. include the following if the loan is secured by a unit in a PUD: • there is no present violation of any restrictive covenants that are in the PUD constituent documents and restrict the use of the land or the forfeiture or reversion of title, • all dues applicable to the subject property are current and not delinquent, and • no recorded right of first refusal to purchase the land was exercised or could have been exercised on or before the closing date of the loan and the undersigned is unaware of the existence or the exercise of any right of first refusal on or before the closing date of the loan. not take exception to survey matters. 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Agency Standards Revisions

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Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See <u>COR24-009</u> for the Applicable Effective Dates of These Revisions)

			• **Special Feature Code Requirement**
			  • Use SFC 155 to identify a loan that uses an attorney title opinion letter in lieu of a title insurance policy.
			
			Fannie Mae DU
			Follow DU requirements, which are the same as non-AUS requirements.
				• **Special Feature Code Requirement**
				  • Use SFC 155 to identify a loan that uses an attorney title opinion letter in lieu of a title insurance policy.
				
				Fannie Mae DU
				Follow DU requirements, which are the same as non-AUS requirements.

GreenCHOICE Mortgages®	Correspondent Section 2.01 Agency Loan Standard
	
	&
	
	Correspondent Section 2.01a Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Standard
		• Standard Agency (LPA)
		• Agency Plus (LPA)
		• Agency Plus Select (LPA)
		• Home Possible® (LPA)
		• Texas Section 50(a)(6) Mortgages (LPA)
			Section 2.01 Agency Loan Standard
			Eligible Transactions / Fannie Mae's HomeStyle® Energy for Improvements on Existing Properties/ Freddie Mac's GreenCHOICE® Mortgages
			
			Follow LPA requirements, which are as follows:
			• GreenCHOICE Mortgages provide flexibility to finance the costs of energy and/or water efficiency improvements with the proceeds from a purchase or "no cash-out" refinance transaction.
			• Mortgages must be secured by a 1- to 4-unit property, including a condominium unit.
			
			• **Determination of Value for LTV/TLTV/HTLTV Ratios**
			  • **Purchase transaction**: The value is the lesser of:
			    • The "as completed" appraised value of the mortgaged premises, or
			    • The total acquisition cost (i.e., the price paid for the mortgaged premises plus the costs of the energy and/or water efficiency improvements). The mortgage file must contain sufficient documentation to calculate the total acquisition cost.
			  • **"No cash-out" refinance transaction to finance energy and/or water efficiency improvements**: The value is the "as completed" value of the mortgaged premises.
			  • **"No cash-out" refinance transaction in which proceeds are used to pay off existing outstanding energy and/or water efficiency related debt**: The value is the appraised value of the mortgaged premises.
			
			• **Purchase and "No Cash-Out" Refinance Mortgage Requirements**
			  • **Purchase and "no cash-out" refinance mortgage to finance energy and/or water efficiency improvements**
			    • The proceeds from a purchase or "no cash-out" refinance transaction may be used to finance energy and/or water efficiency improvements completed after the note date subject to the following requirements:
			      • The maximum amount of the proceeds that may be used for the purchase and installation of energy and/or water efficiency improvements is limited to 15% of the "as completed" value of the mortgaged premises. The lender must obtain and retain in the mortgage file copies of all invoices and/or receipts, as applicable, related to the cost of the energy and/or water efficiency improvements.
			      • Proceeds sufficient to cover the cost of the energy and/or water efficiency improvements must be deposited into a completion escrow account on the note date. The escrow account must meet the requirements for incomplete improvements, outlined in the "Requirements for Verifying Completion and Postponed Improvements / Incomplete Improvements" subtopic (within the "Appraisal Requirements" topic).
			
			      Truist Note: The correspondent lender owns the management of a completion escrow. The correspondent lender is responsible for follow-up on all outstanding escrow agreements. If the energy and/or water efficiency improvements are not made
				Section 2.01 Agency Loan Standard
				Eligible Transactions / Fannie Mae's HomeStyle® Energy for Improvements on Existing Properties/ Freddie Mac's GreenCHOICE Mortgages®
				
				Freddie Mac LPA
				Follow LPA requirements, which are as follows:
				~~• GreenCHOICE Mortgages provide flexibility to finance the costs of energy and/or water efficiency improvements with the proceeds from a purchase or "no cash-out" refinance transaction.~~
				~~• Mortgages must be secured by a 1- to 4-unit property, including a condominium unit.~~
				• **Eligible Mortgages, Properties, and Improvements**
				  • **Eligible Mortgages**
				    • Mortgages must be purchase transaction or "no cash-out" refinance mortgages.
				    • The proceeds of a purchase transaction mortgage must be used to finance the purchase and/or installation of eligible improvements, or the repair or upgrade of any such improvements, to be completed after the note date.
				    • The proceeds of a "no cash-out" refinance mortgage must be used to finance:
				      • Purchase and/or installation of eligible improvements, or the repair or upgrade of any such improvements, to be completed after the note date; or
				      • Payment (in whole or in part) of an existing debt incurred by the borrower to finance the purchase and/or installation of eligible improvements, or the repair or upgrade of any such improvements (such debt, an "existing debt" for purposes of this subtopic), completed prior to the note date
				    • Fees associated with the purchase, installation, repair or upgrade of eligible improvements, including any fees related to plans and specifications, permits, title updates, appraisals, draw inspections or final inspections, as applicable, may be financed as part of the mortgage. The cost of an energy report, if required, may also be financed.
				
				  • **Eligible Property Types**
				    • All property types are eligible to secure GreenCHOICE Mortgages.
				
				  • **Eligible Improvements**
				    • GreenCHOICE Mortgages must be secured by properties with eligible improvements. For purposes of this subtopic, "eligible improvements" means:
				      • Energy and/or water efficiency improvements, including, but not limited to:
				        • ENERGY STAR Energy Efficient Products listed at https://www.energystar.gov/products/products_list
				        • Electrification improvements (e.g., replacing equipment or appliances that run on natural gas or other combustible fuel with efficient, all-electric technologies, such as heat pumps and induction cooktops)
				      • Health and safety improvements (e.g., ventilation, radon remediation, asbestos, mold or lead abatement and building-code compliance if cited by the applicable jurisdiction)

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR24-009 for the Applicable Effective Dates of These Revisions)

			as agreed, Truist will hold the correspondent lender responsible for completing the energy improvements with the escrowed funds.
			
			• The lender may reimburse the borrower from funds in the escrow account for costs associated with materials purchased to complete improvements being made. The lender may not reimburse the borrower for any labor performed by the borrower. Any funds remaining in the escrow account after the cost of all improvements has been paid to the appropriate party must be used to reduce the UPB, unless the mortgage is delinquent. If the mortgage is delinquent, the lender must apply such funds in accordance with the application of payment requirements in the note and security instrument. If any funds remain after the mortgage is brought current, then the lender must apply the funds as set forth in this bullet for a current mortgage.
			• If the transaction is a "no cash-out" refinance transaction, remaining proceeds may be disbursed to the borrower, provided the total amount disbursed to the borrower at closing and from the unused funds does not exceed the standard maximum amount allowed, which is up to the greater of 1% of the new refinance mortgage or $2,000.
			• The lender must obtain an interior and exterior inspection appraisal with an "as completed" value of the subject property subject to the energy and/or water efficiency improvements being completed.
			• After completion of the improvements, the lender must have the appraiser:
			  • Inspect the property to verify that the improvements have been completed, and
			  • Provide the lender with a completion report on Form 442, *Appraisal Update and/or Completion Report*, which must include photographs of the completed items. The lender must retain the completion report in the mortgage file.
			• All energy and/or water efficiency improvements must be completed within 180 days of the note date.
			• The lender must obtain and retain in the mortgage file an energy report meeting Freddie Mac requirements outlined below, except as permitted in "Basic Energy and Water Efficiency Improvements" (below).
			• **"No cash-out" refinance mortgage to payoff existing outstanding energy and/or water efficiency related debt**
			  • The proceeds may be used to pay off or partially pay off an existing outstanding debt for funds that were used to finance energy and/or water efficiency improvements completed prior to the note date subject to the following:
			    • The maximum LTV,TLTV, and/or HTLTV ratios outlined in the applicable first mortgage product description apply
			
			Reference: See the "Fannie Mae's HomeStyle® Energy for Improvements on Existing Properties/ Freddie Mac's GreenCHOICE® Mortgages" subtopic in Section 2.01a: Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Standard for Home Possible specific guidance.
			
			    • The maximum payoff of outstanding energy related debt is limited to 15% of the appraised value of the property
				• Resiliency and preventative improvements to either repair natural disaster damage or improve a home's ability to withstand future natural disasters
				• Eligible improvements must be permanently affixed to the property, except for:
				  • Appliances used in a kitchen, laundry room or utility room
				  • Health and safety improvements
				
				• **Determination of Value for LTV/TLTV/HTLTV Ratios**
				  • **Purchase transaction**: The value is the lesser of:
				    • The "as completed" appraised value of the mortgaged premises, or
				    • The total acquisition cost (i.e., the price paid for the mortgaged premises plus the cost of eligible improvements). The mortgage file must contain sufficient documentation to calculate the total acquisition cost.
				  • **"No cash-out" refinance mortgage used to finance eligible improvements**: The value is the "as completed" appraised value of the mortgaged premises.
				  • **"No cash-out" refinance mortgage used to pay an existing debt**: The value is the appraised value of the mortgaged premises.
				
				• **~~Purchase and "No Cash-Out" Refinance~~ Mortgage Requirements**
				  • **Purchase transaction and "no cash-out" refinance mortgages used to finance eligible improvements**
				    • The proceeds from a purchase transaction or "no cash-out" refinance mortgage may be used to finance eligible improvements completed after the note date, subject to the following requirements:
				      • The maximum amount of the proceeds that may be used for the purchase, installation, repair, or upgrade of eligible improvements is limited to 15% of the "as completed" appraised value of the mortgaged premises. The lender must obtain and retain in the mortgage file copies of all invoices and/or receipts, as applicable, related to the cost of the eligible improvements.
				      • On the note date, funds sufficient to cover the cost of the eligible improvements must be deposited into a completion escrow account that meets the requirements for incomplete improvements, outlined in the "Requirements for Verifying Completion and Postponed Improvements / Incomplete Improvements" subtopic (within the "Appraisal Requirements" topic). A contingency reserve is not required.
				
				Truist Note: The correspondent lender owns the management of a completion escrow. The correspondent lender is responsible for follow-up on all outstanding escrow agreements. If the eligible improvements are not made as agreed, Truist will hold the correspondent lender responsible for completing the eligible improvements with the escrowed funds.
				
				      • Funds in the completion escrow account may be used to reimburse the borrower for the cost of materials purchased to complete the eligible improvements. The lender may not reimburse the borrower for any self-performed labor. With respect to any funds remaining in the completion escrow account after all eligible disbursements have been made, the lender must apply such funds to reduce the UPB, unless the mortgage is delinquent. If the mortgage is delinquent, the lender must apply such funds in accordance with the application of payment requirements in the note and security instrument. If any funds remain after the mortgage is brought current, the lender must apply the funds as set forth in this bullet for a current mortgage.

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			• If proceeds are used to partially pay off (pay down) outstanding energy related debt, the remaining balance must be included in the calculation of the debt payment-to-income ratio. If the remaining balance is re-amortized, the lender must obtain and maintain in the mortgage file sufficient documentation evidencing the new payment, including a copy of the new promissory note, if applicable. • For "no cash-out" refinance transactions, remaining proceeds may be disbursed to the borrower, provided the total amount disbursed to the borrower at closing and from the unused funds does not exceed the standard maximum amount allowed, which is up to the greater of 1% of the new refinance mortgage or $2,000. • The mortgage file must include documentation (e.g., invoices, receipts, etc.) that the funds were used to pay off existing debt incurred for financing energy and/or water efficiency improvements completed prior to the note date. • An interior and exterior inspection appraisal is required. The appraisal must reflect all energy and/or water efficiency improvements that were made. See "Energy Efficient Improvements" in the "Appraisal Analysis: Agency Loan Programs / Improvements Section of the Appraisal Report" topic/subtopic presented in Section 1.07: Appraisal Standard of the *Correspondent Seller Guide* for detailed appraisal requirements. • The Settlement/Closing Disclosure Statement must reflect that the funds were paid directly to debt holder • An energy report is not required for "no cash-out" refinance mortgages used to payoff existing outstanding energy and/or water efficiency related debt. Reference: See the "Property Assessed Clean Energy (PACE) Loans" subtopic subsequently presented in this topic for payoff of PACE obligation requirements. • **Basic Energy and Water Efficiency Improvements** • For basic energy and/or water efficiency improvements with an aggregate cost less than or equal to $6,500, the requirements of this section must be met with the exception that an energy report is not required. The lender must document the cost of the energy and/or water efficiency improvements by obtaining copies of all receipts and/or invoices, as applicable, and retain these in the mortgage file. • Eligible basic energy and/or water efficiency improvements include the following: • Programmable thermostats • Caulking or weather stripping • Adding ceiling, wall or floor insulation • Air sealing • Air conditioning/heating replacement to high efficiency • Solar water heaters • Low-flow water fixtures • High efficient refrigerators/freezers, water heaters and light bulbs • Replacement of windows and doors • **Energy Reports** • **Eligible Energy Reports** • Energy reports must be one of the following: • A Home Energy Rating Systems (HERS) report completed by a certified Residential Energy Services Network (RESNET®) home energy rater	• ~~If the transaction is a "no cash-out" refinance transaction, remaining proceeds may be disbursed to the borrower, provided the total amount disbursed to the borrower at closing and from the unused funds does not exceed the standard maximum amount allowed, which is up to the greater of 1% of the new refinance mortgage or $2,000.~~ • The lender must obtain an interior and exterior inspection appraisal with an "as completed" appraised value of the mortgaged premised subject to all eligible improvements being completed. See "Energy Efficient Improvements" in the "Appraisal Analysis: Agency Loan Programs / Improvements Section of the Appraisal Report" topic/subtopic presented in Section 1.07: Appraisal Standard of the *Correspondent Seller Guide* for additional appraisal requirements. • After completion of all eligible improvements, the lender must have the appraiser: • Inspect the mortgaged premises to verify the improvements have been completed, and • Provide the lender with a completion report on Form 442, *Appraisal Update and/or Completion Report* that includes photographs of the completed improvements. The lender must retain the completion report in the mortgage file. • All eligible improvements must be completed within 180 days of the note date. If the improvements are not completed by the required completion date, the lender must notify Freddie Mac quality control pursuant to Freddie Mac's quality control reporting requirements. • An energy report meeting the requirements outlined in this subtopic may be required. • **"No cash-out" refinance mortgage used to pay an existing debt** • The proceeds may be used to pay an existing debt, subject to the following requirements: • ~~The maximum LTV,TLTV, and/or HTLTV ratios outlined in the applicable first mortgage product description apply~~ ~~Reference: See the "Fannie Mae's HomeStyle® Energy for Improvements on Existing Properties/ Freddie Mac's GreenCHOICE® Mortgages" subtopic in Section 2.01a: Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Standard for Home Possible specific guidance.~~ • The maximum payment towards an existing debt is limited to 15% of the appraised value of the mortgaged premises • Any remaining balance of the existing debt must be included in the calculation of the monthly debt payment-to-income ratio. If the remaining balance is re-amortized, the lender must obtain and retain in the mortgage file sufficient documentation evidencing the new payment, including a copy of the new promissory note, if applicable. • ~~For "no cash-out" refinance transactions, remaining proceeds may be disbursed to the borrower, provided the total amount disbursed to the borrower at closing and from the unused funds does not exceed the standard maximum amount allowed, which is up to the greater of 1% of the new refinance mortgage or $2,000.~~ • The mortgage file must include documentation (e.g., invoices, receipts, etc.) of the eligible improvements completed prior to the note date. • An interior and exterior inspection appraisal is required. The appraisal must reflect all eligible improvements that were made. See "Energy Efficient Improvements" in the "Appraisal Analysis: Agency Loan Programs / Improvements Section of the Appraisal

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR24-009 for the Applicable Effective Dates of These Revisions)
			• A Department of Energy Home Energy Score Report completed by a Home Energy Score Certified Assessor™ • Comparable rating report or audit completed by a certified home energy rater or consultant indicating the property is a high-performing energy-efficient property • **Energy Report Requirements** • Energy reports must: • Identify the recommended energy improvements and expected costs of the completed improvements • Specify the actual or expected monthly or annual energy savings, and • Verify that the recommended energy improvements are cost effective. Energy improvements are determined to be cost effective when the cost of the improvements, including maintenance, is less than the present value of the energy saved over the useful life of the improvements • Not be dated earlier than 24 months prior to the note date. The cost of the energy report may be included in the total cost of the improvements and must be identified on the settlement statement if the borrower is to be reimbursed. • **Energy Report Exception When Proceeds are Used to Finance Renewable Energy Sources** • In the event an energy report is not available to demonstrate the cost effectiveness of energy improvements related to the installation of renewable energy sources, including solar panels, water efficiency devices, wind turbines or geothermal systems, the cost effectiveness may be demonstrated by obtaining a copy of invoices or receipts for the cost of the system or devices and comparing the cost of the systems or devices to the income produced over the life of the system or devices. When the income produced exceeds the net cost (including any tax credits and rebates) of the system or devices, the cost effectiveness has been demonstrated. • The appraiser must document the projected income by utilizing PV Value, Ei Value, or a similar tool as referenced in "Energy Efficient Improvements" in the "Appraisal Analysis: Agency Loan Programs / Improvements Section of the Appraisal Report" topic/subtopic presented in Section 1.07: Appraisal Standard of the *Correspondent Seller Guide.* • **Special Feature Code Requirements** • Use SFC J08 to identify a mortgage loan originated as a GreenCHOICE Mortgage as a purchase or "no cash-out" refinance mortgage to finance energy and/or water efficiency improvements. • Use SFC J28 to identify a mortgage originated as a GreenCHOICE Mortgage to pay off outstanding energy debt, for a "no cash-out" refinance mortgage. **Note**: Freddie Mac will credit the lender (selling the loan to Freddie Mac) a $500 loan level price adjustment for loans with financed energy and/or water efficiency improvements (that include SFC J08 as part of the delivery information). At this time, Truist is unable to pass this $500 price adjustment credit on to the Correspondent Lender.	Report" topic/subtopic presented in Section 1.07: Appraisal Standard of the *Correspondent Seller Guide* for additional appraisal requirements. • The Settlement/Closing Disclosure Statement must reflect that the proceeds were paid directly to the holder. The total amount of proceeds disbursed to the borrower at closing must not exceed the maximum amount allowed pursuant to "no cash-out" refinance mortgage requirements. • ~~An energy report is not required for "no cash-out" refinance mortgages used to payoff existing outstanding energy and/or water efficiency related debt.~~ Reference: See the "Property Assessed Clean Energy (PACE) Loans" subtopic subsequently presented in this topic for payoff of PACE obligation requirements. • **Basic Eligible Improvements** • For basic eligible improvements with an aggregate cost less than or equal to $6,500, an energy report is not required. The lender must document the cost of the basic eligible improvements by obtaining copies of all receipts and/or invoices, as applicable, and must retain these documents in the mortgage file. • Basic eligible improvements include, but are not limited to: • Programmable thermostats • Caulking or weather stripping • Adding ceiling, wall or floor insulation • Air sealing • Air conditioning/heating replacement to high efficiency • Solar water heaters • Low-flow water fixtures • High efficiency refrigerators/freezers, water heaters and light bulbs • Replacement of windows and doors • Heat pumps and induction cooktops • Ventilation, radon remediation, asbestos, mold or lead abatement • Hurricane fabric or shutters • **Energy Reports** • An energy report must be obtained for mortgages used to finance eligible improvements with an aggregate cost greater than $6,500. An energy report is not required for a "no cash-out" refinance mortgage used to pay an existing debt. The lender must retain the energy report in the mortgage file. • See the "Energy Report Exception When Proceeds are Used to Finance Renewable Energy Sources" section below for guidance related to an energy report exception when proceeds are used to finance renewable energy sources. • See the "Energy Report Alternatives" section below for guidance related to energy report alternatives for certain eligible improvements. • **Eligible Energy Reports** • Energy reports must be one of the following: • Home Energy Rating Systems (HERS) report completed by a certified Residential Energy Services Network (RESNET®) Home Energy Rater reflecting a HERS Index of 90 or below (http://www.resnet.us/directory/search) • Department of Energy Home (DOE) Energy Score Report completed by an independent Home Energy Score Certified Assessor™ reflecting a DOE Home Energy Score of six or

<table>
<thead>
<tr><th>Topic</th><th>Impacted Document</th><th>Impacted Products</th><th>Current Standards</th><th>Revised Standards
(See COR24-009 for the Applicable Effective Dates of These Revisions)</th></tr>
</thead>
<tbody>
<tr><td></td><td></td><td></td><td></td><td>
greater (https://betterbuildingssolutioncenter.energy.gov/home-energy-score/home-energy-score-partner-map)
• Comparable rating report or audit completed by a certified home energy rater or consultant indicating the property is a high-performing energy-efficient property

• Energy Report Requirements
• Energy reports must:
• Identify the recommended energy improvements and expected cost of the completed improvements
• Specify the actual or expected monthly or annual energy savings~~, and~~
• Verify that the recommended energy improvements are cost effective. Energy improvements are determined to be cost effective when the cost of the improvements, including maintenance, is less than the present value of the energy saved over the useful life of the improvements, and
• Be dated no more than 24 months before or 24 months after the note date, as applicable.
• The cost of the energy report may be included in the total cost of the improvements and must be identified on the Settlement/Closing Disclosure Statement if the borrower is to be reimbursed.

• Energy Report Exception When Proceeds are Used to Finance Renewable Energy Sources
• If the energy improvements are related to renewable energy sources, including solar panels, water efficiency devices, wind turbines or geothermal systems, and an energy report is not available to demonstrate their cost effectiveness, the cost effectiveness may be demonstrated by obtaining copies of all invoices and/or receipts, as applicable, for the cost of the systems or devices and comparing the cost of the systems or devices, including maintenance, to the income produced over the life of the system or devices. When the income produced exceeds the net cost (including any tax credits and rebates) of the system or devices, the cost effectiveness has been demonstrated.
• The appraiser must document the projected income by utilizing PV Value, Ei Value, or a similar tool as referenced in “Energy Efficient Improvements” in the “Appraisal Analysis: Agency Loan Programs / Improvements Section of the Appraisal Report” topic/subtopic presented in Section 1.07: Appraisal Standard of the Correspondent Seller Guide.

• Energy Report Alternatives
• For certain eligible improvements, the lender may obtain and, if obtained, must retain in the mortgage file alternative documentation in lieu of an energy report:

<table>
<thead><tr><th>Improvement Type</th><th>Permitted Alternative Documentation</th></tr></thead>
<tbody>
<tr><td>ENERGY STAR Energy Efficient Products</td><td>Documentation (e.g., invoices, receipts, printout(s) showing the improvements in the list of ENERGY STAR Energy Efficient Products, etc.) verifying the improvements are ENERGY STAR Energy Efficient Products.</td></tr>
<tr><td>Health and Safety improvements</td><td>At least one of the following:
• Copies of all invoices and/or receipts, as applicable,</td></tr>
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<table>
<tr><th>Topic</th><th>Impacted Document</th><th>Impacted Products</th><th>Current Standards</th><th>Revised Standards
(See <u>COR24-009</u> for the Applicable Effective Dates of These Revisions)</th></tr>
<tr><td></td><td></td><td></td><td></td><td>
<table>
<tr><td></td><td>documenting the cost of the improvements as well as its expected impact to health and safety (for example, for radon remediation, its expected impact on the radon levels in the home)
• A completed United States Environment Protection Agency (EPA) Indoor airPLUS (Version 1 (Rev. 04) or higher) Verification Checklist</td></tr>
<tr><td>Resiliency and preventative improvements to either repair natural disaster damage or improve a home's ability to withstand future natural disasters</td><td>At least one of the following:
• Copies of all invoices and/or receipts, as applicable, documenting the cost of the improvements. This should include copies from a contractor for completing the repairs or improving the home, if applicable.
• An Insurance Institute for Business & Home Safety (IBHS) FORTIFIED Home™ designation certificate (i.e., FORTIFIED Roof, FORTIFIED Silver or FORTIFIED Gold)</td></tr>
</table>

• Special Feature Code Requirements
  • Use SFC J08 to identify a mortgage loan originated as a GreenCHOICE Mortgage as a purchase or "no cash-out" refinance mortgage to finance eligible improvements.
  • Use SFC J28 to identify a mortgage originated as a GreenCHOICE Mortgage to pay an existing debt, for a "no cash-out" refinance mortgage.

Note: Freddie Mac will credit the lender (selling the loan to Freddie Mac) a $500 loan level price adjustment for loans with financed energy and/or water efficiency improvements (that include SFC J08 as a part of the delivery information). At this time, Truist is unable to pass this $500 price adjustment credit on to the Correspondent Lender.
</td></tr>
<tr><td></td><td></td><td></td><td>Section 2.01 Agency Loan Standard
Refinances / Cash-Out Refinance

Freddie Mac LPA
Follow LPA requirements, which are as follows:

Note: Below is an EXCERPT only of the requirements from the above referenced section. All other currently published requirements in this section remain the same.

• Cash-Out Refinance Mortgage on a Property Owned Free and Clear</td><td>Section 2.01 Agency Loan Standard
Refinances / Cash-Out Refinance

Freddie Mac LPA
Follow LPA requirements, which are as follows:

Note: Below is an EXCERPT only of the requirements from the above referenced section. All other currently published requirements in this section remain the same.

• Cash-Out Refinance Mortgage on a Property Owned Free and Clear</td></tr>
</table>

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

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR24-009 for the Applicable Effective Dates of These Revisions)

			• A mortgage placed on a property previously owned free and clear by the borrower is considered a cash-out refinance mortgage, except for:
			  ◦ CHOICERenovation® mortgages when proceeds are used only to finance the eligible renovations as described in “Freddie Mac’s CHOICERenovation® Mortgage” requirements previously presented in the “Eligible Transactions” topic. These CHOICERenovation mortgages are considered "no cash-out" refinance mortgages. For more information, see “Freddie Mac’s CHOICERenovation® Mortgage” requirements previously presented in the “Eligible Transactions” topic.
			  ◦ GreenCHOICE® mortgages when proceeds are used only to finance eligible energy and/or water efficiency improvements as described in “Freddie Mac’s GreenCHOICE® Mortgages” requirements previously presented in the “Eligible Transactions” topic. These GreenCHOICE mortgages are considered "no cash-out" refinance mortgages. For more information, see “Freddie Mac’s GreenCHOICE® Mortgages” requirements previously presented in the “Eligible Transactions” topic.
			
			Reference: See the “Property Assessed Clean Energy (PACE) Loans” subtopic for additional information.
			
			--- 	
			
			Section 2.01 Agency Loan Standard
			Refinances / Limited Cash-Out Refinance (LPA Terminology: “No Cash-Out” Refinance)
			
			***Note**: Below is an EXCERPT only of the requirements from the above referenced section.*
			
			Freddie Mac LPA
			Follow LPA requirements, which are as follows:
			• A “no cash-out” refinance mortgage must meet the applicable requirements outlined in the “Continuity of Obligation” subtopic previously presented in this topic.
			• A "no cash-out" refinance mortgage is a mortgage for which the proceeds may be used only to:
			  ◦ Pay off the principal and interest due, including a balance deferred under a loss mitigation plan, for the first mortgage, regardless of its age, used to acquire the property.
			
			Truist Note: Truist provides the following GSE clarification:
			  ▪ If paying off an existing HELOC in first lien position, the HELOC must be paid off and closed.
			
			  ◦ Pay off the principal and interest due, including a balance deferred under a loss mitigation plan, for the first mortgage, originated as a refinance transaction, with a note date no less than thirty days prior to the note date of the "no cash-out" refinance mortgage, as documented in the mortgage file (e.g., on the credit report or the title commitment)
			  ◦ Pay off any costs or fees associated with the satisfaction and release of the first mortgage (e.g., late fees, prepayment penalties, etc.)
			  ◦ Pay down any junior liens secured by the mortgaged premises, that were used in their entirety to acquire the subject property. Any remaining balance must be subordinated to the refinance mortgage.
			  ◦ Pay related closing costs
			
			Note: Real estate taxes that are past due and/or delinquent, as defined by the taxing authority, may not be paid with the proceeds of the "no cash-out" refinance mortgage, except that if the transaction results in cash out as permitted in the following bullet, these funds may be used to pay the delinquent taxes.
				• A mortgage placed on a property previously owned free and clear by the borrower is considered a cash-out refinance mortgage, except for:
				  ◦ CHOICERenovation® mortgages when proceeds are used only to finance the eligible renovations as described in “Freddie Mac’s CHOICERenovation® Mortgage” requirements previously presented in the “Eligible Transactions” topic. These CHOICERenovation mortgages are considered "no cash-out" refinance mortgages. For more information, see “Freddie Mac’s CHOICERenovation® Mortgage” requirements previously presented in the “Eligible Transactions” topic.
				  ◦ GreenCHOICE Mortgages® when proceeds are used only to finance eligible improvements as described in and subject to the additional requirements outlined in the “Fannie Mae’s HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac’s GreenCHOICE Mortgages®” subtopic. These GreenCHOICE mortgages are considered "no cash-out" refinance mortgages. For more information, see “Freddie Mac’s GreenCHOICE Mortgages®” requirements previously presented in the “Eligible Transactions” topic.
				
				Reference: See the “Property Assessed Clean Energy (PACE) Loans” subtopic for additional information.
				
				--- 	
				
				Section 2.01 Agency Loan Standard
				Refinances / Limited Cash-Out Refinance (LPA Terminology: “No Cash-Out” Refinance)
				
				***Note**: Below is an EXCERPT only of the requirements from the above referenced section.*
				
				Freddie Mac LPA
				Follow LPA requirements, which are as follows:
				• A “no cash-out” refinance mortgage must meet the applicable requirements outlined in the “Continuity of Obligation” subtopic previously presented in this topic.
				• A "no cash-out" refinance mortgage is a mortgage for which the proceeds may be used only to:
				  ◦ Pay off the principal and interest due, including a balance deferred under a loss mitigation plan, for the first mortgage, regardless of its age, used to acquire the property.
				
				Truist Note: Truist provides the following GSE clarification:
				  ▪ If paying off an existing HELOC in first lien position, the HELOC must be paid off and closed.
				
				  ◦ Pay off the principal and interest due, including a balance deferred under a loss mitigation plan, for the first mortgage, originated as a refinance transaction, with a note date no less than thirty days prior to the note date of the "no cash-out" refinance mortgage, as documented in the mortgage file (e.g., on the credit report or the title commitment)
				  ◦ Pay off any costs or fees associated with the satisfaction and release of the first mortgage (e.g., late fees, prepayment penalties, etc.)
				  ◦ Pay off or pay down any junior liens secured by the mortgaged premises, that were used in their entirety to acquire the subject property. Any remaining balance must be subordinated to the refinance mortgage.
				  ◦ Pay related closing costs
				
				Note: Real estate taxes that are past due and/or delinquent, as defined by the taxing authority, may not be paid with the proceeds of the "no cash-out" refinance mortgage, except that if the transaction results in cash out as permitted in the following bullet, these funds may be used to pay the delinquent taxes.

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR24-009 for the Applicable Effective Dates of These Revisions)
			- Disburse cash out to the borrower (or any other payee) up to the greater of 1% of the new refinance mortgage or $2,000 - Pay off the outstanding balance of a land contract or contract for deed if the requirements in the “Installment Land Contract” subtopic are met - Pay off of a Property Assessed Clean Energy (PACE) or PACE-like obligation, subject to the additional requirements outlined in the “Property Assessed Clean Energy (PACE) Loans” subtopic - For GreenCHOICE® Mortgages, pay off existing debts incurred to make energy and/or water efficiency improvements, with such debt being limited to 15% of the appraised value, subject to the additional requirements outlined in the “Fannie Mae’s HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac’s GreenCHOICE Mortgages®” subtopic - For GreenCHOICE Mortgages, finance energy and/or water efficiency improvements, subject to the additional requirements outlined in the “Fannie Mae’s HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac’s GreenCHOICE® Mortgages” subtopic - For CHOICERenovation® Mortgages, pay off the exiting mortgage debt and/or finance the eligible renovations, subject to the additional requirements outlined in the “Fannie Mae’s HomeStyle® Renovation Mortgage / Freddie Mac’s CHOICERenovation® Mortgage” subtopic - In the event there are remaining proceeds from the "no cash-out" refinance mortgage after the proceeds are applied as described above: - The mortgage amount must be reduced, or - The excess amount must be applied as a principal curtailment to the new refinance mortgage at closing and must be clearly reflected on the Settlement/Closing Disclosure Statement. - Under no circumstances may cash disbursed to the borrower (or any other payee) exceed the maximum permitted for "no cash-out" refinance mortgages. *All other currently published requirements in this section remain the same.*	- Disburse cash out to the borrower (or any other payee) up to the greater of 1% of the new refinance mortgage or $2,000 - Pay off the outstanding balance of a land contract or contract for deed if the requirements in the “Installment Land Contract” subtopic are met - Pay off of a Property Assessed Clean Energy (PACE) or PACE-like obligation, subject to the additional requirements outlined in the “Property Assessed Clean Energy (PACE) Loans” subtopic - For GreenCHOICE Mortgages®, pay an existing debt, as defined in and subject to the additional requirements outlined in the “Fannie Mae’s HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac’s GreenCHOICE Mortgages®” subtopic - For GreenCHOICE Mortgages, finance eligible improvements, as defined in and subject to the additional requirements outlined in the “Fannie Mae’s HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac’s GreenCHOICE Mortgages®” subtopic - For CHOICERenovation® Mortgages, pay off the exiting mortgage debt and/or finance the eligible renovations described in and subject to the additional requirements outlined in the “Fannie Mae’s HomeStyle® Renovation Mortgage / Freddie Mac’s CHOICERenovation® Mortgage” subtopic - In the event there are remaining proceeds from the "no cash-out" refinance mortgage after the proceeds are applied as described above: - The mortgage amount must be reduced, or - The excess amount must be applied as a principal curtailment to the new refinance mortgage at closing and must be clearly reflected on the Settlement/Closing Disclosure Statement. - Under no circumstances may cash disbursed to the borrower (or any other payee) exceed the maximum permitted for "no cash-out" refinance mortgages. *All other currently published requirements in this section remain the same.*
			Section 2.01a Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Standard Eligible Transactions / Limited Cash-Out Refinance (LPA Terminology: “No Cash-Out” Refinance) ***Note**: Below is an EXCERPT only of the requirements from the above referenced section.* **Freddie Mac LPA** Follow LPA requirements, which are as follows: - A “no cash-out” refinance mortgage must meet the applicable requirements outlined in the “Continuity of Obligation” subtopic presented in Section 2.01: Agency Loan Standard. - A "no cash-out" refinance mortgage is a mortgage for which the proceeds may be used only to: - Pay off the principal and interest due, including a balance deferred under a loss mitigation plan, for the first mortgage, regardless of its age, used to acquire the property **Truist Note**: Truist provides the following GSE clarification: - If paying off an existing HELOC in first lien position, the HELOC must be paid off and closed. - Pay off the principal and interest due, including a balance deferred under a loss mitigation plan, for the first mortgage, originated as a refinance transaction, with a note date no less than thirty days prior to the note date of the "no cash-out" refinance mortgage, as documented in the mortgage file (e.g., on the credit report or the title commitment)	**Section 2.01a Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Standard Eligible Transactions / Limited Cash-Out Refinance (LPA Terminology: “No Cash-Out” Refinance)** ***Note**: Below is an EXCERPT only of the requirements from the above referenced section.* **Freddie Mac LPA** Follow LPA requirements, which are as follows: - A “no cash-out” refinance mortgage must meet the applicable requirements outlined in the “Continuity of Obligation” subtopic presented in Section 2.01: Agency Loan Standard. - A "no cash-out" refinance mortgage is a mortgage for which the proceeds may be used only to: - Pay off the principal and interest due, including a balance deferred under a loss mitigation plan, for the first mortgage, regardless of its age, used to acquire the property **Truist Note**: Truist provides the following GSE clarification: - If paying off an existing HELOC in first lien position, the HELOC must be paid off and closed. - Pay off the principal and interest due, including a balance deferred under a loss mitigation plan, for the first mortgage, originated as a refinance transaction, with a note date no less than thirty days prior to the note date of the "no cash-out" refinance mortgage, as documented in the mortgage file (e.g., on the credit report or the title commitment)

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR24-009 for the Applicable Effective Dates of These Revisions)
			• Pay off any costs or fees associated with the satisfaction and release of the first mortgage (e.g., late fees, prepayment penalties, etc.) • Pay off or pay down any junior liens secured by the mortgaged premises, that were used in their entirety to acquire the subject property. Any remaining balance must be subordinated to the refinance mortgage. • Pay related closing costs **Note**: Real estate taxes that are past due and/or delinquent, as defined by the taxing authority, may not be paid with the proceeds of the "no cash-out" refinance mortgage, except that if the transaction results in cash out as permitted in the following bullet, these funds may be used to pay the delinquent taxes. • Disburse cash out to the borrower (or any other payee) up to the greater of 1% of the new refinance mortgage or $2,000 • Pay off the outstanding balance of a land contract or contract for deed if the requirements in the "Installment Land Contract" subtopic, presented in Section 2.01: Agency Loan Standard, are met • Pay off of a Property Assessed Clean Energy (PACE) or PACE-like obligation, subject to the additional requirements outlined in the "Property Assessed Clean Energy (PACE) Loans" subtopic, presented in Section 2.01: Agency Loan Standard. • For GreenCHOICE Mortgages®, pay off existing debts incurred to make energy and/or water efficiency improvements, with such debt being limited to 15% of the appraised value, subject to the additional requirements outlined in the "Fannie Mae's HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac's GreenCHOICE Mortgages®" subtopic, presented in Section 2.01: Agency Loan Standard. • For GreenCHOICE Mortgages, finance energy and/or water efficiency improvements, subject to the additional requirements outlined in the "Fannie Mae's HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac's GreenCHOICE® Mortgages subtopic, presented in Section 2.01: Agency Loan Standard. • For CHOICERenovation® Mortgages, pay off the exiting mortgage debt and/or finance the eligible renovations, subject to the additional requirements outlined in the "Fannie Mae's HomeStyle® Renovation Mortgage / Freddie Mac's CHOICERenovation® Mortgage" subtopic, presented in Section 2.01: Agency Loan Standard. • In the event there are remaining proceeds from the "no cash-out" refinance mortgage after the proceeds are applied as described above: • The mortgage amount must be reduced, or • The excess amount must be applied as a principal curtailment to the new refinance mortgage at closing and must be clearly reflected on the Settlement/Closing Disclosure Statement. • Under no circumstances may cash disbursed to the borrower (or any other payee) exceed the maximum permitted for "no cash-out" refinance mortgages. *All other currently published requirements in this section remain the same.*	• Pay off any costs or fees associated with the satisfaction and release of the first mortgage (e.g., late fees, prepayment penalties, etc.) • Pay off or pay down any junior liens secured by the mortgaged premises, that were used in their entirety to acquire the subject property. Any remaining balance must be subordinated to the refinance mortgage. • Pay related closing costs **Note**: Real estate taxes that are past due and/or delinquent, as defined by the taxing authority, may not be paid with the proceeds of the "no cash-out" refinance mortgage, except that if the transaction results in cash out as permitted in the following bullet, these funds may be used to pay the delinquent taxes. • Disburse cash out to the borrower (or any other payee) up to the greater of 1% of the new refinance mortgage or $2,000 • Pay off the outstanding balance of a land contract or contract for deed if the requirements in the "Installment Land Contract" subtopic, presented in Section 2.01: Agency Loan Standard, are met • Pay off of a Property Assessed Clean Energy (PACE) or PACE-like obligation, subject to the additional requirements outlined in the "Property Assessed Clean Energy (PACE) Loans" subtopic, presented in Section 2.01: Agency Loan Standard. • For GreenCHOICE Mortgages®, pay an existing debt, as defined in and subject to the additional requirements outlined in the "Fannie Mae's HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac's GreenCHOICE Mortgages®" subtopic, presented in Section 2.01: Agency Loan Standard. • For GreenCHOICE Mortgages, finance eligible improvements, as defined in and subject to the additional requirements outlined in the "Fannie Mae's HomeStyle® Energy for Improvements on Existing Properties/Freddie Mac's GreenCHOICE Mortgages® subtopic, presented in Section 2.01: Agency Loan Standard. • For CHOICERenovation® Mortgages, pay off the exiting mortgage debt and/or finance the eligible renovations described in and subject to the additional requirements outlined in the "Fannie Mae's HomeStyle® Renovation Mortgage / Freddie Mac's CHOICERenovation® Mortgage" subtopic, presented in Section 2.01: Agency Loan Standard. • In the event there are remaining proceeds from the "no cash-out" refinance mortgage after the proceeds are applied as described above: • The mortgage amount must be reduced, or • The excess amount must be applied as a principal curtailment to the new refinance mortgage at closing and must be clearly reflected on the Settlement/Closing Disclosure Statement. • Under no circumstances may cash disbursed to the borrower (or any other payee) exceed the maximum permitted for "no cash-out" refinance mortgages. *All other currently published requirements in this section remain the same.*

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR24-009 for the Applicable Effective Dates of These Revisions)

			Section 2.01a Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Standard Eligible Transactions / Fannie Mae's HomeStyle® Energy for Improvements on Existing Properties / Freddie Mac's GreenCHOICE® Mortgages
			
			Freddie Mac LPA
			Section 2.01: Agency Loan Standard LPA requirements apply, except as follows:
			• **Purchase and "No Cash-Out" Refinance Mortgage Requirements**
			  • **"No cash-out" refinance mortgage to payoff existing outstanding energy and/or water efficiency related debt**
			    • The proceeds may be used to pay off or partially payoff an existing outstanding debt for funds that were used to finance energy and/or water efficiency improvements completed prior to the note date subject to the following:
			      • The maximum LTV, TLTV, and/or HTLTV ratios outlined in the applicable first mortgage product description apply, except as follows:
			        • For transactions with an LTV, TLTV, and/or HTLTV ratios that are greater than 95% but less than 97%, the following must apply:
			          • The mortgage being paid off must currently be owned by Freddie Mac, in whole or in part, or securitized by Freddie Mac
			          • The mortgage must be an Accept Mortgage that is a fixed-rate mortgage secured by a 1-unit primary residence
			          • Non-occupant co-borrowers are not permitted
				Section 2.01a Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages Standard Eligible Transactions / Fannie Mae's HomeStyle® Energy for Improvements on Existing Properties / Freddie Mac's GreenCHOICE Mortgages®
				
				Freddie Mac LPA
				Section 2.01: Agency Loan Standard LPA requirements apply.~~, except as follows:~~
				~~• **Purchase and "No Cash-Out" Refinance Mortgage Requirements**~~
				  ~~• **"No cash-out" refinance mortgage to payoff existing outstanding energy and/or water efficiency related debt**~~
				    ~~• The proceeds may be used to pay off or partially payoff an existing outstanding debt for funds that were used to finance energy and/or water efficiency improvements completed prior to the note date subject to the following:~~
				      ~~• The maximum LTV, TLTV, and/or HTLTV ratios outlined in the applicable first mortgage product description apply, except as follows:~~
				        ~~• For transactions with an LTV, TLTV, and/or HTLTV ratios that are greater than 95% but less than 97%, the following must apply:~~
				          ~~• The mortgage being paid off must currently be owned by Freddie Mac, in whole or in part, or securitized by Freddie Mac~~
				          ~~• The mortgage must be an Accept Mortgage that is a fixed-rate mortgage secured by a 1-unit primary residence~~
				          ~~• Non-occupant co-borrowers are not permitted~~

Income Calculator	Correspondent Section 2.01 Agency Loan Standard	• Standard Agency (non-AUS & DU)
		• Agency Plus (DU)
		• Agency Plus Select (DU)
		• HomeReady® (non-AUS & DU)
		• Texas Section 50(a)(6) Mortgages (non-AUS & DU)
			Income / Self-Employment Income
			
			Non-AUS
			
			***Note**: Below is an EXCERPT only of the requirements from the above referenced section.*
			
			• **Analysis of Borrower's Personal Income**
			  • The lender must prepare a written evaluation of its analysis of a self-employed borrower's personal income, including the business income or loss, reported on the borrower's individual income tax returns. The purpose of this written analysis is to determine the amount of stable and continuous income that will be available to the borrower. This is not required when a borrower is qualified using only income that is not derived from self-employment and self-employment is a secondary and separate source of income (or loss). Examples of income not derived from self-employment include salary and retirement income.
			  • The lender may use Form 1084 or any other type of cash flow analysis that applies the same principles as Fannie Mae's form.
			  • A copy of the written analysis must be included as part of any loan application package that the lender submits to Fannie Mae for a loan that is selected for a post-purchase quality control review.
			
			• **Analysis of Borrower's Business Income**
			  • When a borrower is relying upon self-employed income to qualify for a loan and the requirements that permit the lender to waive business tax returns are not met, the lender must prepare a written evaluation of its analysis of the borrower's business income. The lender must evaluate the borrower's business through its knowledge of other businesses in the same industry to confirm the stability of the borrower's business income and estimate the potential for long-term earnings.
				Income / Self-Employment Income
				
				Non-AUS
				
				***Note**: Below is an EXCERPT only of the requirements from the above referenced section.*
				
				• **Analysis of Borrower's Personal Income**
				  • The lender must prepare a written evaluation of its analysis of a self-employed borrower's personal income, including the business income or loss, reported on the borrower's individual income tax returns. The purpose of this written analysis is to determine the amount of stable and continuous income that will be available to the borrower. This is not required when a borrower is qualified using only income that is not derived from self-employment and self-employment is a secondary and separate source of income (or loss). Examples of income not derived from self-employment include salary and retirement income.
				  • The lender may use *Cash Flow Analysis* (Form 1084), another type of cash flow analysis, or an automated tool such as Fannie Mae's Income Calculator, that apply the same principles as Form 1084.
				  • A copy of the written analysis and conclusions or the Findings Report generated by the Income Calculator must be retained in the loan file.
				
				• **Analysis of Borrower's Business Income**
				  • When a borrower is relying upon self-employed income to qualify for a loan and the requirements that permit the lender to waive business tax returns are not met, the lender must prepare a written evaluation of its analysis of the borrower's business income. The lender must evaluate the borrower's business through its knowledge of other businesses in the same industry to confirm the

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR24-009 for the Applicable Effective Dates of These Revisions)

			• The purpose of this analysis is to:
			  ◦ consider the recurring nature of the business income, including identification of pass-through income that may require additional evaluation,
			  ◦ measure year-to-year trends for gross income, expenses, and taxable income for the business,
			  ◦ determine (on a yearly or interim basis) the percentage of gross income attributed to expenses and taxable income, and
			  ◦ determine a trend for the business based on the change in these percentages over time.
			• The lender may use Fannie Mae's *Comparative Income Analysis* (Form 1088) or any other method of trend analysis that enables it to determine a business's viability, as long as the method used fairly presents the viability of the business and results in a degree of accuracy and a conclusion that is comparable to that which would be reached by use of Form 1088.
			• A copy of the written analysis and conclusions must be retained in the individual loan file.
			
			All other currently published requirements in this section remain the same.
			
			Fannie Mae DU
			Follow DU requirements, which are the same as non-AUS requirements, except as follows:
			• If the borrower is the business owner or is self-employed, the business owner/self-employed indicator must be checked in the loan application along with the percentage of ownership. DU will consider the borrower self-employed if the ownership share is 25% or more, or if the ownership share is not completed but the business owner/self-employed indicator is checked. If the ownership share is 25% or more, the income is entered in Monthly Income (or Loss) based on the lender's calculation of net income (or loss) from self-employment. If the ownership share is less than 25%, the income is entered in Gross Monthly Income (base, bonus, overtime, etc.). Schedule K-1 income for these borrowers should be entered as Other in Gross Monthly Income.
			• For DU loan casefiles where two years of the most recent signed personal and two years of the most recent signed business federal income tax returns are required, business tax returns do not have to be provided unless the business is a corporation, an S corporation, a limited liability company, or a partnership. Under certain conditions, the requirements for business tax returns may be waived.
			
			Reference: See the non-AUS requirements presented above for additional information about waiving the business return requirement.
			
			• DU will issue a message permitting only one year of personal federal tax returns if the loan application indicates the borrower is self-employed with an ownership share of 25% or more, and the Start Date for all self-employed businesses is at least five years prior to the Casefile Create Date. If any of the borrower's self-employed businesses have a Start Date less than five years, DU will require two years of personal tax returns. DU will issue a separate message listing the requirements for business tax returns for all self-employed businesses, specifying that one- or two-years of tax returns are required based on the number of years the business has been in existence (determined by comparing the Start Date to the Casefile Create Date).
			
			• **Analysis of Borrower's Personal Income**
			  ◦ The lender must prepare a written evaluation of its analysis of a self-employed borrower's personal income, including the business income or loss, reported on the borrower's individual income tax returns. The purpose of this written analysis is to determine the amount of stable and continuous income that will be available to the borrower. This is not required when a borrower is qualified using only income that is not derived from self-employment and self-employment is a secondary
				stability of the borrower's business income and estimate the potential for long-term earnings.
				• The purpose of this analysis is to:
				  ◦ consider the recurring nature of the business income, including identification of pass-through income that may require additional evaluation,
				  ◦ measure year-to-year trends for gross income, expenses, and taxable income for the business,
				  ◦ determine (on a yearly or interim basis) the percentage of gross income attributed to expenses and taxable income, and
				  ◦ determine a trend for the business based on the change in these percentages over time.
				• The lender may use Fannie Mae's *Comparative Income Analysis* (Form 1088), Fannie Mae's Income Calculator, or any other method of trend analysis that enables it to determine a business's viability, as long as the method used fairly presents the viability of the business and results in a degree of accuracy and a conclusion that is comparable to that which would be reached by use of Form 1088.
				• A copy of the written analysis and conclusions or the Findings Report generated by the Income Calculator must be retained in the ~~individual~~ loan file.
				
				• **Use of Income Calculator**
				  ◦ **Overview**
				    ▪ Fannie Mae offers use of the Income Calculator as an optional tool to assist lenders in calculating qualifying income that is documented using tax returns.
				    ▪ The lender may use Income Calculator to calculate the monthly qualifying income from self-employment. Income Calculator will provide a complete analysis of self-employment income for each borrower on a business-by-business basis and produce a Findings Report.
				
				  ◦ **Findings Report**
				    ▪ The Income Calculator Findings Report summarizes the overall qualifying income amount, trending analysis, business liquidity, and provides specific messaging for each business evaluation. These detailed messages are designed to assist lenders in processing and underwriting self-employed borrowers while providing certainty of the income calculation.
				    ▪ The Income Calculator Findings Report can be used to satisfy the requirement for the lender to prepare a written analysis of their evaluation for self-employed borrowers, such as Fannie Mae's *Cash Flow Analysis* (Form 1084), *Comparative Income Analysis* (Form 1088) or a similar form. A copy of the Findings Report must be maintained in the loan file.
				
				  ◦ **Technology Service Provider**
				    ▪ The lender can choose to use a Fannie Mae-approved technology service provider to extract data from tax returns and auto-populate the required fields within Income Calculator.
				
				  ◦ **Representations and Warranties Enforcement Relief**
				    ▪ When the amount of qualifying income being used by the lender is not more than the amount of income calculated by Income Calculator, enforcement relief from representations and warranties on the accuracy of the income calculation may be provided but lenders remain responsible for the accuracy of the information submitted. See "Enforcement Relief of Representations and Warranties for Loans with Income Calculated by Income Calculator" below for additional details.
				
				    ▪ **Enforcement Relief of Representations and Warranties for Loans with Income Calculated by Income Calculator**
				      – Income Calculator provides a complete analysis of self-employment income for each

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and separate source of income (or loss). Examples of income not derived from self-employment include salary and retirement income.

The lender may use Form 1084 or any other type of cash flow analysis, including automated tools, that applies the same principles as Fannie Mae's form.

Truist Note: DU loans where the use of a Fannie Mae approved vendor tool is used to complete the written analysis and to calculate self-employment income must be underwritten by a Correspondent lender approved by Truist for delegated underwriting authority. These transactions are not eligible for purchase if Truist underwrites the loan. See below for additional details.
A copy of the written analysis must be included as part of any loan application package that the lender submits to Fannie Mae for a loan that is selected for a post-purchase quality control review.
For Delegated Underwritten Loans ONLY: The lender may use a Fannie Mae-approved vendor tool (e.g. LoanBeam's FNMA SEI 1084 workbook) to complete the written analysis and calculate self-employment income. The lender may receive representation and warranty enforcement relief of the calculated amount if the requirements outlined in the table below are met. See Fannie Mae's website for the list of Approved Vendor Tools.

Enforcement Relief of Representations and Warranties for Mortgages with Data Calculated by Approved Vendor Tools

The table below details enforcement relief for mortgages with data calculated by approved vendor tools.

<table>
<tr><th>Data Calculated by a Fannie Mae-Approved Vendor Tool</th><th>Fannie Mae will not enforce representations and warranties on</th><th>Details</th></tr>
<tr><td>Income</td><td>the accuracy of the calculation of the amount of self-employment income by the tool.</td><td>The following requirements apply:
the information submitted to the tool must be accurate and complete,
the lender must not perform any manual overrides of the output results of the tool,
the amount of self-employment income entered in DU must match the amount of</td></tr>
</table>
</td><td>
borrower on a business-by-business basis and produces a Findings Report. If lenders comply with the following requirements, they will receive representation and warranty enforcement relief for the accuracy of the income calculation on loans with income calculated by Income Calculator.

All information submitted to Income Calculator must be accurate and complete.
A copy of the Findings Report must be kept in the loan file.
The amount of income used for qualifying cannot be more than the amount calculated by the tool.

Lenders must continue to comply with all other Agency requirements.

Additional Requirements

For loans that use the qualifying income amount calculated by Income Calculator, the lender must also comply with the requirements in the following table.

<table>
<tr><th>✓</th><th>Additional Lender Requirements</th></tr>
<tr><td></td><td>Confirm that tax returns meet the allowable age of documents requirements.</td></tr>
<tr><td></td><td>Ensure all information submitted to Income Calculator is accurate, complete, and reflects the information on the tax returns being used to document the qualifying income.</td></tr>
<tr><td></td><td>Investigate and resolve any contradictory or conflicting information that may impact the accuracy of the income calculation.</td></tr>
<tr><td></td><td>Comply with all other Agency requirements.</td></tr>
</table>
All other currently published requirements in this section remain the same.

Fannie Mae DU
Follow DU requirements, which are the same as non-AUS requirements, except as follows:

If the borrower is the business owner or is self-employed, the business owner/self-employed indicator must be checked in the loan application along with the percentage of ownership. DU will consider the borrower self-employed if the ownership share is 25% or more, or if the ownership share is not completed but the business owner/self-employed indicator is checked. If the ownership share is 25% or more, the income is entered in Monthly Income (or Loss) based on the lender's calculation of net income (or loss) from self-employment. If the ownership share is less than 25%, the income is entered in Gross Monthly Income (base, bonus, overtime, etc.). Schedule K-1 income for these borrowers should be entered as Other in Gross Monthly Income.
For DU loan casefiles where two years of the most recent signed personal and two years of the most recent signed business federal income tax returns are required, business tax returns do not have to be provided unless the business is a corporation, an S corporation, a limited liability company, or a partnership. Under certain conditions, the requirements for business tax returns may be waived.

Reference: See the non-AUS requirements presented above for additional information about waiving the business return requirement.
DU will issue a message permitting only one year of personal federal tax returns if the loan application indicates the borrower is self-employed with an ownership share of 25% or more, and the Start Date for all self-employed businesses is at least five years prior to the Casefile Create Date. If any of the borrower's self-employed businesses have a Start Date less than five years, DU will require two years of personal tax returns. DU will issue a separate message listing the requirements for business tax returns for all self-

</td></tr>
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			income calculated by the tool, and • ***Special Feature Code (SFC) Requirement***: the loan must be identified with SFC 777. • In all cases, the lender must continue to comply with all DU messages, including documentation and determination that age of documentation requirements are met, and determine the eligibility of the self-employment income being used to qualify.	employed businesses, specifying that one- or two-years of tax returns are required based on the number of years the business has been in existence (determined by comparing the Start Date to the Casefile Create Date). • **Analysis of Borrower's Personal Income** • The lender must prepare a written evaluation of its analysis of a self-employed borrower's personal income, including the business income or loss, reported on the borrower's individual income tax returns. The purpose of this written analysis is to determine the amount of stable and continuous income that will be available to the borrower. This is not required when a borrower is qualified using only income that is not derived from self-employment and self-employment is a secondary and separate source of income (or loss). Examples of income not derived from self-employment include salary and retirement income. • The lender may use *Cash Flow Analysis* (Form 1084), another type of cash flow analysis, or an automated tool such as Fannie Mae-approved vendor tools (e.g. LoanBeam's FNMA SEI 1084 workbook) or Fannie Mae's Income Calculator, that apply the same principles as Form 1084. **Truist Note**: DU loans where the use of a Fannie Mae approved vendor tool (e.g. LoanBeam's FNMA SEI 1084 workbook) is used to complete the written analysis and to calculate self-employment income must be underwritten by a Correspondent lender approved by Truist for delegated underwriting authority. These transactions are not eligible for purchase if Truist underwrites the loan. See below for additional details. This requirement does not apply to the use of Fannie Mae's Income Calculator. • A copy of the written analysis and conclusions or the Findings Report generated by the Income Calculator must be retained in the loan file. • ***For Delegated Underwritten Loans ONLY***: The lender may use a Fannie Mae-approved vendor tool (e.g. LoanBeam's FNMA SEI 1084 workbook) to complete the written analysis and calculate self-employment income. The lender may receive representation and warranty enforcement relief of the calculated amount if the requirements outlined in the table below are met. See Fannie Mae's website for the list of Approved Vendor Tools. • **Enforcement Relief of Representations and Warranties for Loans with Data Calculated by Approved Vendor Tools** • The table below details enforcement relief for mortgages with data calculated by approved vendor tools. **Data Calculated by a Fannie Mae-Approved Vendor Tool** / **Fannie Mae will not enforce representations and warranties on** / **Details** Income / the accuracy of the calculation of the amount of self-employment income by the tool. / The following requirements apply: • the information submitted to the tool must be accurate and complete, • the lender

Last Revision Date: 02/09/2024 (Correspondent)

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR24-009 for the Applicable Effective Dates of These Revisions)
				(continued nested table, third column:) must not perform any manual overrides of the output results of the tool, • the amount of self-employment income entered in DU must match the amount of income calculated by the tool, and • ***Special Feature Code (SFC) Requirement***: the loan must be identified with SFC 777. • In all cases, the lender must continue to comply with all DU messages, including documentation and determination that age of documentation requirements are met, and determine the eligibility of the self-employment income being used to qualify. • **Use of Income Calculator** • **Representations and Warranties Enforcement Relief** • When the amount of qualifying income being used by the lender is not more than the amount of income calculated by Income Calculator, enforcement relief from representations and warranties on the accuracy of the income calculation may be provided but lenders remain responsible for the accuracy of the information submitted. See "Enforcement Relief of Representations and Warranties for Loans with Income Calculated by Income Calculator" below for additional details. • **Enforcement Relief of Representations and Warranties for Loans with Income Calculated by Income Calculator** • Income Calculator provides a complete analysis of self-employment income for each borrower on a business-by-business basis and produces a Findings Report. If lenders comply with the following requirements, they will receive representation and warranty enforcement relief for the accuracy of the income calculation on loans with income calculated by Income Calculator. • All information submitted to Income Calculator must be accurate and complete. • A copy of the Findings Report must be kept in the loan file. • The amount of income used for qualifying cannot be more than the amount calculated by the tool. • Lenders must continue to comply with all other Agency requirements, including DU

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<tr><td></td><td></td><td></td><td></td><td>messages, as applicable.

• **Additional Requirements**
  • For loans that use the qualifying income amount calculated by Income Calculator, the lender must also comply with the requirements in the following table.

<table><tr><th>✓</th><th>Additional Lender Requirements</th></tr><tr><td></td><td>Confirm that tax returns meet the allowable age of documents requirements.</td></tr><tr><td></td><td>Ensure all information submitted to Income Calculator is accurate, complete, and reflects the information on the tax returns being used to document the qualifying income.</td></tr><tr><td></td><td>Investigate and resolve any contradictory or conflicting information that may impact the accuracy of the income calculation.</td></tr><tr><td></td><td>Comply with all other Agency requirements, including DU messages, when applicable.</td></tr></table>
All other currently published requirements in this section remain the same.</td></tr>
<tr><td>Nontaxable Income</td><td>Correspondent Section 2.01 Agency Loan Standard</td><td>• Standard Agency (non-AUS & DU)
• Agency Plus (DU)
• Agency Plus Select (DU)
• HomeReady® (non-AUS & DU)
• Texas Section 50(a)(6) Mortgages (non-AUS & DU)</td><td>**Income / Tax Exempt Income**

Non-AUS
• The lender should give special consideration to regular sources of income that may be nontaxable, such as child support payments, Social Security benefits, workers' compensation benefits, certain types of public assistance payments, and food stamps.
• The lender must verify that the particular source of income is nontaxable. Documentation that can be used for this verification includes award letters, policy agreements, account statements, or any other documents that address the nontaxable status of the income.
• If the income is verified to be nontaxable, and the income and its tax-exempt status are likely to continue, the lender may develop an "adjusted gross income" for the borrower by adding an amount equivalent to 25% of the nontaxable income to the borrower's income.
• If the actual amount of federal and state taxes that would generally be paid by a wage earner in a similar tax bracket is more than 25% of the borrower's nontaxable income, the lender may use that amount to develop the adjusted gross income, which should be used in calculating the borrower's qualifying ratio.

Fannie Mae DU
Follow DU requirements, which are the same as non-AUS requirements.</td><td>**Income / Tax Exempt Income**

Non-AUS
• The lender should give special consideration to regular sources of income that may be nontaxable, such as child support payments, Social Security benefits, workers' compensation benefits, certain types of public assistance payments, and food stamps.
• The lender must verify that the particular source of income is nontaxable, unless the source of income meets one of the exceptions below. Documentation that can be used for this verification includes award letters, policy agreements, account statements, tax returns, or any other documents that address the nontaxable status of the income.
• If the income is verified to be nontaxable, and the income and its tax-exempt status are likely to continue, the lender may develop an "adjusted gross income" for the borrower by adding an amount equivalent to 25% of the nontaxable income to the borrower's income.
• If the actual amount of federal and state taxes that would generally be paid by a wage earner in a similar tax bracket is more than 25% of the borrower's nontaxable income, the lender may use that amount to develop the adjusted gross income, which should be used in calculating the borrower's qualifying ratio.
• **Exceptions**:
  • The lender is not required to provide documentation to support that the income is nontaxable for the following:
    • **Child Support Income**: The lender may treat the full amount of qualifying child support income as nontaxable and gross up the income as described above.
    • **Social Security Income**: The lender may treat 15% of the income as nontaxable and gross up the income as described above.

Example:
Benefit Amount: $1,500
Nontaxable Amount: $1,500 x 15% = $225
Gross-Up Amount: $225 x 25% = $56 (rounded to the nearest dollar)
Qualifying Income: $1556 (does not require additional documentation)</td></tr>
</table>

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(See COR24-009 for the Applicable Effective Dates of These Revisions)</th></tr>
<tr><td></td><td></td><td></td><td></td><td>Note: If the lender opts to gross-up more than 15% of social security income, documentation to support that the additional income is nontaxable must be included in the loan file.

Fannie Mae DU
Follow DU requirements, which are the same as non-AUS requirements.</td></tr>
<tr><td>Restricted Stock (RS) and Restricted Stock Units (RSU)</td><td>Correspondent Section 2.01 Agency Loan Standard</td><td>Standard Agency (non-AUS & DU)
Agency Plus (DU)
Agency Plus Select (DU)
HomeReady® (non-AUS & DU)
Texas Section 50(a)(6) Mortgages (non-AUS & DU)</td>
<td>Income / General Income Information

Non-AUS

Note: Below is an EXCERPT only of the requirements 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 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.

<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
mortgage credit certificates
part-time job, second job, or</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</td></tr>
</table></td>
<td>Income / General Income Information

Non-AUS

Note: Below is an EXCERPT only of the requirements 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.
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If the lender is notified that the borrower is transitioning to a lower pay structure, for example due to pending retirement or a new job, 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. Lenders are responsible for making the final determination of whether the borrower's specific income source has a defined expiration date. See the applicable income subtopic subsequently presented in this topic for additional information related to the use and documentation of specific income sources.

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foster-care income
interest and dividend income (unless other evidence that asset will be depleted)
military income
mortgage credit certificates
part-time job, second job, or</td>
<td>Lender must document 3–year continuance
alimony, child support, or separate maintenance
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~~
time-based restricted stock units</td></tr>
</table></td></tr>
</table>

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See <u>COR24-009</u> for the Applicable Effective Dates of These Revisions)
			seasonal income • rental income • self-employment income • Social Security, VA, or other government retirement or annuity disability) [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. • Note that continuity of income for trust income must be based on the type of income received through the trust. For example, if the income from the trust is derived from rental income, then three-year continuance is not required. However, if the income is a fixed payment derived from a depleting asset, then three-year continuance must be determined. • Income sources that are not listed above will require lender judgment to determine if documentation of continuance must be obtained. *All other currently published requirements in this section remain the same.* **Fannie Mae DU** Follow DU requirements, which are the same as non-AUS requirements; except as follows: • If the lender is unable to determine the stability of the borrower's income on the basis of the available documentation, the income must be removed and the loan resubmitted to DU. **Income / Restricted Stock (RS) and Restricted Stock Units (RSU)** **Non-AUS** See the "Assets as Qualifying Income / Assets as a Basis for Repayment of Obligations (LPA Terminology)" subtopic previously presented in the income topic for guidance. **Fannie Mae DU** Follow DU requirements, which are the same as non-AUS requirements.	seasonal income • performance-based restricted stock units or restricted stock income • rental income • self-employment income • Social Security, VA, or other government retirement or annuity • time-based restricted stock units or restricted stock income when awarded in multiple consecutive years or restricted stock income when receipt was a one-time event • VA benefits (not including retirement or long-term disability) **Note**: 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 the 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. • Note that continuity of income for trust income must be based on the type of income received through the trust. For example, if the income from the trust is derived from rental income, then three-year continuance is not required. However, if the income is a fixed payment derived from a depleting asset, then three-year continuance must be determined. • Income sources that are not listed above will require lender judgment to determine if documentation of continuance must be obtained. *All other currently published requirements in this section remain the same.* **Fannie Mae DU** Follow DU requirements, which are the same as non-AUS requirements; except as follows: • If the lender is unable to determine the stability of the borrower's income on the basis of the available documentation, the income must be removed and the loan resubmitted to DU. **Income / Restricted Stock (RS) and Restricted Stock Units (RSU)** **Non-AUS** ~~See the "Assets as Qualifying Income / Assets as a Basis for Repayment of Obligations (LPA Terminology)" subtopic previously presented in the income topic for guidance.~~ • Restricted stock units and restricted stock (referred to collectively as "restricted stock") are granted by an employer to its employees as a form of compensation based on either performance or time. They can be awarded as either stock or an equivalent cash value of the number of shares awarded and usually vest over a certain number of years. After they vest, the employee may sell the shares at the current price or hold the stock for future sale. • The following table provides verification requirements for restricted stock income. ✓ | **Verification of Restricted Stock Income** | To be used as qualifying income, the restricted stock must have vested and been distributed to the borrower without restrictions.

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR24-009 for the Applicable Effective Dates of These Revisions)
				For performance-based awards: A minimum history of 24 months restricted stock income from the current employer is recommended. Restricted stock income received for 12 to 24 months from the current employer may be considered as acceptable income if there are positive factors to offset the shorter income history such as: • future vesting equal to or greater than previous vesting and that will continue for at least 24 months; or • restricted stock income received for the previous 5 years from any employer. **For time-based awards**: A minimum history of 12 months restricted stock income from the current employer is required. The lender must confirm continuance of income per the "Continuity of Income" requirements, previously outlined in the "General Income Information" subtopic. **Note**: Sign-on bonuses received in the form of restricted stock that vest over any length of time cannot be considered by the lender as qualifying income. The lender must document all of the following: • evidence stock is publicly traded; • current vesting schedule reflecting past and future vesting; • brokerage or bank statement showing receipt of previous year(s) distribution of restricted stock and, at a minimum, the number of vested shares or cash equivalent; • a completed *Request for Verification of Employment* (Form 1005) that shows restricted stock distributions, or the borrowers recent paystub showing receipt of restricted stock income; and • the borrower's IRS W-2 forms covering the most recent two-year period. The calculation method for restricted stock income will vary depending on whether payment is made in shares or cash. **For income paid in shares**: • (200-Day Moving Average of share price x total number of distributed vested shares (pre-tax) in most recent 24 months) / 24 months **For income paid in cash**: • Total cash distributed (pre-tax) equal to the total value of vested shares in the most recent 24 months / 24 months **Note**: When the borrower has a history of income ranging from 12-24 months, the lender must use the actual number of months the borrower has received the income rather than 24 months. Reference: See "Variable Income" previously presented in the "General Income Information" subtopic, for additional information about calculating variable income. **Fannie Mae DU**

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR24-009 for the Applicable Effective Dates of These Revisions)
				Follow DU requirements, which are the same as non-AUS requirements.

Shared Equity Transactions	Correspondent Section 2.01 Agency Loan Standard
	
	&
	
	Correspondent Section 2.04 CorrAdvantage Standard
		• Standard Agency (non-AUS & DU)
		• Agency Plus (DU)
		• Agency Plus Select (DU)
		• HomeReady® (non-AUS & DU)
		• Texas Section 50(a)(6) Mortgages (non-AUS & DU)
		• CorrAdvantage
			Section 2.01 Agency Loan Standard
			Occupancy/Property Types / Properties with Resale Restrictions
			
			Non-AUS
			***Note**: Below is an EXCERPT only of the requirements from the above referenced section.*
			
			• **Loans with Resale Restrictions: Shared Equity Transactions**
			  • **Overview**
			    • Shared equity programs, sometimes called "below-market programs," create long-term affordability by both limiting income eligibility and imposing a maximum resale price. Shared equity providers typically make a one-time investment in a property by subsidizing the sales price for the first buyer and recycling the subsidy for subsequent, income-eligible buyers of the same property. In exchange for purchasing a home below market value, the homeowners agree to restrictions on the future sale of the home, including limitations on sales price that maintain affordability for the next buyer.
			    • Loans originated in connection with the following shared equity program are eligible for purchase by Truist:
			      • income and resale price restrictions.
			    • Community land trusts (which are also considered a shared equity program) are not eligible for purchase.
			    • The income and resale price restrictions **must** survive foreclosure or a deed-in-lieu of foreclosure. Shared equity transactions with income and resale price restrictions that terminate automatically upon foreclosure (or the expiration of any applicable redemption period), or acceptance of a deed-in-lieu of foreclosure are currently not eligible for purchase.
			    • It is against Fannie Mae policy to compel borrowers to participate in arbitration to resolve disputes regarding their mortgage loan. Similarly, Fannie Mae will not purchase shared equity loans where the borrower is required to submit to arbitration to resolve disputes with the shared equity program unless the mandatory arbitration provision provides, or is amended to provide, that, in the event of a transfer or sale of the related mortgage or an interest in the related mortgage loan to Fannie Mae, the mandatory arbitration clause immediately and automatically becomes null and void and cannot be reinstated. This does not prohibit the borrower and the shared equity program from engaging voluntarily in arbitration, mediation, or other alternative methods of dispute resolution.
			
			  • **Income and Resale Price Restrictions**
			    • Resale restrictions are a right in perpetuity or for a certain number of years and are binding on current and future property owners. They remain in effect until they are formally removed or modified, or terminate in accordance with their terms, such as at a foreclosure sale or upon acceptance of a deed-in-lieu.
			
			Note: Shared equity transactions with income and resale price restrictions that terminate at foreclosure are currently not eligible for purchase.
			
			    • Income and resale price restrictions help maintain long-term affordability for shared equity programs. These programs include both an income and a maximum resale price restriction that effectively subsidize the sales prices for income-eligible buyers, and in exchange for the
				Section 2.01 Agency Loan Standard
				Occupancy/Property Types / Properties with Resale Restrictions
				
				Non-AUS
				***Note**: Below is an EXCERPT only of the requirements from the above referenced section.*
				
				• **Loans with Resale Restrictions: Shared Equity Transactions**
				  • **Overview**
				    • Shared equity programs, sometimes called "below-market programs," create long-term affordability by both limiting income eligibility and imposing a maximum resale price (or a resale formula applies that limits the homeowner's proceeds upon resale). Shared equity providers typically make a one-time investment in a property by subsidizing the sales price for the first buyer and recycling the subsidy for subsequent, income-eligible buyers of the same property. In exchange for purchasing a home below market value, the homeowners agree to restrictions on the future sale of the home, including limitations on sales price or proceeds that maintain affordability for the next buyer.
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subsidy, the buyers agree to resale restrictions that limit the future sales price of the home to preserve affordability for future income-eligible buyers.
For information on other types of resale restrictions, see the “Loans With Resale Restrictions: Non-Shared Equity Transactions” section previously presented in this subtopic.
General Requirements
The following table describes general requirements for shared equity transactions.
<table>
<tr><th>Criteria</th><th>Income and Resale Price Restrictions</th></tr>
<tr><td>Required Legal Documentation</td><td>The lender must review the resale restrictions to confirm compliance with this subtopic. The terms of the resale restrictions can be found in an existing recorded legal agreement or in the legal documentation to be recorded in connection with the borrower’s purchase of the property. Examples of such legal agreements:
The Grounded Solutions Network 2021 Model Declaration of Affordability Covenants with Refinance and Resale Restriction and Purchase Option, which is available on the Grounded Solutions Network website.
Special Feature Code (SFC) Requirement: Loans using this agreement must be delivered with SFC 177.
A declaration of covenants, often referred to as a deed restriction or deed-restricted covenant.
Any other covenant or provision of an agreement or deed that is recorded against the land.
Note: If the requirements for the first mortgage and the shared equity program are different, the most restrictive requirements will apply.</td></tr>
<tr><td>Resale Restriction Requirements</td><td>The resale restriction terms must limit future property buyers to those with specified income levels and limit the maximum sales price of the property.

When the resale restrictions survive foreclosure or a deed-in-lieu of foreclosure, the provider is not entitled to obtain any proceeds from the initial sale or transfer of the property after foreclosure, or from the foreclosing mortgage holder who obtained the property at foreclosure or from a deed-in-lieu of foreclosure.</td></tr>
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subsidy, the buyers agree to resale restrictions that limit the future sales price of the home to preserve affordability for future income-eligible buyers.
For information on other types of resale restrictions, see the “Loans With Resale Restrictions: Non-Shared Equity Transactions” section previously presented in this subtopic.
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<table>
<tr><td>Properties Subject to Private Transfer Fees</td><td>See the “Properties with Private Transfer Fee Covenants” subtopic previously outlined in this document for guidance.</td></tr>
<tr><td>Required Riders and Amendments</td><td>Lenders must ensure that any loan secured by a property with income and resale price restrictions that is purchased by Truist is accompanied by the Shared Equity Amendment (Fannie Mae Form 2200). The Amendment must be executed by the shared equity provider (and any other parties to the instrument that created the resale restrictions), the borrower, and the lender, and must be recorded. Form 2200 assures consistent standards for all loans secured by properties with income and resale price restrictions that are delivered.</td></tr>
</table>

All other currently published requirements in this section remain the same.

Fannie Mae DU
Follow DU requirements, which are the same as non-AUS requirements, except as follows:
Loans with Resale Restrictions: Non-Shared Equity Transactions
Eligibility Requirements
Borrower Eligibility:
Borrowers must meet applicable criteria of the deed restriction.
If income limit requirements are imposed by both the resale restrictions and the terms of the mortgage, the most restrictive will apply.
Note: Age-related restrictions generally apply to the unit occupant and frequently require only one occupant to be aged 55 and over. In such a case, the borrower could be younger than 55 provided there is a unit occupant aged 55 and over. This occupant can be a non-borrower household member or a renter in the case of an investment property.
</td><td>
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<tr><td>Properties Subject to Private Transfer Fees</td><td>See the “Properties with Private Transfer Fee Covenants” subtopic previously outlined in this document for guidance.</td></tr>
<tr><td>Certified Shared Equity Program List</td><td>Truist <u>has not adopted</u> use of the Certified Shared Equity Program List to assist with a lender’s review of shared equity providers and transactions. Loans where the Certified Shared Equity Program List was used to confirm compliance with certain shared equity requirements are currently <u>not eligible</u> for purchase.

Note: Lenders are responsible for reviewing all applicable Fannie Mae requirements and obtaining the pertinent information needed to complete their review. Lenders also are obligated for other representations and warranties including life of loan representations and warranties, such as clear title and first lien enforceability.</td></tr>
<tr><td>Required Riders and Amendments</td><td>Lenders must ensure that any loan secured by a property with income and resale price restrictions that is purchased by Truist is accompanied by the Shared Equity Amendment (Fannie Mae Form 2200). The Amendment must be executed by the shared equity provider (and any other parties to the instrument that created the resale restrictions), the borrower, and the lender, and must be recorded. Form 2200 assures consistent standards for all loans secured by properties with income and resale price restrictions that are delivered.</td></tr>
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			Section 2.04 CorrAdvantage Standard
			Underwriting Requirements and Restrictions / Fannie Mae Desktop Underwriter (DU) Restrictions
			
			• Freddie Mac has deemed the following Fannie Mae items ineligible for delivery under the CorrAdvantage execution:
			  • 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) loan product 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) loan product with an LTV/TLTV/HTLTV that exceeds 80%,
			  • 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 RefiNow™ Mortgages,
			  • Fannie Mae HomePath flexibilities,
			  • Mortgages with Community Seconds made by Native American tribes or instrumentalities are not eligible unless:
			    • 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, Truist has elected not to allow the following Fannie Mae terms for delivery under the CorrAdvantage execution:
			  • Use of an average median credit score to determine if a loan meets the minimum credit score requirement for the loan transaction.
			
			  Notes:
			    • 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.
				Section 2.04 CorrAdvantage Standard
				Underwriting Requirements and Restrictions / Fannie Mae Desktop Underwriter (DU) Restrictions
				
				• Freddie Mac has deemed the following Fannie Mae items ineligible for delivery under the CorrAdvantage execution:
				  • 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) loan product 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) loan product with an LTV/TLTV/HTLTV that exceeds 80%,
				  • 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 RefiNow™ Mortgages,
				  • Fannie Mae HomePath flexibilities,
				  • Mortgages with Community Seconds made by Native American tribes or instrumentalities are not eligible unless:
				    • 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, Truist has elected not to allow the following Fannie Mae terms for delivery under the CorrAdvantage execution:
				  • Use of an average median credit score to determine if a loan meets the minimum credit score requirement for the loan transaction.
				
				  Notes:
				    • 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.

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Subsidizing the sales price on a Community Seconds mortgage, and
HomeReady in combination of Texas 50(a)(6).

Notes:

See subsequent subtopic Ineligible Items for all transactions for restrictions regardless of AUS Method.
See subsequent topic ULDD for additional requirements when DU is AUS of record.
Use of Fannie Mae's DU Validation Service is acceptable.

Resources:

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.

</td><td>

Use of the Certified Shared Equity Program List as an alternative to lenders conducting their review to confirm compliance with certain Fannie Mae shared equity requirements.
Subsidizing the sales price on a Community Seconds mortgage, and
HomeReady in combination of Texas 50(a)(6).

Notes:

See subsequent subtopic Ineligible Items for all transactions for restrictions regardless of AUS Method.
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<tr><td>Verbal Verification of Employment (VVOE) / 10-Day Pre-Closing Verification (10-Day PCV) Alternatives</td><td>Correspondent Section 2.01 Agency Loan Standard

&

Correspondent Section 1.05 Underwriting Standard</td><td>

Standard Agency (non-AUS, DU & LPA)
Agency Plus (DU & LPA)
Agency Plus Select (DU & LPA)
HomeReady® (non-AUS & DU)
Home Possible® (LPA)
Texas Section 50(a)(6) Mortgages (non-AUS, DU & LPA)

</td><td>
Section 2.01 Agency Loan Standard
Income / Verbal Verification of Employment (VVOE) / 10-Day Pre-Closing Verification (10-Day PCV)

Non-AUS

Lenders must obtain a verbal verification of employment (verbal VOE) for each borrower using employment or self-employment income to qualify.
The verbal VOE must be obtained within 10 business days prior to the note date for employment income, and within 120 calendar days prior to the note date for self-employment income.
The verbal VOE requirement is intended to help lenders mitigate risk by confirming, as late in the process as possible, that the borrower remains employed as originally disclosed on the loan application. A change in the borrower's employment status could have a significant impact on that borrower's capacity to repay the mortgage loan and must be fully reevaluated.
Alternatively, lenders may obtain the verbal VOE after closing, up to the time of loan delivery (to Truist). If the verbal VOE cannot be obtained prior to delivery (to Truist), the loan is ineligible.

Note: If the employer confirms the borrower is currently on temporary leave, the lender must consider the borrower "employed." See the "Temporary Leave and Short-Term Disability Income" subtopic for additional guidance.
The following table describes verbal VOE requirements:

<table>
<tr><th>Type of Income</th><th>Verbal VOE Requirements</th></tr>
<tr><td>Hourly, Salary, and Commission Income (Non-Military)</td><td>Requirements:

The lender must independently obtain a phone number and, if possible, an address for the borrower's employer. This can be accomplished by using a telephone book, the internet, directory assistance, or by contacting the applicable licensing bureau.
The lender must contact the employer verbally and confirm the borrower's current employment status within 10 business days prior to the note date.

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Section 2.01 Agency Loan Standard
Income / Verbal Verification of Employment (VVOE) / 10-Day Pre-Closing Verification (10-Day PCV)

Non-AUS

Lenders must obtain a verbal verification of employment (verbal VOE) for each borrower using employment or self-employment income to qualify.
The verbal VOE must be obtained within 10 business days prior to the note date for employment income, and within 120 calendar days prior to the note date for self-employment income.
The verbal VOE requirement is intended to help lenders mitigate risk by confirming, as late in the process as possible, that the borrower remains employed as originally disclosed on the loan application. A change in the borrower's employment status could have a significant impact on that borrower's capacity to repay the mortgage loan and must be fully reevaluated.
Alternatively, lenders may obtain the verbal VOE after closing, up to the time of loan delivery (to Truist). If the verbal VOE (or allowable alternative) cannot be obtained prior to delivery (to Truist), the loan is ineligible.

Note: If the employer confirms the borrower is currently on temporary leave, the lender must consider the borrower "employed." See the "Temporary Leave and Short-Term Disability Income" subtopic for additional guidance.
The following table describes the requirements for a verbal VOE and allowable alternatives.

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<tr><th>Type of Income</th><th>~~Verbal VOE~~ Requirements</th></tr>
<tr><td>Hourly, Salary, and Commission Income (Non-Military)</td><td>Verbal Verification of Employment:

The lender must independently obtain a phone number and, if possible, an address for the borrower's employer. This can be accomplished by using a telephone book, the internet, directory assistance, or by contacting the applicable licensing bureau.

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			Note: If the employer confirms the borrower is currently on temporary leave, the lender must consider the borrower "employed." See the "Temporary Leave and Short-Term Disability Income" subtopic for details on temporary leave.
			
			• The conversation must be documented. It should include the following:
			  • name and title of the person who confirmed the employment for the lender,
			  • name and title of the person who completed the verification for the employer,
			  • date of the call, and
			  • the source of the phone number.
			
			Truist Note: This information can be documented on COR 0050a or a similar document that contains the same information.
			
			Alternative Methods to Verify Employment:
			• If the employer will not verbally verify employment, the lender can obtain:
			  • a written verification (other than an additional paystub) confirming the borrower's current employment status within the same time frame as the verbal VOE requirements. The written documentation must include the name and title of the person who completed the verification for the employer.
			  • an email exchange with the borrower's employer from the employer's work email address within the same time frame as the verbal VOE requirements.
			    • The lender must conduct additional due diligence to confirm that the email address for the employer is accurate. Examples of due diligence include, but are not limited to, searches of domain name on employer website (review for match to employer email address), employer directory on the internet, or other professional networking or business profile websites.
			    • The email exchange must include borrower's name and employer's name; name, title, and work email address of the individual contacted at the employer; date of contact; and borrower's current employment status.
			• If the borrower is a union member who works in an occupation that results in a series of short-term job assignments (such as a skilled construction worker, longshoreman, or stagehand), and the union facilitates the
				• The lender must contact the employer verbally and confirm the borrower's current employment status within 10 business days prior to the note date.
				
				Note: If the employer confirms the borrower is currently on temporary leave, the lender must consider the borrower "employed." See the "Temporary Leave and Short-Term Disability Income" subtopic for details on temporary leave.
				
				• The conversation must be documented. It should include the following:
				  • name and title of the person who confirmed the employment for the lender,
				  • name and title of the person who completed the verification for the employer,
				  • date of the call, and
				  • the source of the phone number.
				
				Truist Note: This information can be documented on COR 0050a or a similar document that contains the same information.
				
				Alternative Methods to Verify Employment:
				~~• If the employer will not verbally verify employment, the lender can obtain:~~
				• The lender can obtain a written verification ~~(other than an additional paystub)~~ confirming the borrower's current employment status within 10 business days prior to the note date. The written documentation must include the name and title of the person who completed the verification for the employer.
				• The lender can obtain an email exchange with the borrower's employer from the employer's work email address within 10 business days prior to the note date.
				  • The lender must conduct additional due diligence to confirm that the email address for the employer is accurate. Examples of due diligence include, but are not limited to,

<table>
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<tr><td></td><td></td><td></td><td>
<table>
<tr><td></td><td>borrower's placement in each assignment, the lender may obtain the verbal VOE from the union.
• If the employer uses a third party employment verification vendor, the lender must obtain written verification from the vendor of the borrower's current employment status within the same time frame as the verbal VOE requirements.

Note: Because third-party vendor databases are typically updated monthly, the verification must evidence that the information in the vendor's database was no more than 35 days old as of the note date.</td></tr>
<tr><td>Military Personnel</td><td>• If the borrower is in the military, in lieu of a verbal or written VOE, the lender must obtain either:
  • a military Leave and Earnings Statement dated within 120 calendar days prior to the note date, or
  • a verification of employment through the Defense Manpower Data Center (https://mla.dmdc.osd.mil/mla/#/home/).</td></tr>
<tr><td>Self-Employed Income</td><td>Requirements:
• The lender must verify the existence of the borrower's business within 120 calendar days prior to the note date:
  • from a third party, such as a CPA, regulatory agency, or the applicable licensing bureau, if possible; or
  • by verifying a phone listing and address for the borrower's business using a telephone book, the internet, or directory assistance.
• The lender must document the source of the information obtained and the name and title of the lender's employee who obtained the information.

Truist Note: This information can be documented on COR 0050b or a similar document that contains the same information.</td></tr>
</table>

Fannie Mae DU
Follow DU requirements, which are the same as non-AUS requirements; except as follows:
• Alternative Documentation Requirements for Income Validated by the DU Validation Service
  • When employment is validated by DU, DU includes in its assessment the age of the information in the vendor's database. The DU message will include a date by which the loan must close. This may differ from the age of data and 10 business day requirements above. Compliance with the DU message satisfies the requirement for completing the verification of employment.

Reference: See "DU Validation Service" in the "Fannie Mae DU" subtopic subsequently presented in the "Underwriting the Borrower" topic for additional guidance.

Freddie Mac LPA
Follow LPA requirements, which are as follows:
• Employed Income Verification Requirements
</td><td>
<table>
<tr><td></td><td></td><td>searches of domain name on employer website (review for match to employer email address), employer directory on the internet, or other professional networking or business profile websites.
  • The email exchange must include borrower's name and employer's name; name, title, and work email address of the individual contacted at the employer; date of contact; and borrower's current employment status.
• If the borrower is a union member who works in an occupation that results in a series of short-term job assignments (such as a skilled construction worker, longshoreman, or stagehand), and the union facilitates the borrower's placement in each assignment, the lender may obtain the verbal VOE from the union.
• If the employer uses a third-party employment verification vendor, the lender must obtain written verification from the vendor of the borrower's current employment status within the same time frame as the verbal VOE requirements.

Note: Because third-party vendor databases are typically updated monthly, the verification must evidence that the information in the vendor's database was no more than 35 days old as of the note date.

• For Delegated Underwritten Loans ONLY:
  • The following additional alternative methods to verify employment are acceptable:
    • Within 15 days prior to the note date, the borrower can provide the most recent available paystub as of that date that:
      • meet the "Standards for Employment Documentation"</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>Topic</th><th>Impacted Document</th><th>Impacted Products</th><th>Current Standards</th><th>Revised Standards
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<tr><td></td><td></td><td></td><td>

Verification of the borrower's current employment (10-day PCV) must be obtained in accordance with the requirements of this section. Refer to the specific income type subtopics previously presented in this topic and the “Relocation Mortgages” subtopic previously presented in the “Eligible Transactions” topic within this document for additional information about when a 10-day PCV is or is not required.
The 10-day PCV, when required, must either be obtained no more than 10 business days prior to the note date, or after the note date but prior to the delivery date (to Truist).
The following chart contains requirements for eligible 10-day PCV types:

<table>
<tr><th>10-day PCV Types</th><th>Requirements</th></tr>
<tr><td>Verbal verification of employment (verbal VOE)</td><td>The mortgage file must include Form 90, Verbal Verification of Employment, or a similar written document (i.e., COR 0050a, etc.) that includes all of the following:

Name of the borrower, employer's name, name and title of the individual contacted at employer, date of contact, and the phone number used to contact the employer
Name of the third-party source used to obtain the phone number for the employer (e.g., phone directory, reliable internet source, directory assistance, etc.)
Borrower's current employment status
Any additional information that was verified
Name, title and employer of the representative who contacted the borrower's employer and completed the verbal VOE
</td></tr>
<tr><td>E-mail verification of employment (e-mail VOE)</td><td>The mortgage file must include an e-mail exchange with the borrower's employer from the independently obtained employer's work e-mail address that, at a minimum, includes all of the following:

Borrower’s name and employer’s name
Name and title of the individual contacted at the employer, date of contact and the individual's work e-mail address
Borrower's current employment status

In addition, the mortgage file must include:

Information about the third-party source used to obtain the employer's e-mail (e.g., a reliable internet source), and
Name, title and employer of the representative who contacted the borrower's employer and obtained the e-mail verification
</td></tr>
</table>
</td><td>
<table>
<tr><td></td><td>

requirements previously outlined in the “General Income Documentation Requirements” subtopic,
reflects information for the most recent expected pay period based on the date it is provided and the borrower’s pay cadence, and
does not include any information indicating the borrower may not be actively employed.

Bank statements dated no earlier than 15 business days prior to the note date that:

meet the “Verification of Deposits and Assets” requirements subsequently outlined in the “General Asset Documentation Requirements” subtopic,
reflects information for the most recent expected pay period based on the date of the statement and the borrower’s pay cadence, and
does not include any information indicating the borrower may not be actively employed.

Truist Note: Loans where a paystub or bank statement is used as an alternative method to verify employment must be underwritten by a Correspondent lender approved by Truist for delegated underwriting authority. These transactions are not eligible for purchase if Truist underwrites the loan.
</td></tr>
<tr><td>Military Personnel</td><td>
If the borrower is in the military, in lieu of a verbal or written VOE, the lender must obtain either:
a military Leave and Earnings
</td></tr>
</table>
</td></tr>
</table>

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR24-009 for the Applicable Effective Dates of These Revisions)

Current Standards

Employment Commencing After the Note Date	In addition to the verbal or email VOE requirements above, for employment commencing after the note date, the lender must confirm and include the following information on the verbal or e-mail VOE document: • The terms reflected on the non-contingent offer letter or employment contract accepted by the borrower have not changed since the acceptance date, including employment start date, base non-fluctuating salary and any other relevant income or employment information used to qualify the borrower
Written VOE	A written VOE verifying the current employment status of the borrower in accordance with the requirements previously outlined in the "Employed Income Documentation and Verification Requirements" section in the "General Income Documentation Requirements" subtopic.
Military Leave and Earnings Statement	A military Leave and Earnings Statement dated no more than 120 days prior to the note date
Third-party employment verification service provider – electronically generated	See the "Third-Party Verification Service Providers: Employment and Income Verifications" section previously presented in the "General Income Documentation Requirements" subtopic for guidance.
Automated employment assessment with Loan Product Advisor using account data	See "Automated Employment Assessment with Loan Product Advisor Using Account Data" in the "Freddie Mac LPA Loans" subtopic subsequently presented in the "Underwriting the Borrower" topic for verification requirements.

- **Self-Employed Income Verification Requirements**
  - **Verification of Current Existence of the Business**
    - The following chart contains requirements and guidance pertaining to verification of current existence of the business:

      Truist Note: This information can be documented on COR 0050b or a similar document that contains the same information.

Topic	Requirements and Guidance
Verification of current existence of business	Verification of the current existence of the business is required when positive income from the business is used as stable monthly income
Acceptable third party sources	• Acceptable third party sources include, but are not limited to:

Revised Standards

	Statement dated within 120 calendar days prior to the note date, or • a verification of employment through the Defense Manpower Data Center (https://mla.dmdc.osd.mil/mla/#/home).

Self-Employed Income	**Requirements**:
	• The lender must verify the existence of the borrower's business within 120 calendar days prior to the note date:
	  • from a third party, such as a CPA, regulatory agency, or the applicable licensing bureau, if possible; or
	  • by verifying a phone listing and address for the borrower's business using a telephone book, the internet, or directory assistance.
	• The lender must document the source of the information obtained and the name and title of the lender's employee who obtained the information.
	
	Truist Note: This information can be documented on COR 0050b or a similar document that contains the same information.

Fannie Mae DU

Follow DU requirements, which are the same as non-AUS requirements; except as follows:

- **Alternative Documentation Requirements for Income Validated by the DU Validation Service**
  - When employment is validated by DU, DU includes in its assessment the age of the information in the vendor's database. The DU message will include a date by which the loan must close. This may differ from the age of data and 10 business day requirements above. Compliance with the DU message satisfies the requirement for completing the verification of employment.

Reference: See "DU Validation Service" in the "Fannie Mae DU" subtopic subsequently presented in the "Underwriting the Borrower" topic for additional guidance.

Freddie Mac LPA

Follow LPA requirements, which are as follows:

- **Employed Income Verification Requirements**
  - Verification of the borrower's current employment (10-day PCV) must be obtained in accordance with the requirements of this section. Refer to the specific income type subtopics previously presented in this topic and the "Relocation Mortgages" subtopic previously presented in the "Eligible Transactions" topic within this document for additional information about when a 10-day PCV is or is not required.
  - The 10-day PCV, when required, must either be obtained no more than 10 business days prior to

<table>
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<tr><td></td><td></td><td></td><td>
<table>
<tr><td></td><td>Regulatory agency
Phone directory
Internet source (e.g., Better Business Bureau)
Directory assistance
Applicable licensing bureau
Verification of current existence of the business obtained verbally from an acceptable third party source must be documented and include all of the following:
Name and address of the business
Name of individual and entity contacted to obtain the verification
Date information verified
Name and title of the individual who completed the verification for the lender</td></tr>
<tr><td>Alternative sources</td><td>The lender may consider alternative sources if the above are not available, such as:
Preparer of the tax returns for the business (e.g., accountant), provided the preparer has an arm's length relationship with the borrower
At least one months' business bank statement that supports the current existence of the business and the level and type of income and expenses reported on the business tax returns</td></tr>
<tr><td>Date requirements</td><td>The verification must be completed prior to the delivery date (to Truist), but no more than 120 calendar days prior to the note date</td></tr>
</table>
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the note date, or after the note date but prior to the delivery date (to Truist).
The following chart contains requirements for eligible 10-day PCV types:
<table>
<tr><th>10-day PCV Types</th><th>Requirements</th></tr>
<tr><td>Verbal verification of employment (verbal VOE)</td><td>The mortgage file must include Form 90, Verbal Verification of Employment, or a similar written document (i.e., COR 0050a, etc.) that includes all of the following:
Name of the borrower, employer's name, name and title of the individual contacted at employer, date of contact, and the phone number used to contact the employer
Name of the third-party source used to obtain the phone number for the employer (e.g., phone directory, reliable internet source, directory assistance, etc.)
Borrower's current employment status
Any additional information that was verified
Name, title and employer of the representative who contacted the borrower's employer and completed the verbal VOE</td></tr>
<tr><td>E-mail verification of employment (e-mail VOE)</td><td>The mortgage file must include an e-mail exchange with the borrower's employer from the independently obtained employer's work e-mail address that, at a minimum, includes all of the following:
Borrower’s name and employer’s name
Name and title of the individual contacted at the employer, date of contact and the individual's work e-mail address
Borrower's current employment status
In addition, the mortgage file must include:
Information about the third-party source used to obtain the employer's e-mail (e.g., a reliable internet source), and
Name, title and employer of the</td></tr>
</table>
</td></tr>
</table>

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR24-009 for the Applicable Effective Dates of These Revisions)	
					representative who contacted the borrower's employer and obtained the e-mail verification
				Employment Commencing After the Note Date	In addition to the verbal or email VOE requirements above, for employment commencing after the note date, the lender must confirm and include the following information on the verbal or e-mail VOE document: • The terms reflected on the non-contingent offer letter or employment contract accepted by the borrower have not changed since the acceptance date, including employment start date, base non-fluctuating salary and any other relevant income or employment information used to qualify the borrower
				Written VOE	A written VOE verifying the current employment status of the borrower in accordance with the requirements previously outlined in the "Employed Income Documentation and Verification Requirements" section in the "General Income Documentation Requirements" subtopic.
				YTD Paystub	***For Delegated Underwritten Loans ONLY:*** A YTD paystub that: • is from the pay period immediately preceding the note date, and • has the "paid through" date no more than 15 business days before the note date **Truist Note**: Loans where a YTD paystub is used as 10-day PCV type must be underwritten by a Correspondent lender approved by Truist for delegated underwriting authority. These transactions are not eligible for purchase if Truist underwrites the loan.
				Military Leave and Earnings Statement	A military Leave and Earnings Statement dated no more than 120 days prior to the note date
				Third-party employment verification service provider – electronically generated	See the "Third-Party Verification Service Providers: Employment and Income Verifications" section previously presented in the "General Income

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR24-009 for the Applicable Effective Dates of These Revisions)
				(continued)

	Documentation Requirements” subtopic for guidance.
Automated employment assessment with Loan Product Advisor using account data	See “Automated Employment Assessment with Loan Product Advisor Using Account Data” in the “Freddie Mac LPA Loans” subtopic subsequently presented in the “Underwriting the Borrower” topic for verification requirements.

- **Self-Employed Income Verification Requirements**
  - **Verification of Current Existence of the Business**
    - The following chart contains requirements and guidance pertaining to verification of current existence of the business:

      Truist Note: This information can be documented on COR 0050b or a similar document that contains the same information.

Topic	Requirements and Guidance
Verification of current existence of business	Verification of the current existence of the business is required when positive income from the business is used as stable monthly income

Acceptable third party sources	• Acceptable third party sources include, but are not limited to:
	  • Regulatory agency
	  • Phone directory
	  • Internet source (e.g., Better Business Bureau)
	  • Directory assistance
	  • Applicable licensing bureau
	• Verification of current existence of the business obtained verbally from an acceptable third party source must be documented and include all of the following:
	  • Name and address of the business
	  • Name of individual and entity contacted to obtain the verification
	  • Date information verified
	  • Name and title of the individual who completed the verification for the lender

Alternative sources	The lender may consider alternative sources if the above are not available, such as: • Preparer of the tax returns for the

<table>
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Section 1.05 Underwriting Standard
Underwriting Submission for Conventional Non-Delegated Loans / General Requirements for all Non-Delegated Loans

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

Reference: See Section 1.04: Automated Underwriting Standard of the Correspondent Seller Guide, for specific details.
Correspondent lenders are required to order mortgage insurance if the loan requires.
The Mortgage Insurance Certificate must be in the closed loan file prior to purchase by Truist.
For all loans, the Underwriting Submission Checklist (COR 0005) should be used to assist in submitting complete files for underwriting.
The following loan transactions are not eligible for purchase if Truist underwrites the loan:

loans utilizing Freddie Mac's appraised value representation and warranty relief – Loan Collateral Advisor®

Note: This does not include loans eligible for Freddie Mac's LPA automated collateral evaluation (ACE).
loans utilizing Fannie Mae's DU Value Acceptance + Property Data offer, including DU loans where a property data collection (PDC) report has been upgraded to Form 1004 Hybrid, Uniform Residential Appraisal Report (Hybrid)
loans utilizing Freddie Mac's ACE+ PDR, including a PDR upgraded to hybrid Form 70H, Uniform Residential Appraisal Report (Hybrid)
Fannie Mae's HomeStyle Renovation mortgage transactions
Freddie Mac's CHOICERenovation mortgage transactions
Calculating Self-Employment Income:

DU loans where a Fannie Mae-approved self-employment income calculation tool (e.g. LoanBeam's FNMA SEI 1084 workbook) has been used. See Fannie Mae's website for the list of Approved Vendor Tools

</td><td>
<table>
<tr><td></td><td>business (e.g., accountant), provided the preparer has an arm's length relationship with the borrower
At least one months' business bank statement that supports the current existence of the business and the level and type of income and expenses reported on the business tax returns</td></tr>
<tr><td>Date requirements</td><td>The verification must be completed prior to the delivery date (to Truist), but no more than 120 calendar days prior to the note date</td></tr>
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Reference: See Section 1.04: Automated Underwriting Standard of the Correspondent Seller Guide, for specific details.
Correspondent lenders are required to order mortgage insurance if the loan requires.
The Mortgage Insurance Certificate must be in the closed loan file prior to purchase by Truist.
For all loans, the Underwriting Submission Checklist (COR 0005) should be used to assist in submitting complete files for underwriting.
The following loan transactions are not eligible for purchase if Truist underwrites the loan:

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Note: This does not include loans eligible for Freddie Mac's LPA automated collateral evaluation (ACE).
loans utilizing Fannie Mae's DU Value Acceptance + Property Data offer, including DU loans where a property data collection (PDC) report has been upgraded to Form 1004 Hybrid, Uniform Residential Appraisal Report (Hybrid)
loans utilizing Freddie Mac's ACE+ PDR, including a PDR upgraded to hybrid Form 70H, Uniform Residential Appraisal Report (Hybrid)
loans where a paystub or bank statement is used as a method to verify employment
Fannie Mae's HomeStyle Renovation mortgage transactions
Freddie Mac's CHOICERenovation mortgage transactions
Calculating Self-Employment Income:

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

Agency Standards Revisions

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

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR24-009 for the Applicable Effective Dates of These Revisions)
			• LPA loans for borrowers with self-employed income evaluated using automated income assessment with Loan Product Advisor using tax return data (i.e., LPA AIM for self-employed income)	• DU loans where a Fannie Mae-approved self-employment income calculation tool (e.g. LoanBeam's FNMA SEI 1084 workbook) has been used. See Fannie Mae's website for the list of [Approved Vendor Tools] • LPA loans for borrowers with self-employed income evaluated using automated income assessment with Loan Product Advisor using tax return data (i.e., LPA AIM for self-employed income)

			Section 1.05 Underwriting Standard
			Conventional Delegated Underwriting / General Requirements for all Delegated Loans
			
			***Note**: Below is an EXCERPT only of the requirements from the above referenced section.*
			
			• The following loan transactions are not eligible for purchase if Truist underwrites the loan:
			  ◦ loans utilizing Freddie Mac's appraised value representation and warranty relief – Loan Collateral Advisor®
			
			  Note: This does not include loans eligible for Freddie Mac's LPA automated collateral evaluation (ACE).
			
			  ◦ loans utilizing Fannie Mae's DU Value Acceptance + Property Data offer, including DU loans where a property data collection (PDC) report has been upgraded to Form 1004 Hybrid, *Uniform Residential Appraisal Report (Hybrid)*
			  ◦ loans utilizing Freddie Mac's ACE+ PDR, including a PDR upgraded to hybrid Form 70H, *Uniform Residential Appraisal Report (Hybrid)*
			  ◦ Fannie Mae's HomeStyle Renovation mortgage transactions
			  ◦ **Calculating Self-Employment Income**:
			    ▪ DU loans where a Fannie Mae-approved self-employment income calculation tool (e.g. LoanBeam's FNMA SEI 1084 workbook) has been used. See Fannie Mae's website for the list of [Approved Vendor Tools]
			    ▪ LPA loans for borrowers with self-employed income evaluated using automated income assessment with Loan Product Advisor using tax return data (i.e., LPA AIM for self-employed income)
			
			All other currently published requirements in this section remain the same.
				Section 1.05 Underwriting Standard
				Conventional Delegated Underwriting / General Requirements for all Delegated Loans
				
				***Note**: Below is an EXCERPT only of the requirements from the above referenced section.*
				
				• The following loan transactions are not eligible for purchase if Truist underwrites the loan:
				  ◦ loans utilizing Freddie Mac's appraised value representation and warranty relief – Loan Collateral Advisor®
				
				  Note: This does not include loans eligible for Freddie Mac's LPA automated collateral evaluation (ACE).
				
				  ◦ loans utilizing Fannie Mae's DU Value Acceptance + Property Data offer, including DU loans where a property data collection (PDC) report has been upgraded to Form 1004 Hybrid, *Uniform Residential Appraisal Report (Hybrid)*
				  ◦ loans utilizing Freddie Mac's ACE+ PDR, including a PDR upgraded to hybrid Form 70H, *Uniform Residential Appraisal Report (Hybrid)*
				  ◦ loans where a paystub or bank statement is used as a method to verify employment
				  ◦ Fannie Mae's HomeStyle Renovation mortgage transactions
				  ◦ Freddie Mac's CHOICERenovation mortgage transactions
				  ◦ **Calculating Self-Employment Income**:
				    ▪ DU loans where a Fannie Mae-approved self-employment income calculation tool (e.g. LoanBeam's FNMA SEI 1084 workbook) has been used. See Fannie Mae's website for the list of [Approved Vendor Tools]
				    ▪ LPA loans for borrowers with self-employed income evaluated using automated income assessment with Loan Product Advisor using tax return data (i.e., LPA AIM for self-employed income)
				
				All other currently published requirements in this section remain the same.