Agency Standards Revisions

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

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards Effective for EXISTING AND NEW Loan Applications ON OR AFTER October 25, 2024
Builder Standby/ Forward Commitments	Correspondent Section 2.01 Agency Loan Standard & Correspondent Section 2.04 CorrAdvantage Standard	• Standard Agency (non-AUS, DU & LPA) • Agency Plus (DU & LPA) • Agency Plus Select (DU & LPA) • HomeReady® (non-AUS & DU) • Home Possible® (LPA) • CorrAdvantage	**Section 2.01 Agency Loan Standard** **Interested Party Contributions (IPCs) / Interested Party Contributions (IPCs)** **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.* • **Types of Interested Party Contributions (IPCs)** ***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.* • **Interest Rate Buydowns** • If a temporary or permanent interest rate buydown is being offered to the borrower, the cost of the subsidy to fund that buydown must be included in the IPC calculation, if received from an interested party or a lender affiliated with an interested party. • The lender must determine if the cost of the subsidy meets allowable IPC limits. This can be accomplished by confirming the current market interest rate—in other words, the rate that is offered without the payment of any discount points—and the discount points being charged to obtain the interest rate being offered with the buydown. **Truist Note:** Fees a builder pays to a lender before entering into a sales contract with a borrower to offer future buyers mortgages at a specific mortgage interest rate are considered standby commitment fees (also known as forward commitment fees). Mortgages with rates provided based on a builder standby/forward commitment are not eligible for purchase by Truist. • **Payment Abatements** • A payment abatement is considered to be a financing concession since it is an incentive provided to the borrower by an interested party, in which the interested party provides funds to pay or reimburse a certain number of monthly payments on the borrower's behalf. The monthly payments may cover, in whole or in part, principal, interest, taxes, insurance and other assessments (PITIA). These funds are provided to the lender or a third party to be distributed over the term of the abatement period or credited against the borrower's future obligations. • Loans with payment abatements of any type are not eligible for delivery to Fannie Mae regardless of whether they are disclosed on the Settlement/Closing Disclosure Statement. This prohibition applies to transactions in which an interested party is directly funding the abatement and/or if the funding for the abatement is flowing through another entity, such as a nonprofit down payment assistance program. **Note**: The payment of HOA fees is not considered an abatement unless the payment of the fee extends for more than 12 months. The payment of HOA fees for 12 months or less is considered an interested party contribution. **Fannie Mae DU** Follow DU requirements, which are the same as non-AUS requirements. **Freddie Mac LPA**	**Section 2.01 Agency Loan Standard** **Interested Party Contributions (IPCs) / Interested Party Contributions (IPCs)** **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.* • **Types of Interested Party Contributions (IPCs)** ***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.* • **Interest Rate Buydowns** • If a temporary or permanent interest rate buydown is being offered to the borrower, the cost of the subsidy to fund that buydown must be included in the IPC calculation, if received from an interested party or a lender affiliated with an interested party. • The lender must determine if the cost of the subsidy meets allowable IPC limits. This can be accomplished by confirming the current market interest rate—in other words, the rate that is offered without the payment of any discount points—and the discount points being charged to obtain the interest rate being offered with the buydown. **Truist Note:** ~~Fees a builder pays to a lender before entering into a sales contract with a borrower to offer future buyers mortgages at a specific mortgage interest rate are considered standby commitment fees (also known as forward commitment fees). Mortgages with rates provided based on a builder standby/forward commitment are not eligible for purchase by Truist.~~ Fees for standby commitments (also known as forward commitments) that a builder pays to a lender before entering into a sales contract with a borrower are not subject to IPC limits because they are not attributable to the specific loan transaction. A loan with a reduced interest rate due to a standby commitment must be delivered with SFC 887. • **Payment Abatements** • A payment abatement is considered to be a financing concession since it is an incentive provided to the borrower by an interested party, in which the interested party provides funds to pay or reimburse a certain number of monthly payments on the borrower's behalf. The monthly payments may cover, in whole or in part, principal, interest, taxes, insurance and other assessments (PITIA). These funds are provided to the lender or a third party to be distributed over the term of the abatement period or credited against the borrower's future obligations. • Loans with payment abatements of any type are not eligible for delivery to Fannie Mae regardless of whether they are disclosed on the Settlement/Closing Disclosure Statement. This prohibition applies to transactions in which an interested party is directly funding the abatement and/or if the funding for the abatement is flowing through another entity, such as a nonprofit down payment assistance program. **Note**: The payment of HOA fees is not considered an abatement unless the payment of the fee extends for more than 12 months. The payment of HOA fees for 12 months or less is considered an interested party contribution.

Agency Standards Revisions

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

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards Effective for EXISTING AND NEW Loan Applications ON OR AFTER October 25, 2024

			***Note**: Below is an EXCERPT only of the requirements from the above referenced section.*
			Follow LPA requirements, which are as follows:
			• **Types of Interested Party Contributions and Eligibility Requirements**
			  • Interested parties include, but are not limited to:
			    • Builder
			
			    Truist Note: Fees a builder pays to a lender before entering into a sales contract with a borrower to offer future buyers mortgages at a specific mortgage interest rate are considered standby commitment fees (also known as forward commitment fees). Mortgages with rates provided based on a builder standby/forward commitment are not eligible for purchase by Truist.
			
			    • Developer
			    • Seller of the property
			    • Real estate agent
			  • Interested party contributions may include either financing and/or sales concessions. Freddie Mac considers the following to be interested party contributions:
			    • Funds from the selling or originating lender, an employer, a municipality, a non-profit organization, and a related person, are subject to the interested party contributions requirements if the contributing party is affiliated with any of the interested parties as stated in the paragraph above, except as stated below for gifts from a related person and lender credit.
			    • Funds from an interested party that flow through a third-party organization or a non-profit agency to the borrower
			    • Funds from an interested party, including a third-party organization or a non-profit agency, used to pay costs associated with the mortgage transaction on the borrower's behalf
			    • Funds that are donated to a third party, which in turn provides the funds to pay some or all of the borrower's closing costs
			  • Gift funds or gift of equity from a related person who is also the seller of the subject property is not subject to the requirements of this section, provided that:
			    • The donor has no affiliation with the builder, real estate agent or any other interested party to the transaction, and
			    • All of the requirements pertaining to gift funds or gift of equity from a related person as stated in the "Gift Funds" and "Gift of Equity" subtopics previously presented in this document are met.
			  • When a selling or originating lender is affiliated with an interested party to the transaction, a lender credit is not considered an interested party contribution when it is derived from an increase in the interest rate.
			  • Mortgages with abatements (that are funds provided to a lender or third party by an interested party to pay or reimburse in whole or in part a certain number of monthly payments of principal, interest, taxes, insurance and/or other assessments on the borrower's behalf in excess of prepaid/escrows associated with the mortgage closing) are not eligible for sale to Freddie Mac.
			  • The payment of no more than 12 months of homeowners association (HOA) dues by an interested party is not considered an abatement but is considered an interested party contribution, subject to the requirements of this section. The funds for the payment of the HOA dues must be collected at closing and transferred directly to the HOA, as documented on the Settlement/Closing Disclosure Statement.
			
			• **Financing Concessions**
				Fannie Mae DU
				Follow DU requirements, which are the same as non-AUS requirements.
				
				Freddie Mac LPA
				***Note**: Below is an EXCERPT only of the requirements from the above referenced section.*
				Follow LPA requirements, which are as follows:
				• **Types of Interested Party Contributions and Eligibility Requirements**
				  • Interested parties include, but are not limited to:
				    • Builder
				
				    Truist Note: ~~Fees a builder pays to a lender before entering into a sales contract with a borrower to offer future buyers mortgages at a specific mortgage interest rate are considered standby commitment fees (also known as forward commitment fees). Mortgages with rates provided based on a builder standby/forward commitment are not eligible for purchase by Truist.~~ Fees for standby commitments (also known as forward commitments) that a builder pays to a lender before entering into a sales contract with a borrower are not subject to IPC limits because they are not attributable to the specific loan transaction. A loan with a reduced interest rate due to a standby commitment must be delivered with SFC J70.
				
				    • Developer
				    • Seller of the property
				    • Real estate agent
				  • Interested party contributions may include either financing and/or sales concessions. Freddie Mac considers the following to be interested party contributions:
				    • Funds from the selling or originating lender, an employer, a municipality, a non-profit organization, and a related person, are subject to the interested party contributions requirements if the contributing party is affiliated with any of the interested parties as stated in the paragraph above, except as stated below for gifts from a related person and lender credit.
				    • Funds from an interested party that flow through a third-party organization or a non-profit agency to the borrower
				    • Funds from an interested party, including a third-party organization or a non-profit agency, used to pay costs associated with the mortgage transaction on the borrower's behalf
				    • Funds that are donated to a third party, which in turn provides the funds to pay some or all of the borrower's closing costs
				  • Gift funds or gift of equity from a related person who is also the seller of the subject property is not subject to the requirements of this section, provided that:
				    • The donor has no affiliation with the builder, real estate agent or any other interested party to the transaction, and
				    • All of the requirements pertaining to gift funds or gift of equity from a related person as stated in the "Gift Funds" and "Gift of Equity" subtopics previously presented in this document are met.
				  • When a selling or originating lender is affiliated with an interested party to the transaction, a lender credit is not considered an interested party contribution when it is derived from an increase in the interest rate.
				  • Mortgages with abatements (that are funds provided to a lender or third party by an interested party to pay or reimburse in whole or in part a certain number of monthly payments of principal, interest, taxes, insurance and/or other assessments on the borrower's behalf in excess of prepaid/escrows associated with the mortgage closing) are not eligible for sale to Freddie Mac.

<table>
<tr><th>Topic</th><th>Impacted Document</th><th>Impacted Products</th><th>Current Standards</th><th>Revised Standards
Effective for EXISTING AND NEW Loan Applications ON OR AFTER October 25, 2024</th></tr>
<tr><td></td><td></td><td></td>
<td>

Acceptable Use of Financing Concessions

Financing concessions are funds that originate from an interested party to the transaction, as described above, that are used to:

Reduce permanently the interest rate on the mortgage
Fund a buydown plan to temporarily subsidize the borrower’s monthly payment on the mortgage
Make contributions in any way related to the borrower’s closing costs, including up to 12 months of HOA dues

Maximum Limit

Based on "value," as defined in the “Calculation of LTV/TLTV/HTLTV Ratios” subtopic previously presented in the “Eligible Transactions” topic, the maximum permitted financing concessions are as follows:
<table>
<tr><th>Occupancy</th><th>LTV/TLTV Ratios > 90%</th><th>LTV/TLTV Ratios > 75% and </= 90%</th><th>LTV/TLTV Ratios </= 75%</th></tr>
<tr><td>Primary Residences and Second Homes</td><td>3%</td><td>6%</td><td>9%</td></tr>
<tr><td>Investment Properties</td><td>2%</td><td>2%</td><td>2%</td></tr>
</table>
The amount of any financing concessions in excess of the limitations set forth above will be considered a sales concession. In all cases, financing concessions must be used as described in the “Acceptable Use of Financing Concessions” section above.
Funds paid by the property seller that are fees or costs customarily paid by the property seller according to local convention are not subject to the maximum financing concession limitations above.
In areas where real estate taxes are paid in arrears, prorated real estate tax credits contributed by the property seller are not considered interested party contributions and are not subject to the financing concession limits stated above.

All other currently published requirements in this section remain the same.
<hr>
Section 2.04 CorrAdvantage Standard
Underwriting Requirements and Restrictions / Ineligible Items for All Transactions

Regardless of Underwriting Method, the following items are not eligible for delivery under CorrAdvantage:

Properties located in Alaska, Hawaii, and US Virgin Islands
Community Land Trusts

</td>
<td>

The payment of no more than 12 months of homeowners association (HOA) dues by an interested party is not considered an abatement but is considered an interested party contribution, subject to the requirements of this section. The funds for the payment of the HOA dues must be collected at closing and transferred directly to the HOA, as documented on the Settlement/Closing Disclosure Statement.

Financing Concessions

Acceptable Use of Financing Concessions

Financing concessions are funds that originate from an interested party to the transaction, as described above, that are used to:

Reduce permanently the interest rate on the mortgage
Fund a buydown plan to temporarily subsidize the borrower’s monthly payment on the mortgage
Make contributions in any way related to the borrower’s closing costs, including up to 12 months of HOA dues

Maximum Limit

Based on "value," as defined in the “Calculation of LTV/TLTV/HTLTV Ratios” subtopic previously presented in the “Eligible Transactions” topic, the maximum permitted financing concessions are as follows:
<table>
<tr><th>Occupancy</th><th>LTV/TLTV Ratios > 90%</th><th>LTV/TLTV Ratios > 75% and </= 90%</th><th>LTV/TLTV Ratios </= 75%</th></tr>
<tr><td>Primary Residences and Second Homes</td><td>3%</td><td>6%</td><td>9%</td></tr>
<tr><td>Investment Properties</td><td>2%</td><td>2%</td><td>2%</td></tr>
</table>
The amount of any financing concessions in excess of the limitations set forth above will be considered a sales concession. In all cases, financing concessions must be used as described in the “Acceptable Use of Financing Concessions” section above.
Funds paid by the property seller that are fees or costs customarily paid by the property seller according to local convention are not subject to the maximum financing concession limitations above.
In areas where real estate taxes are paid in arrears, prorated real estate tax credits contributed by the property seller are not considered interested party contributions and are not subject to the financing concession limits stated above.

All other currently published requirements in this section remain the same.
<hr>
Section 2.04 CorrAdvantage Standard
Underwriting Requirements and Restrictions / Ineligible Items for All Transactions

Regardless of Underwriting Method, the following items are not eligible for delivery under CorrAdvantage:

Properties located in Alaska, Hawaii, and US Virgin Islands
Community Land Trusts

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

Agency Standards Revisions

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

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards Effective for EXISTING AND NEW Loan Applications ON OR AFTER October 25, 2024

			• Co-ops
			• Manufactured housing, including manufactured home accessory dwelling units
			• Loans where ALL borrowers do not have a credit score
			• ITIN
			• Lending on Native American Tribal Land that is not held fee simple
			• LPMI: Annual and monthly premium LPMI
			• PMI: Declining Renewals
			• PMI: Fannie Mae Reduced PMI or Freddie Mac Custom PMI Coverage for additional LLPA, including with HomeOne
			• PMI: Split-Premiums
			• Properties subject to Property Assessed Clean Energy (PACE) unless paid off with new loan
			• Single Close/Construction Conversion
			• Temporary Buydowns exceeding more than 2% of the note rate or extended over more than 2 years (e.g., 3-2-1 or 1-1-1 buydowns)
			• Properties subject to resale control deed restrictions that combine income limitations with resale price controls are considered to be "shared equity" properties which are not acceptable at this time.
			• Mortgages with rates provided based on a builder standby/forward commitment
			• The use of electronic signatures for the following:
			  ◦ Security Agreement and Addendums, and
			  ◦ any notarized documents.
			
			Note: The above guidance also applies to notarizations. Electronic notarizations (including remote online notarizations) are not acceptable.
			
			• Remote ink-signed notarizations
			• Non-Perm Resident Aliens that do not align with Conventional Eligible Visa and Employment Authorization (EAD) Classifications and Conventional Specific Standards in Section 1.24: Non-Permanent Resident Alien Requirements Standard
			• Virtual Currency (Fannie Mae Terminology) / Cryptocurrency (Freddie Mac Terminology) that has been liquidated into U.S. dollars and used for the down payment, closing costs, and/or financial reserves unless the following requirements are met:
			  ◦ Virtual currency/cryptocurrency must be from a regulated exchange (CoinBase, Robinhood, Kraken, etc.) as listed on the Financial Crimes Enforcement Network MSB Registrant List under their legal or DBA name. If the exchange is not listed within the registrant list, the virtual currency/cryptocurrency will not be allowed.
			  ◦ Borrower(s) must provide proof of ownership of the virtual currency/cryptocurrency for at least 12 months prior to the note date or if owned less than 12 months, must provide proof funds used to purchase the virtual currency/cryptocurrency came from an eligible source of funds. Screenshots from the exchange account are acceptable documentation.
			  ◦ A large deposit may be from virtual currency/cryptocurrency that was liquidated into U.S. dollars. The lender must obtain sufficient documentation to verify the funds originated from the borrower's virtual currency/cryptocurrency account in accordance with the guidance above.
				• Co-ops
				• Manufactured housing, including manufactured home accessory dwelling units
				• Loans where ALL borrowers do not have a credit score
				• ITIN
				• Lending on Native American Tribal Land that is not held fee simple
				• LPMI: Annual and monthly premium LPMI
				• PMI: Declining Renewals
				• PMI: Fannie Mae Reduced PMI or Freddie Mac Custom PMI Coverage for additional LLPA, including with HomeOne
				• PMI: Split-Premiums
				• Properties subject to Property Assessed Clean Energy (PACE) unless paid off with new loan
				• Single Close/Construction Conversion
				• Temporary Buydowns exceeding more than 2% of the note rate or extended over more than 2 years (e.g., 3-2-1 or 1-1-1 buydowns)
				• Properties subject to resale control deed restrictions that combine income limitations with resale price controls are considered to be "shared equity" properties which are not acceptable at this time.
				• ~~Mortgages with rates provided based on a builder standby/forward commitment~~
				• The use of electronic signatures for the following:
				  ◦ Security Agreement and Addendums, and
				  ◦ any notarized documents.
				
				Note: The above guidance also applies to notarizations. Electronic notarizations (including remote online notarizations) are not acceptable.
				
				• Remote ink-signed notarizations
				• Non-Perm Resident Aliens that do not align with Conventional Eligible Visa and Employment Authorization (EAD) Classifications and Conventional Specific Standards in Section 1.24: Non-Permanent Resident Alien Requirements Standard
				• Virtual Currency (Fannie Mae Terminology) / Cryptocurrency (Freddie Mac Terminology) that has been liquidated into U.S. dollars and used for the down payment, closing costs, and/or financial reserves unless the following requirements are met:
				  ◦ Virtual currency/cryptocurrency must be from a regulated exchange (CoinBase, Robinhood, Kraken, etc.) as listed on the Financial Crimes Enforcement Network MSB Registrant List under their legal or DBA name. If the exchange is not listed within the registrant list, the virtual currency/cryptocurrency will not be allowed.
				  ◦ Borrower(s) must provide proof of ownership of the virtual currency/cryptocurrency for at least 12 months prior to the note date or if owned less than 12 months, must provide proof funds used to purchase the virtual currency/cryptocurrency came from an eligible source of funds. Screenshots from the exchange account are acceptable documentation.
				  ◦ A large deposit may be from virtual currency/cryptocurrency that was liquidated into U.S. dollars. The lender must obtain sufficient documentation to verify the funds originated from the borrower's virtual currency/cryptocurrency account in accordance with the guidance above.