

Agency Standards Revisions

Note: Truist specific overlays are underlined.

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards Effective for Loans that Require an Appraisal with Applications Dated ON OR AFTER February 04, 2025
Appraisal Market Area Analysis	Correspondent Section 2.01 Agency Loan Standard & Correspondent Section 1.07 Appraisal Standard	<ul style="list-style-type: none"> Standard Agency (LPA) Agency Plus (LPA) Agency Plus Select (LPA) Home Possible® (LPA) Texas Section 50(a)(6) Mortgages (LPA) 	<p>Section 1.07 Appraisal Standard Appraisal Analysis: Agency Loan Programs / Neighborhood Section of the Appraisal Report</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> The "Neighborhood" section of the appraisal report requires the appraiser to: identify the neighborhood boundaries; describe the neighborhood characteristics as either "Urban," "Suburban" or "Rural"; describe the percent built-up as either "Over 75%," "25-75%" or "Under 25%"; describe the growth rate as either "Rapid," "Stable" or "Slow"; and to report on market conditions, one-unit housing trends, price and age ranges and present land uses for the properties in the neighborhood. Mortgages secured by residential properties in urban, suburban and rural market areas are eligible for delivery to Freddie Mac as long as the mortgaged premises is adequate collateral for the transaction based on the value, condition and marketability of the property. Market conditions and neighborhood or market area characteristics vary based on property location. Freddie Mac will purchase eligible mortgages in all markets whether market values are increasing, stable, or declining. The appraiser must perform an analysis of listings and contract sales in addition to closed sales to determine the trend of neighborhood property values and marketing times. Appraisers must pay particular attention to the use of sales or financing concessions in a neighborhood or market area as they may be an indication of over-supply, extended marketing times, and declining market values. The appraiser must include an explanation of their conclusions in the appraisal report. Neighborhood or market area characteristics that are typical in certain locations may not exist in other locations; therefore, they must be viewed in the context of the location of the property. <p>For example: Urban locations often consist of a variety of different property types that have different uses. It is not unusual to find properties with mixed-uses such as residential properties that also have a commercial use in urban neighborhoods. Additionally, rural locations may have agricultural zoning and/or consist of a variety of different property types and land uses, such as large sites with an outbuilding(s), farms, ranches and undeveloped land, etc.</p> <ul style="list-style-type: none"> A mixed-use property or the existence of non-residential property types or land uses such as agricultural properties, undeveloped land and land development properties within the neighborhood or market area is a characteristic that the appraiser considers when performing the neighborhood or market area analysis. These non-residential properties or land uses in the neighborhood or market area do not make the residential properties in those locations ineligible. For example, a property located in a rural area where agricultural activities are prevalent may be eligible if it is determined the subject property is residential based on the subject property's characteristics and land use. 	<p>Section 1.07 Appraisal Standard Appraisal Analysis: Agency Loan Programs / Neighborhood Section of the Appraisal Report</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> The "Neighborhood" section of the appraisal report requires the appraiser to: identify the neighborhood boundaries; describe the neighborhood characteristics as either "Urban," "Suburban" or "Rural"; describe the percent built-up as either "Over 75%," "25-75%" or "Under 25%"; describe the growth rate as either "Rapid," "Stable" or "Slow"; and to report on market conditions, one-unit housing trends, price and age ranges and present land uses for the properties in the neighborhood. <p style="background-color: yellow;">Note: A neighborhood is defined as a congruous group of complementary land uses.</p> <ul style="list-style-type: none"> Mortgages secured by residential properties in urban, suburban and rural market areas are eligible for delivery to Freddie Mac as long as the mortgaged premises is adequate collateral for the transaction based on the value, condition and marketability of the property. Market conditions and neighborhood or market area characteristics vary based on property location. Freddie Mac will purchase eligible mortgages in all markets whether market values are increasing, stable, or declining. The appraiser must perform an analysis of listings and contract sales in addition to closed sales to determine the trend of neighborhood property values and marketing times. Appraisers must pay particular attention to the use of sales or financing concessions in a neighborhood or market area as they may be an indication of over-supply, extended marketing times, and declining market values. The appraiser must include an explanation of their conclusions in the appraisal report. Neighborhood or market area characteristics that are typical in certain locations may not exist in other locations; therefore, they must be viewed in the context of the location of the property. <p>For example: Urban locations often consist of a variety of different property types that have different uses. It is not unusual to find properties with mixed-uses such as residential properties that also have a commercial use in urban neighborhoods. Additionally, rural locations may have agricultural zoning and/or consist of a variety of different property types and land uses, such as large sites with an outbuilding(s), farms, ranches and undeveloped land, etc.</p> <ul style="list-style-type: none"> A mixed-use property or the existence of non-residential property types or land uses such as agricultural properties, undeveloped land and land development properties within the neighborhood or market area <u>are characteristics</u> that the appraiser considers when performing the neighborhood or market area analysis. These non-residential properties or land uses in the neighborhood or market area do not make the residential properties in those locations ineligible. For example, a property located in a rural area where agricultural activities are prevalent may be eligible if it is determined the subject property is residential based on the subject property's characteristics and land use.
			<p>Section 1.07 Appraisal Standard Appraisal Analysis: Agency Loan Programs / Improvements Section of the Appraisal Report</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p>	<p>Section 1.07 Appraisal Standard Appraisal Analysis: Agency Loan Programs / Improvements Section of the Appraisal Report</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p>

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			<ul style="list-style-type: none"> • Eligibility of a property with an ADU <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> • Comparable Requirements for Properties with Legal or Legal Non-Conforming Zoning Compliance or Locations Without Zoning <ul style="list-style-type: none"> • If the subject property ADU complies with the zoning and land use requirements (legal or legal non-conforming or locations without zoning), the appraisal report must include: <ul style="list-style-type: none"> • At least one comparable sale with an ADU, when available, to demonstrate the property's conformity and marketability to its market area. If a recent comparable sale with an ADU is not available in the subject neighborhood, the appraiser can use an older sale with an ADU from the subject neighborhood or a sale with an ADU from a competing neighborhood as a comparable sale or as supporting market data. The appraiser may always use more than three comparable sales, including contract sales (pending sales) and/or current listings, to justify and support his or her adjustments and opinion of market value, as long as at least three are actual closed (settled) sales. • If a comparable sale with an ADU is not available, the appraiser can use a comparable sale in the subject neighborhood without an ADU as long as the appraiser can justify and support such use in the appraisal report. Freddie Mac will purchase eligible Mortgages secured by a property with an ADU if the appraiser can develop an accurate opinion of market value for the property. • If rental income from an ADU on a subject 1-unit Primary Residence is used to qualify the Borrower(s), see "Rental income generated from an ADU on a subject 1-unit Primary Residence" in Section 2.01, Agency Loan Program" for comparable sales and rental requirements. <p><i>All other currently published requirements in this section remain the same.</i></p>	<ul style="list-style-type: none"> • Eligibility of a <u>Property</u> with an ADU <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> • Comparable Requirements for Properties with Legal or Legal Non-Conforming Zoning Compliance or Locations Without Zoning <ul style="list-style-type: none"> • If the subject property ADU complies with the zoning and land use requirements (legal or legal non-conforming or locations without zoning), the appraisal report must include <u>the following</u>: <ul style="list-style-type: none"> • At least one comparable sale with an ADU, when available, <u>is required</u> to demonstrate the property's conformity and marketability to its market area. <ul style="list-style-type: none"> • If a recent comparable sale with an ADU is not available in the <u>subject's market area</u>, the appraiser can use an older sale with an ADU from the <u>subject's market area</u> or a sale with an ADU from a competing <u>market area</u> as a comparable sale or as supporting market data. • <u>The</u> appraiser may always use more than three comparable sales, including contract sales (pending sales) and/or current listings, to justify and support his or her adjustments and opinion of market value, as long as at least three are actual closed (settled) sales. • If a comparable sale with an ADU is not available, the appraiser can use a comparable sale in the <u>subject's market area</u> without an ADU as long as the appraiser can justify and support such use in the appraisal report. Freddie Mac will purchase eligible <u>mortgages</u> secured by a property with an ADU if the appraiser can develop <u>a credible</u> opinion of market value for the property. <p>Truist Note: If rental income from an ADU on a subject 1-unit <u>primary residence</u> is used to qualify the <u>borrower(s)</u>, see "Rental <u>Income Generated</u> from an ADU on a <u>Subject 1-Unit Primary Residence</u>" in the "Rental Income" subtopic within <u>Section 2.01: Agency Loan Standard</u> for <u>additional guidance regarding</u> comparable sales and rental requirements.</p> <p><i>All other currently published requirements in this section remain the same.</i></p>
			<p>Section 2.01 Agency Loan Standard Occupancy/Property Types / Mixed-Use Properties</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • The appraiser must provide the following when appraising a mixed-use property: <ul style="list-style-type: none"> • An appraisal with an interior and exterior inspection • A detailed description of any accommodations made for the commercial use of the subject property • A discussion of any adverse impacts of the commercial use • A statement describing any market resistance to the commercial use, and adjustments for any commercial features made to the comparable sales • An opinion of market value based on the property's residential nature • Each residential property with mixed-use must meet all of the following requirements: <ul style="list-style-type: none"> • The property must be located in a residential neighborhood, be primarily residential, and must be typical for the properties in the market 	<p>Section 2.01 Agency Loan Standard Occupancy/Property Types / Mixed-Use Properties</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • The appraiser must provide the following when appraising a mixed-use property: <ul style="list-style-type: none"> • An appraisal with an interior and exterior inspection • A detailed description of any accommodations made for the commercial use of the subject property • A discussion of any adverse impacts of the commercial use • A statement describing any market resistance to the commercial use, and adjustments for any commercial features made to the comparable sales • An opinion of market value based on the property's residential nature • Eligibility Requirements <ul style="list-style-type: none"> • A residential property with mixed-use must <u>meet the</u> following requirements: <ul style="list-style-type: none"> • <u>The property must be a 1-unit primary residence</u>

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			<ul style="list-style-type: none"> The use must represent a legal, permissible use of the property under the local zoning requirements The property must be a 1-unit primary residence If the property has a commercial use, the borrower must be the owner and the operator of the business The dwelling may not be modified in a manner that has an adverse impact on its marketability as a residence The commercial use must not have an adverse effect on the habitability and safety of the property or site 	<ul style="list-style-type: none"> The property must be located in a <u>predominately residential neighborhood</u>, be primarily residential in nature based on the characteristics of the property and be typical for the properties in the market area The <u>mixed-use</u> must represent a legal, permissible use of the property under the local zoning requirements The property must be a 1-unit primary residence If the property has a commercial use, the borrower must be the owner and the operator of the business The dwelling may not be modified in a manner that has an adverse impact on its marketability as a residence The commercial use must not have an adverse effect on the habitability and safety of the property or site Appraisal Requirements <ul style="list-style-type: none"> The appraiser must provide the following when appraising a mixed-use property: <ul style="list-style-type: none"> An appraisal with an interior and exterior inspection A detailed description of any accommodations made for the commercial use of the subject property A discussion of any positive or adverse impacts of the commercial use and whether the cost to restore the property to solely residential use will affect its value A statement describing any market resistance to the commercial use, and adjustments for any commercial features made to the comparable sales An opinion of market value based on the property's residential nature
			<p>Section 1.07 Appraisal Standard Appraisal Analysis: Agency Loan Programs / Review of the Appraisal Report</p> <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> The appraiser's description of the subject property must be complete and accurate, and the opinion of the market value of the subject property must be credible and adequately supported. In addition, the appraiser must have knowledge and experience appraising in the market area in which the property is located. This is particularly important when the property is located in a rural area because there are often a variety of different property types and land uses, which may result in a more challenging appraisal assignment. The appraisal report forms require the appraiser to certify that the appraiser did not base, either partially or completely, their analysis and/or opinion of market value in the appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law. The sections further outlined in this subtopic are intended to provide the lender with information for reviewing the appraisal report and underwriting the property and are organized in the general order that the information is addressed on appraisal reports. <p><i>All other currently published requirements in this section remain the same.</i></p>	<p>Section 1.07 Appraisal Standard Appraisal Analysis: Agency Loan Programs / Review of the Appraisal Report</p> <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> The appraiser's description of the subject property must be complete and accurate, and the opinion of the market value of the subject property must be credible and adequately supported. In addition, the appraiser must have knowledge and experience appraising in the market area in which the <u>subject</u> property is located. This is particularly important when the property is located in a rural area because there are often a variety of different property types and land uses, which may result in a more challenging appraisal assignment. The appraisal report forms require the appraiser to certify that the appraiser did not base, either partially or completely, their analysis and/or opinion of market value in the appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law. The sections further outlined in this subtopic are intended to provide the lender with information for reviewing the appraisal report and underwriting the property and are organized in the general order that the information is addressed on appraisal reports. <p><i>All other currently published requirements in this section remain the same.</i></p>

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			<p>Section 1.07 Appraisal Standard Appraisal Analysis: Agency Loan Programs / Site Section of the Appraisal Report</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <p><i>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.</i></p> <ul style="list-style-type: none"> • Property Characteristics, continued • Impact of Contaminated Sites, Hazardous Substances and Other Adverse Conditions <ul style="list-style-type: none"> • The appraiser must consider any known contaminated sites or hazardous substances and other adverse conditions that affect the property or the neighborhood in which the property is located. The appraiser must also report the presence of contaminated sites or hazardous substances and other adverse conditions, and make appropriate adjustments to reflect any impact on market value, and comment on any effect on the marketability of the subject property. • Examples of matters about which the appraiser must note and comment include but are not limited to: <ul style="list-style-type: none"> • Any presence of asbestos, urea-formaldehyde or any similar insulation in the dwelling • Proximity of the property and/or its neighborhood to a contaminated site • Proximity of the property to ground water contamination, chemical or petroleum spills or other hazardous substances that are expected to impact the area for more than one year • Proximity of the property to areas that may affect the value or marketability of the property including, but not limited to, the following: <ul style="list-style-type: none"> • Industrial sites • Waste or water treatment facilities • Commercial establishments (other than retail establishments that serve the residential neighborhood) • Airport approach paths • Flood plains • Landslide areas • Information Supplied to the Borrower <ul style="list-style-type: none"> • For purchase transactions, the lender must provide the borrower with information regarding environmental hazards directly impacting the subject property that have not been mitigated or remediated, provided the borrower does not already have notice of such hazard(s), such as through the purchase contract or property inspection. Such hazard(s) must be disclosed to the borrower when they come to the lender's attention during the underwriting of the mortgage prior to the note date and the hazard(s) adversely affects the market value, condition or marketability of the subject property. This includes, but is not limited to, the presence of any contaminated site, hazardous substance or other environmental conditions, not yet mitigated or remediated, which adversely affect the subject property. 	<p>Section 1.07 Appraisal Standard Appraisal Analysis: Agency Loan Programs / Site Section of the Appraisal Report</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <p><i>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.</i></p> <ul style="list-style-type: none"> • Property Characteristics, continued • Impact of Contaminated Sites, Hazardous Substances and Other Adverse Conditions <ul style="list-style-type: none"> • The appraiser must consider any known environmental issues such as contaminated sites or hazardous substances and other adverse conditions that affect the property or the neighborhood in which the property is located. The appraiser must also report the presence of contaminated sites or hazardous substances and other adverse conditions, and make appropriate adjustments to reflect any impact on market value, and comment on any effect on the marketability of the subject property. • Examples of matters about which the appraiser must note and comment include but are not limited to: <ul style="list-style-type: none"> • Any presence of asbestos, urea-formaldehyde or any similar insulation in the dwelling • Proximity of the subject property and/or its neighborhood to a contaminated site • Proximity of the subject property to ground water contamination, chemical or petroleum spills or other hazardous substances that are expected to impact the area for more than one year • Proximity of the subject property to areas that may affect the value or marketability of the property including, but not limited to, the following: <ul style="list-style-type: none"> • Industrial sites • Waste or water treatment facilities • Commercial establishments (other than retail establishments that serve the residential neighborhood) • Airport approach paths • Flood plains • Landslide areas • Information Supplied to the Borrower <ul style="list-style-type: none"> • For purchase transactions, the lender must provide the borrower with information regarding environmental hazards that directly impact the subject property and have not been mitigated or remediated, unless the borrower does not already has notice of such hazard(s); such as through the purchase contract or property inspection. Such hazard(s) must be disclosed to the borrower when they come to the lender's attention during the underwriting of the mortgage prior to the note date and the hazard(s) adversely affects the market value, condition or marketability of the subject property. This includes, but is not limited to, the presence of any contaminated site, hazardous substance or other environmental conditions, not yet mitigated or remediated, which adversely affect the subject property. • If at any time before the note date the lender becomes aware of a hazard that adversely affects the market value, condition or marketability of the subject property, including the

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			<p>Section 1.07 Appraisal Standard Appraisal Analysis: Agency Loan Programs / Improvements Section of the Appraisal Report</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> • Layout and Floor Plans <ul style="list-style-type: none"> • An unusual floor plan, such as a home with tandem bedrooms or a bathroom off the kitchen, does not make a property ineligible for financing. The appraiser should address whether an unusual floor plan or similar obsolescence is also found in other properties in the neighborhood, and to the extent possible, comparables used should also have similar obsolescence in order to demonstrate marketability and support value. <p><i>All other currently published requirements in this section remain the same.</i></p>	<p>existence of a contaminated site, hazardous substance or other environmental condition that has not been mitigated or remediated, the lender must disclose to the borrower all information known to the lender about the hazard.</p> <p>Section 1.07 Appraisal Standard Appraisal Analysis: Agency Loan Programs / Improvements Section of the Appraisal Report</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> • Unusual Floor Plans <ul style="list-style-type: none"> • An unusual floor plan, such as a home with tandem bedrooms or a bathroom off the kitchen, does not make a property ineligible for financing. The appraiser should address whether an unusual floor plan or similar obsolescence is also found in other properties in the market area, and to the extent possible, comparables used should also have similar obsolescence in order to demonstrate marketability and support value. <p><i>All other currently published requirements in this section remain the same.</i></p>
			<p>Section 1.07 Appraisal Standard Appraisal Analysis: Agency Loan Programs / Property Condition and Quality of Construction of the Improvements</p> <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • The appraisal report must contain an accurate description of the improvements and describe any factors that may affect the market value or marketability of the subject property. The appraiser is responsible for reporting the condition and quality that best describes the overall condition and quality of the subject property. For appraisal reports that are required to be completed using the Uniform Appraisal Dataset (UAD), the appraiser must utilize the condition and quality ratings and the level of updating definitions identified here. For appraisal reports not required to be completed using the UAD, the UAD specifications may be utilized to the extent that they are applicable to the particular appraisal report form. • The condition and quality ratings must be based on a holistic view of the property and any improvements. When selecting the condition and quality ratings, an appraiser must: <ul style="list-style-type: none"> • Consider all improvements to determine an overall condition and quality rating. The appraiser should then select the rating that best reflects the holistic view of the property. However, if any portion of the improvements has a quality of construction consistent with the Q6 quality rating, the property must be identified with a Q6 quality rating. If any portion of the improvements is impacted by one or more deficiencies that are consistent with a C5 or C6 condition rating, the property must be identified with a C5 or C6 condition rating. • Describe the subject property as of the effective date of the appraisal on an 	<p>Section 1.07 Appraisal Standard Appraisal Analysis: Agency Loan Programs / Property Condition and Quality of Construction of the Improvements</p> <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • The appraisal report must contain an accurate description of the improvements and describe any factors that may affect the market value or marketability of the subject property. The appraiser is responsible for reporting the condition and quality that best describes the overall condition and quality of the subject property. For appraisal reports that are required to be completed using the Uniform Appraisal Dataset (UAD), the appraiser must utilize the condition and quality ratings and the level of updating definitions identified here. For appraisal reports not required to be completed using the UAD, the UAD specifications may be utilized to the extent that they are applicable to the particular appraisal report form. • The condition and quality ratings must be based on a holistic view of the property and any improvements. When selecting the condition and quality ratings, an appraiser must: <ul style="list-style-type: none"> • Consider all improvements to determine an overall condition and quality rating. The appraiser should then select the rating that best reflects the holistic view of the property. However, if any portion of the improvements has a quality of construction consistent with the Q6 quality rating, the property must be identified with a Q6 quality rating. If any portion of the improvements is impacted by one or more deficiencies that are consistent with a C5 or C6 condition rating, the property must be identified with a C5 or C6 condition rating. • Describe the subject property as of the effective date of the appraisal on an absolute basis, meaning the property must be rated on its own merits. The rating should not be selected on a

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			<p>absolute basis, meaning the property must be rated on its own merits. The rating should not be selected on a relative basis, meaning it is not selected on how the property relates or compares to other properties in the neighborhood. The condition and quality ratings for comparable properties must also be made on an absolute basis and reflect the property as of the date of sale of the comparable property.</p> <ul style="list-style-type: none"> As necessary, provide additional commentary, descriptions and explanations to enable the intended users of the appraisal to understand the property condition and quality. <ul style="list-style-type: none"> Properties with a Q6 quality rating <ul style="list-style-type: none"> A mortgaged premises with an overall quality rating of Q6 is not acceptable collateral to secure a mortgage sold to Freddie Mac unless all issues that caused the property to be rated with a Q6 quality rating are cured prior to delivery of the mortgage. In such cases, the appraisal must be completed “subject to” and the reported quality rating must reflect the hypothetical condition that the repairs or alterations have been completed. See “Appraisal Age, Appraisal Update and/or Completion Report, and Appraisal Use Requirements” in the “Appraisal Requirements” topic outlined in Section 2.01: Agency Loan Standard of the <i>Correspondent Seller Guide</i> for additional information related to appraisals completed “subject to” completion, repairs or alterations, or an inspection. Examples of conditions indicating the property has a Q6 quality rating and as a result has conditions that must be cured include, but are not limited to: <ul style="list-style-type: none"> Quality such that the property is not habitable as a year-round residence Minimal or non-existent electrical, plumbing, and/or other mechanical systems Substandard additions to the original structure, or Any other quality related items needed to make the mortgaged premises acceptable to typical purchasers in the market in which the property is located <p style="color: red; font-style: italic;">All other currently published requirements in this section remain the same.</p> <hr/> <p>Section 1.07 Appraisal Standard Appraisal Analysis: Agency Loan Programs / Sales Comparison Approach Section of the Appraisal Report</p> <p style="color: red; font-style: italic;">Note: Below is an EXCERPT only of the requirements from the above referenced section.</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> Freddie Mac requires the use of the sales comparison approach in the development of the appraisal report. Market Condition Adjustments <ul style="list-style-type: none"> See “Market Condition Adjustments” in the “Adjustments to Comparable Sales” subtopic subsequently presented in this topic for guidance. Sales and Financing Concessions <ul style="list-style-type: none"> See “Sales and Financing Concessions” in the “Adjustments to Comparable Sales” subtopic subsequently presented in this topic for guidance. Date of Sale and Time Adjustments 	<p>relative basis, meaning it is not selected on how the property relates or compares to other properties in the neighborhood. The condition and quality ratings for comparable properties must also be made on an absolute basis and reflect the property as of the date of sale of the comparable property.</p> <ul style="list-style-type: none"> <u>As</u> necessary, provide additional commentary, descriptions and explanations to enable the intended users of the appraisal to understand the property condition and quality. <ul style="list-style-type: none"> Properties with a Q6 quality rating <ul style="list-style-type: none"> A mortgaged premises with an overall quality rating of Q6 is not acceptable collateral to secure a mortgage sold to Freddie Mac unless all issues that caused the property to be rated with a Q6 quality rating are cured prior to delivery of the mortgage. In such cases, <u>when an appraisal is delivered with the mortgage</u>, the appraisal must be completed “subject to” and the reported quality rating must reflect the hypothetical condition that the repairs or alterations have been completed. See “Appraisal Age, Appraisal Update and/or Completion Report, and Appraisal Use Requirements” in the “Appraisal Requirements” topic outlined in Section 2.01: Agency Loan Standard of the <i>Correspondent Seller Guide</i> for additional information related to appraisals completed “subject to” completion, repairs or alterations, or an inspection <u>and for additional information related to PDRs with required repairs and/or inspections</u> <u>Examples of conditions that indicate</u> the property has a Q6 quality rating and as a result has conditions that must be cured include, but are not limited to: <ul style="list-style-type: none"> Quality such that the property is not habitable as a year-round residence Minimal or non-existent electrical, plumbing, and/or other mechanical systems Substandard additions to the original structure, or Any other quality related items needed to make the mortgaged premises acceptable to typical purchasers in the market <u>area</u> in which the property is located <p style="color: red; font-style: italic;">All other currently published requirements in this section remain the same.</p> <hr/> <p>Section 1.07 Appraisal Standard Appraisal Analysis: Agency Loan Programs / Sales Comparison Approach Section of the Appraisal Report</p> <p style="color: red; font-style: italic;">Note: Below is an EXCERPT only of the requirements from the above referenced section.</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> Freddie Mac requires the use of the sales comparison approach in the development of the appraisal report. Market Area Analysis and Market Condition Adjustments <ul style="list-style-type: none"> See “<u>Market Area Analysis and</u> Market Condition Adjustments” in the “Adjustments to Comparable Sales” subtopic subsequently presented in this topic for guidance. Sales and Financing Concessions <ul style="list-style-type: none"> See “Sales and Financing Concessions” in the “Adjustments to Comparable Sales” subtopic subsequently presented in this topic for guidance. Date of Sale and Time Adjustments

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			<ul style="list-style-type: none"> See “Date of Sale and Time Adjustments” in the “Adjustments to Comparable Sales” subtopic subsequently presented in this topic for guidance. Location <ul style="list-style-type: none"> For appraisal report forms that are required to be completed using the UAD, the appraisal report form must include a rating of the location of the subject property and each comparable sale by providing a rating of either "Neutral," "Beneficial" or "Adverse." The location rating is for the location of the subject property within the neighborhood or market area, and is not a rating for the overall neighborhood or market area. See Appendix D – Field Specific Standardization Requirements of the Uniform Appraisal Dataset Specification ("UAD Specification") for additional requirements regarding location. The location rating (which will be abbreviated as N, B, or A in the appraisal report form) should describe the overall effect on value and marketability of the location of the property within the neighborhood. The lender should be aware that there are varying conditions that characterize different types of locations. Conditions that are typical of certain locations may not be present in other locales. This does not mean that the conditions are unacceptable, rather that they must be viewed in context with the nature of the area in which the mortgaged premises is located. <p>For example:</p> <ul style="list-style-type: none"> When the mortgaged premises is located in a suburban or urban area, the appraiser would most likely use comparable sales in the immediate vicinity of the property since suburban and urban areas are usually more densely developed and comparable sales are typically available in the subject neighborhood. Rural areas often have less real estate sales activity than more populated locations. Property sales in rural locations often involve a variety of property types and may have relatively large parcels as compared to other locations. Given the potential challenges with appraising properties in these market areas, the appraiser must be knowledgeable about the varying conditions that characterize properties in a particular geographic area. In such cases, appraisers may have to use older comparable sales, comparable sales that are located a considerable distance from the subject property or comparable sales that are not similar to the subject property. The appraiser must justify and support such use in the appraisal report. For example, if the subject property is a ranch-style home on a large parcel of land (e.g., 44 acres), the most relevant comparable sales may be two-story homes located on smaller parcels (e.g., 6-12 acres) that are located some distance from the subject property (e.g., 8-18 miles away). If an appraiser uses comparable sales such as the ones in this example, he or she must provide a reasonable justification for the use and make appropriate adjustments to account for the differences between the properties and/or location. View <ul style="list-style-type: none"> For appraisal report forms that are required to be completed using the UAD, the overall view associated with the subject property and each comparable sale must be rated as either "Neutral," "Beneficial" or "Adverse." The UAD view rating (which will be abbreviated as N, B, or A in the appraisal) should describe the overall effect on value and marketability of the view associated with the property. See Appendix D – Field Specific Standardization Requirements of the UAD Specification for additional requirements regarding view. <p>Reference: See the “Uniform Appraisal Dataset (UAD) and the Uniform Collateral Data Portal (UCDP)” subtopic previously presented in this topic for additional information.</p>	<ul style="list-style-type: none"> See “Date of Sale and Time Adjustments” in the “Adjustments to Comparable Sales” subtopic subsequently presented in this topic for guidance. Location <ul style="list-style-type: none"> For appraisal report forms that are required to be completed using the UAD, the appraisal report form must include a rating of the location of the subject property and each comparable sale by providing a rating of either "Neutral," "Beneficial" or "Adverse." The location rating is for the location of the subject property within the neighborhood or market area area and is not a rating for the overall neighborhood or market area. See Appendix D – Field Specific Standardization Requirements of the Uniform Appraisal Dataset Specification ("UAD Specification") for additional requirements regarding location. The location rating (which will be abbreviated as N, B, or A in the appraisal report form) should describe the overall effect on value and marketability of the location of the property within the market area. The lender should be aware that there are varying conditions that characterize different types of locations. Conditions that are typical of certain locations may not be present in other locales. This does not mean that the conditions are unacceptable, rather that they must be viewed in context with the nature of the area in which the mortgaged premises is located. <p>For example:</p> <ul style="list-style-type: none"> When the mortgaged premises is located in a suburban or urban location, the appraiser would most likely use comparable sales in the immediate vicinity of the property since suburban and urban locations are usually more densely developed, and comparable sales are typically available in the subject neighborhood. Rural locations often have less real estate sales activity than more populated areas. Property sales in rural locations often involve a variety of property types and may have relatively large parcels as compared to other locations. Given the potential challenges with appraising properties in these market areas, the appraiser must be knowledgeable about the varying conditions that characterize properties in a particular geographic area. In such cases, appraisers may have to use older comparable sales, comparable sales that are located a considerable distance from the subject property or comparable sales that are not similar to the subject property. The appraiser must justify and support such use in the appraisal report. For example, if the subject property is a ranch-style home on a large parcel of land (e.g., 44 acres), the most relevant comparable sales may be two-story homes located on smaller parcels (e.g., 6-12 acres) that are located some distance from the subject property (e.g., 8-18 miles away). If an appraiser uses comparable sales such as the ones in this example, he or she must provide a reasonable justification for the use and make appropriate adjustments to account for the differences between the properties and/or location. View <ul style="list-style-type: none"> For appraisal report forms that are required to be completed using the UAD, the overall view associated with the subject property and each comparable sale must be rated as either "Neutral," "Beneficial" or "Adverse." The UAD view rating (which will be abbreviated as N, B, or A in the appraisal) should describe the overall effect on value and marketability of the view associated with the property. See Appendix D – Field Specific Standardization Requirements of the UAD Specification for additional requirements regarding view. <p>Reference: See the “Uniform Appraisal Dataset (UAD) and the Uniform Collateral Data Portal (UCDP)” subtopic previously presented in this topic for additional information.</p>

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			<ul style="list-style-type: none"> • Condition and Quality <ul style="list-style-type: none"> • In all appraisals, appropriate adjustments must be made for differences in condition and quality between the subject property and each comparable property to reflect the value, if any, of the differences to the market. Sometimes, it may be appropriate for an appraiser to make an adjustment for differences in quality and condition between the subject property and a comparable property even though the properties have the same UAD quality or condition rating. References: <ul style="list-style-type: none"> • See the “Property Condition and Quality of Construction of the Improvements” subtopic previously presented in this topic for additional information related to the property condition and quality of construction. • See the “Uniform Appraisal Dataset (UAD) and the Uniform Collateral Data Portal (UCDP)” subtopic previously presented in this topic for additional information. • Selection of Comparable Sales and Analysis <ul style="list-style-type: none"> • See “Selection of Comparable Sales and Analysis” in the “Comparable Sales” subtopic subsequently presented in this topic for guidance. • Sales Comparison Approach for 2- to 4-Unit Properties <ul style="list-style-type: none"> • In addition to the other requirements in this section, the appraisal must contain the unadjusted units of comparison for the comparable sales. If the appraisal is prepared in conjunction with a purchase transaction, the units of comparison must be provided for the subject property as well. These units of comparison are the sales price per square foot of gross building area (GBA), per unit and per room and the gross rent multiplier (GRM). The comment area of the sales comparison analysis must reconcile the adjusted sales prices of the comparable sales and the unadjusted units of comparison, as appropriate, according to the manner in which such properties sell in the defined market area. • The appraiser must indicate in the comments area which factors are deemed most consistent and which factors typical investors or purchasers in that market consider when purchasing a similar property. <p style="color: red; font-style: italic;">All other currently published requirements in this section remain the same.</p> <hr/> <p>Section 1.07 Appraisal Standard Appraisal Analysis: Agency Loan Programs / Comparable Sales</p> <p style="color: red; font-style: italic;">Note: Below is an EXCERPT only of the requirements from the above referenced section.</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • Selection of Comparable Sales and Analysis <ul style="list-style-type: none"> • The appraiser must report a minimum of three comparable sales as part of the sales comparison approach. The appraiser may submit more than three comparable sales, including contract sales (pending sales) and/or current listings, to justify and support his or her opinion of market value, as long as at least three are actual closed (settled) sales. Generally, the appraiser should use comparable sales that have been closed within the last 12 months. However, the appraiser may use older comparable sales, as long as the appraiser can justify and support such use in the 	<ul style="list-style-type: none"> • Condition and Quality <ul style="list-style-type: none"> • In all appraisals, appropriate adjustments must be made for differences in condition and quality between the subject property and each comparable property to reflect the value, if any, of the differences to the market. Sometimes, it may be appropriate for an appraiser to make an adjustment for differences in quality and condition between the subject property and a comparable property even though the properties have the same UAD quality or condition rating. References: <ul style="list-style-type: none"> • See the “Property Condition and Quality of Construction of the Improvements” subtopic previously presented in this topic for additional information related to the property condition and quality of construction. • See the “Uniform Appraisal Dataset (UAD) and the Uniform Collateral Data Portal (UCDP)” subtopic previously presented in this topic for additional information. • Selection of Comparable Sales and Analysis <ul style="list-style-type: none"> • See “Selection of Comparable Sales and Analysis” in the “Comparable Sales” subtopic subsequently presented in this topic for guidance. • Sales Comparison Approach for 2- to 4-Unit Properties <ul style="list-style-type: none"> • In addition to the other requirements in this section, the appraisal must contain the unadjusted units of comparison for the comparable sales. If the appraisal is prepared in conjunction with a purchase transaction, the units of comparison must be provided for the subject property as well. These units of comparison are the sales price per square foot of gross building area (GBA), per unit and per room and the gross rent multiplier (GRM). The comment area of the sales comparison analysis must reconcile the adjusted sales prices of the comparable sales and the unadjusted units of comparison, as appropriate, according to the manner in which such properties sell in the defined market area. • The appraiser must indicate in the comments area which factors are deemed most consistent and which factors typical investors or purchasers in that market area consider when purchasing a similar property. <p style="color: red; font-style: italic;">All other currently published requirements in this section remain the same.</p> <hr/> <p>Section 1.07 Appraisal Standard Appraisal Analysis: Agency Loan Programs / Comparable Sales</p> <p style="color: red; font-style: italic;">Note: Below is an EXCERPT only of the requirements from the above referenced section.</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • Selection of Comparable Sales and Analysis <ul style="list-style-type: none"> • The appraiser must report a minimum of three comparable sales as part of the sales comparison approach. The appraiser may submit more than three comparable sales, including contract sales (pending sales) and/or current listings, to justify and support his or her opinion of market value, as long as at least three are actual closed (settled) sales. Generally, the appraiser should use comparable sales that have been closed within the last 12 months. However, the appraiser may use older comparable sales, as long as the appraiser can justify and support such use in the

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			<p>appraisal report. The appraiser must comment on the reasons for using any comparable sales that are more than six months old.</p> <ul style="list-style-type: none"> The proper selection of comparable properties minimizes both the need for, and the size of, any price adjustments. Occasionally, there may be no similar or truly comparable sales for a particular property because of the uniqueness of the property or other conditions. As a result, additional due diligence on behalf of the appraiser may be necessary. In such cases, the appraiser must use knowledge and judgment to select comparable sales that represent the best indicators of value for the subject property. Comparable sales may be taken from a competing neighborhood if: <ul style="list-style-type: none"> The appraiser has established that the neighborhoods are comparable and compete for the same buyers, and Comparable sales taken from the competing neighborhood are better indicators of current market trends in the subject neighborhood than the existing comparable sales available in the subject neighborhood <p style="color: red;"><i>All other currently published requirements in this section remain the same.</i></p> <hr/> <p>Section 1.07 Appraisal Standard Appraisal Analysis: Agency Loan Programs / Adjustments to Comparable Sales</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> Adjustments <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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 	<p>appraisal report. The appraiser must comment on the reasons for using any comparable sales that are more than six months old.</p> <ul style="list-style-type: none"> The proper selection of comparable properties minimizes both the need for, and the size of, any <u>price</u> adjustments. For example, the comparable sales should be similar in the characteristics that are relevant to the value of that property. This typically includes characteristics such as finished area, room count, quality and site. When choosing comparable sales, the appraiser should identify the neighborhood in which the property is located and determine if the neighborhood represents the market area or if the market area is larger. There may be instances where the appraiser may need to utilize comparables from outside of the subject's market area. In such cases, location adjustments may be necessary. The appraiser must provide commentary explaining the rationale for the selected comparable sales. Occasionally, there may be no similar or truly comparable sales for a particular property because of the uniqueness of the property or other conditions. As a result, additional due diligence on behalf of the appraiser may be necessary. In such cases, the appraiser must use knowledge and judgment to select comparable sales that represent the best indicators of value for the subject property. Comparable sales may be taken from a competing <u>market area</u> if: <ul style="list-style-type: none"> The appraiser has analyzed the competing market area, evaluated whether a location adjustment is needed and applied a location adjustment when necessary, and Comparable sales taken from the competing <u>market area</u> are better indicators of current market trends in the <u>subject's market area</u> than the existing comparable sales available in the <u>subject's market area</u> <p style="color: red;"><i>All other currently published requirements in this section remain the same.</i></p> <hr/> <p>Section 1.07 Appraisal Standard Appraisal Analysis: Agency Loan Programs / Adjustments to Comparable Sales</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> Adjustments <ul style="list-style-type: none"> 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 "<u>Market Area Analysis and</u> Market Condition Adjustments" below for market condition adjustment requirements. Sales and Financing Concessions <ul style="list-style-type: none"> 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

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			<p>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.</p> <ul style="list-style-type: none"> 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. 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. <p>Reference: See the "Interested Party Contributions (IPCs)" topic outlined in Section 2.01: Agency Loan Standard of the <i>Correspondent Seller Guide</i> for information related to lender treatment of sales or financing concessions.</p> <ul style="list-style-type: none"> Market Condition Adjustments <ul style="list-style-type: none"> 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. 	<p>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.</p> <ul style="list-style-type: none"> 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. 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. <p>Reference: See the "Interested Party Contributions (IPCs)" topic outlined in Section 2.01: Agency Loan Standard of the <i>Correspondent Seller Guide</i> for information related to lender treatment of sales or financing concessions.</p> <ul style="list-style-type: none"> Market Area Analysis and Market Condition Adjustments <ul style="list-style-type: none"> 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. The market area is defined as the geographic region, for a subject property, from which most demand comes and in which most of the competition is located. The appraiser's analysis of the market trend (increasing, stable, declining) must include factual data from information sources such as, but not limited to, market data, home price indices, multiple listing services, public records, and/or models. The market trend indicated in the appraisal report must reflect the overall movement of the market based on a minimum of 12 months of data. A specific time adjustment to a comparable sale(s) may differ from the identified market trend since the determination of whether an adjustment is made to a comparable sale is based on market changes between the contract date of the comparable sale and the effective date of the appraisal. For example, the 12-month trend may indicate a positive overall trend; however, it's possible that the market was stable (or declining) between the time period of the contract date of the comparable and the effective date of the appraisal (see Freddie Mac Exhibit 44, Market Condition Adjustments). Comparable(s) sales with a contract date that is recent in relation to the effective date of the appraisal will likely not have a time adjustment given the inability to identify a change in the market.

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			<p>Section 1.07 Appraisal Standard Appraisal Analysis: Agency Loan Programs / Cost and Income Approach to Value</p> <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • Cost Approach <ul style="list-style-type: none"> • The cost approach to value is not required. • The lender may request the appraiser to develop and report the cost approach to value when not required for the transaction. The appraiser must develop and report the result of any approach to value that is applicable and necessary for an appraisal, even if the lender did not request it. • In markets with unique property styles, a lack of comparable sales, or the presence of unique features such as outbuildings, the cost approach to value can provide support for adjustments made in the sales comparison approach. The cost approach to value may be appropriate especially when appraising properties that are: <ul style="list-style-type: none"> • New or proposed construction • Under renovation • Unique because of property features (e.g., outbuildings, stables, pole-barns, or shops) • Unique because of their styles or construction methods (e.g., barn conversions ("barndominiums"), "shouses" (living-space and work/storage combinations), berm homes, log homes, or geodesic dome dwellings), or • Not typical for the market or have functional obsolescence • When the cost approach to value is developed, the appraiser must make proper adjustments for any items detrimental to stability or marketability, such as physical, functional and external depreciation that are not typical for the market. • Appraisals that rely solely on the cost approach to value for the opinion of market value are unacceptable. • Freddie Mac does not require an estimate of remaining economic life. <p><i>All other currently published requirements in this section remain the same.</i></p>	<ul style="list-style-type: none"> • The appraisal report must contain the market analysis that supports the indicated market trends and any adjustments made for market conditions. <p>Section 1.07 Appraisal Standard Appraisal Analysis: Agency Loan Programs / Cost and Income Approach to Value</p> <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • Cost Approach <ul style="list-style-type: none"> • The cost approach to value is not required. • The lender may request the appraiser to develop and report the cost approach to value when not required for the transaction. The appraiser must develop and report the result of any approach to value that is applicable and necessary for an appraisal, even if the lender did not request it. • In markets with unique property styles, a lack of comparable sales, or the presence of unique features such as outbuildings, the cost approach to value can provide support for adjustments made in the sales comparison approach. The cost approach to value may be appropriate especially when appraising properties that are: <ul style="list-style-type: none"> • New or proposed construction • Under renovation • Unique because of property features (e.g., outbuildings, stables, pole-barns, or shops) • Unique because of their styles or construction methods (e.g., barn conversions ("barndominiums"), "shouses" (living-space and work/storage combinations), berm homes, log homes, or geodesic dome dwellings), or • Not typical for the market <u>area</u> or have functional obsolescence • When the cost approach to value is developed, the appraiser must <u>consider</u> any items detrimental to stability or marketability, <u>including</u> physical, functional and external depreciation, that are not typical for the market. • Appraisals that rely solely on the cost approach to value for the opinion of market value are unacceptable. • Freddie Mac does not require an estimate of remaining economic life. <p><i>All other currently published requirements in this section remain the same.</i></p>
			<p>Section 1.07 Appraisal Standard Appraisal Analysis: Agency Loan Programs / Comparable Sales</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • Selection of Comparable Sales and Analysis <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> • Additional Appraisal Requirements for Detached Condominium Units <ul style="list-style-type: none"> • The appraiser must use similar detached condominium unit comparable sales from the same project or from the same market area. The appraiser may use other types of 1-unit detached 	<p>Section 1.07 Appraisal Standard Appraisal Analysis: Agency Loan Programs / Comparable Sales</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • Selection of Comparable Sales and Analysis <p><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <ul style="list-style-type: none"> • Additional Appraisal Requirements for Detached Condominium Units <ul style="list-style-type: none"> • The appraiser <u>should</u> use similar detached condominium unit comparable sales from the same project or from the same market area. The appraiser may use other types of 1-unit

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Note: Truist specific overlays are underlined.

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards Effective for Loans that Require an Appraisal with Applications Dated ON OR AFTER February 04, 2025
			<p>comparable sales that are not located in a condominium project only if the appraiser supports the use of such sales in the appraisal report and reflects any effect that the condominium form of ownership has on the market value and marketability of the subject property. Each appraisal must comply with all applicable requirements.</p> <p style="color: red; text-align: center;"><i>All other currently published requirements in this section remain the same.</i></p> <hr/> <p>Section 2.01 Agency Loan Standard Appraisal Requirements / Representations and Warranties on Property Value and Mortgaged Premises</p> <p style="color: red;"><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • Collateral Representations and Warranties <ul style="list-style-type: none"> • In addition to all other representations and warranties specified in the lender’s purchase documents, the lender makes the following representations and warranties, as of the Truist purchase date. <ul style="list-style-type: none"> • Value Warranty: The lender represents and warrants that the appraisal accurately reflects the market value of the mortgaged premises. • Condition Warranty: The lender represents and warrants that the mortgaged premises is not in C5 or C6 condition. For property types not required to utilize the Uniform Appraisal Dataset (UAD) condition ratings, the lender represents that the property is in a condition consistent with condition ratings C1 through C4. • Marketability Warranty: The lender represents and warrants that the mortgaged premises is acceptable to typical purchasers in the market in which the property is located. <p style="color: red; text-align: center;"><i>All other currently published requirements in this section remain the same.</i></p>	<p>detached comparable sales that are not located in a condominium project only if the appraiser supports the use of such sales in the appraisal report and reflects any effect that the condominium form of ownership has on the market value and marketability of the subject property. Each appraisal report must comply with all applicable requirements.</p> <p style="color: red; text-align: center;"><i>All other currently published requirements in this section remain the same.</i></p> <hr/> <p>Section 2.01 Agency Loan Standard Appraisal Requirements / Representations and Warranties on Property Value and Mortgaged Premises</p> <p style="color: red;"><i>Note: Below is an EXCERPT only of the requirements from the above referenced section.</i></p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • Collateral Representations and Warranties <ul style="list-style-type: none"> • In addition to all other representations and warranties specified in the lender’s purchase documents, the lender makes the following representations and warranties, as of the Truist purchase date. <ul style="list-style-type: none"> • Value Warranty: The lender represents and warrants that the appraisal accurately reflects the market value of the mortgaged premises. • Condition Warranty: The lender represents and warrants that the mortgaged premises is not in C5 or C6 condition. For property types not required to utilize the Uniform Appraisal Dataset (UAD) condition ratings, the lender represents that the property is in a condition consistent with condition ratings C1 through C4. • Marketability Warranty: The lender represents and warrants that the mortgaged premises is acceptable to typical purchasers in the subject property’s market area. <p style="color: red; text-align: center;"><i>All other currently published requirements in this section remain the same.</i></p>