Correspondent Key Construction Permanent Loan Standards

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<tr><th>Topic</th><th>Impacted Document</th><th>Impacted Products</th><th>Current Standards</th><th>Revised Standards</th></tr>
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<td>Conventional Delegated Underwriting / Delegated Underwriting Classification</td>
<td>Section 1.05 Underwriting Standard Correspondent Seller Guide</td>
<td>Key</td>
<td>Correspondent lenders who have been approved by Truist for delegated underwriting authority may underwrite and approve certain loans based on the following delegation levels:
<table>
<tr><th>Delegation</th><th>Delegated Authority</th></tr>
<tr><td>Level II</td><td>

Eligible:

Agency Automated Underwriting Systems (AUS) loans including:

Agency (1-4 units)
Agency Plus (1-4 units)
Agency Plus Select (1 unit only)
Agency Texas Section 50(a)(6) Mortgages
Fannie Mae HomeReady® (1-4 units)
Freddie Mac Home Possible® (1-4 units)

All eligible loans must receive one of the following eligible AUS recommendations:

Agency, Agency Plus, and Agency Plus Select
DU “Approve/Eligible”
LPA “Accept/Eligible”
Agency Texas Section 50(a)(6) Cash-out Refinance
DU “Approve/Eligible”
Fannie Mae HomeReady®
DU “Approve/Eligible”
Freddie Mac Home Possible®
LPA “Accept/Eligible”

Ineligible:

Non-AUS (Manually Underwritten Transactions)
Key Loan Program
Loans that receive a DU/DO “Refer with Caution” recommendation are not acceptable.

Reference: See the “Loans Underwritten by MI Contract Underwriting Services” topic within this document for additional requirements for submitting loans to MI Companies for underwriting purposes.
</td></tr>
</table>
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<tr><th>Delegation</th><th>Delegated Authority, (continued)</th></tr>
<tr><td>Expanded</td><td>

Eligible:

All loans eligible under Level II Authority
Agency 1-4 units, non-AUS (Manually Underwritten Transactions)
Fannie Mae HomeReady® 1-4 units, non-AUS (Manually Underwritten Transactions)

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All loans eligible under Level II Authority
Agency 1-4 units, non-AUS (Manually Underwritten Transactions)

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Correspondent Key Construction Permanent Loan Standards

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				• Ineligible:
				  • Key Loan Program
				
				Reference: See the "Loans Underwritten by MI Contract Underwriting Services" topic within this document for additional requirements for submitting loans to MI Companies for underwriting purposes.
						• Fannie Mae HomeReady® 1-4 units, non-AUS (Manually Underwritten Transactions)
						
						• Ineligible:
						  • Key Loan Program
						
						Reference: See the "Loans Underwritten by MI Contract Underwriting Services" topic within this document for additional requirements for submitting loans to MI Companies for underwriting purposes.

			Expanded Plus	• Eligible:
				  • All loans eligible under Expanded Authority
				  • Key Loan Program transactions meeting the following requirements:
				    • Maximum loan amount is based on lender approval level by Truist and is either </= $1,000,000, </= $1,500,000 or </= $2,000.000
				    • 1-unit primary residence only (i.e., no second homes)
				
				• Ineligible
				  • Key Loan Program transactions not meeting the above criteria (must be underwritten by Truist)
				    • Second Homes
				    • Non-Occupant co-borrower
				    • Short Sale subject properties
				    • TPO Originated
				
				Note: Joint Ventures are excluded from this restriction as long as the Correspondent has control of the joint venture through majority ownership or voting rights. Joint Venture approval is required by Truist.
				
				Reference: See the "Loans Underwritten by MI Contract Underwriting Services" topic within this document for additional requirements for submitting loans to MI Companies for underwriting purposes.
					Expanded Plus	• Eligible:
						  • All loans eligible under Expanded Authority
						  • Key Loan Program transactions meeting the following requirements:
						    • Maximum loan amount is based on lender approval level by Truist and is either </= $1,000,000, </= $1,500,000 or </= $2,000.000
						    • 1-unit primary residence only (i.e., no second homes)
						    • Single-closing construction lending transactions must be underwritten by lenders with delegated authority; these transactions are not eligible for:
						      • Non-delegated underwriting
						      • Full appraisal review
						      • Pre-close High Level Appraisal Review
						
						Note: High Level Appraisal Review will be performed when construction is complete. The full appraisal, Appraisal Update and Completion Report (Form 1004D) must be submitted in its entirety when the loan is delivered, including the appraisal update and certification of completion.
						
						• Ineligible
						  • Key Loan Program transactions not meeting the above criteria (must be underwritten by Truist)
						    • Second Homes
						    • Non-Occupant co-borrower
						    • Short Sale subject properties
						    • TPO Originated
						
						Note: Joint Ventures are excluded from this restriction as long as the Correspondent has control of the joint venture through majority ownership or voting rights. Joint Venture approval is required by Truist.

			Reference: The *Correspondent Loan Purchase Agreement* and any *Amendments to the Correspondent Loan Purchase Agreement* specify the lender's level of delegated underwriting authority. Correspondent lenders are responsible for underwriting loans within their delegated authority as indicated on their *Amendments.* • Correspondent lenders may not make exceptions to product and underwriting standards.			

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards
			• Not all Correspondent lenders are eligible for delegated underwriting authority. • Contact your Account Manager for eligibility and qualifying information. References: • See the *Underwriting Submission for Conventional Non-Delegated Loans* topic previously presented for additional information. • See the subtopic, Loans Underwritten by MI Contract Underwriting Services" previously mentioned in this document for additional information.	Reference: See the "Loans Underwritten by MI Contract Underwriting Services" topic within this document for additional requirements for submitting loans to MI Companies for underwriting purposes. Reference: The *Correspondent Loan Purchase Agreement* and any *Amendments to the Correspondent Loan Purchase Agreement* specify the lender's level of delegated underwriting authority. Correspondent lenders are responsible for underwriting loans within their delegated authority as indicated on their *Amendments.* • Correspondent lenders may not make exceptions to product and underwriting standards. • Not all Correspondent lenders are eligible for delegated underwriting authority. • Contact your Account Manager for eligibility and qualifying information. References: • See the *Underwriting Submission for Conventional Non-Delegated Loans* topic previously presented for additional information. • See the subtopic, Loans Underwritten by MI Contract Underwriting Services" previously mentioned in this document for additional information

Underwriting Submission for Conventional Non-Delegated Loans / Submission to Truist	Section 1.05 Underwriting Standard Correspondent Seller Guide	Key	**Submission to Truist**
			• For Credit and Collateral underwriting, the entire loan file, inclusive of the appraisal and sales contract, if applicable, is submitted electronically via the Doc Center in LendingSpace.
			• For Credit Only underwriting (TBD address), submit a complete credit package electronically via the Doc Center in LendingSpace. Once the property has been identified, update the address and upload the contract and appraisal to the Doc Center in LendingSpace.
			• For Delegated Key Loan Program transactions, submit appraisals to the Doc Center in LendingSpace for both Full and High Level review.
			
			References:
			• See Appraisal Delivery Reference Guide for additional information.
			• Contact your LendingSpace admin for access.
			• See Section 1.07: Appraisal Standard for appraisal requirements.
				Submission to Truist
				• For Credit and Collateral underwriting, the entire loan file, inclusive of the appraisal and sales contract, if applicable, is submitted electronically via the Doc Center in LendingSpace.
				• For Credit Only underwriting (TBD address), submit a complete credit package electronically via the Doc Center in LendingSpace. Once the property has been identified, update the address and upload the contract and appraisal to the Doc Center in LendingSpace.
				• For Delegated Key Loan Program transactions, submit appraisals to the Doc Center in LendingSpace for both Full and High Level review unless the transaction is a single closing Construction to Permanent loan; single closing Construction to Permanent transactions are ineligible for
				  • Full appraisal review
				  • Pre-close High Level Appraisal Review
				
				Note: High Level Appraisal Review will be performed when construction is complete. The full appraisal, Appraisal Update and Completion Report (Form 1004D) must be submitted in its entirety when the loan is delivered, including the appraisal update and certification of completion.
				
				References:
				• See Appraisal Delivery Reference Guide for additional information.
				• Contact your LendingSpace admin for access.
				• See Section 1.07: Appraisal Standard for appraisal requirements.

Eligible Transactions / General Information	Section 2.06 Key Loan Standard Correspondent Seller Guide	Key	**General Information** • Upon completion of the construction of a home, the conversion of an interim construction loan or term note into permanent financing may be considered a purchase money transaction or a refinance transaction depending on the type of closing (one-time closing or two-time closing).	~~General Information –~~ **Construction Lending** • Upon completion of the construction of a home, the conversion of an interim construction loan or term note into permanent financing may be considered a purchase money transaction or a refinance transaction depending on the type of closing (one-time closing or two-time closing).
Eligible Transactions / Single-Closings	Section 2.06 Key Loan Standard Correspondent Seller Guide	Key	**Single-Closings** • The correspondent lender is responsible for meeting all Fannie Mae Agency Construction-to-Permanent standards and all CFPB Ability-to-Repay/Qualified Mortgage regulations before the loan is submitted to Truist for purchase.	**Construction Lending Single-Closings** • ~~The correspondent lender is responsible for meeting all Fannie Mae Agency Construction-to-Permanent standards and all CFPB Ability-to-Repay/Qualified Mortgage regulations before the loan is submitted to Truist for purchase.~~

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards

			• Truist will not purchase any transaction not meeting CFPB/Ability-to-Repay and Qualified Mortgage regulations.
			• A single-closing transaction for both the construction loan and the permanent financing may be used if the borrower wants to close on both the construction loan and the permanent financing at the same time.
			• A single-closing must be processed as a purchase transaction. Refinance transactions are not eligible.
			• Only one (1)-Unit primary residence or second home properties are eligible.
			• For self-employed borrowers, the DTI must be reduced by 5%.
			• The minimum required credit score for all borrower(s) is the more restrictive of 700 or the minimum credit score required per LTV table.
			• Condominiums are not eligible.
			• If the borrower has owned the lot for 12 months or more before applying for the construction financing, the LTV/TLTV is based on the proposed loan amount divided by the lesser of (1) the acquisition cost (appraised value of lot plus documented construction cost) or (2) the current appraised value (of both the lot and improvements).
			• If the borrower has owned the lot for less than 12 months preceding the date of the application for the construction financing, the LTV/TLTV is based on the proposed loan amount divided by the lesser of (1) the acquisition cost (sales price of lot plus documented construction cost) or (2) the current appraised value (of both the lot and improvements).
			• If the borrower acquired the lot through an inheritance or gift (regardless of the date of acquisition), the LTV/TLTV is based on the proposed loan amount divided by the lesser of (1) the acquisition cost (appraised value of lot plus documented construction cost) or (2) the current appraised value (of both the lot and improvements).
			• Maximum LTV/TLTV, loan amounts and property eligibility follow standard Key Loan standards as outlined in the "Maximum Loan-to-Value (LTV)" and "Occupancy/Property Types" topics within this product description.
				• ~~Truist will not purchase any transaction not meeting CFPB/Ability-to-Repay and Qualified Mortgage regulations.~~
				• ~~A single-closing transaction for both the construction loan and the permanent financing may be used if the borrower wants to close on both the construction loan and the permanent financing at the same time.~~
				• ~~A single-closing must be processed as a purchase transaction. Refinance transactions are not eligible.~~
				• ~~Only one (1)-Unit primary residence or second home properties are eligible.~~
				• ~~For self-employed borrowers, the DTI must be reduced by 5%.~~
				• ~~The minimum required credit score for all borrower(s) is the more restrictive of 700 or the minimum credit score required per LTV table.~~
				• ~~Condominiums are not eligible.~~
				• ~~If the borrower has owned the lot for 12 months or more before applying for the construction financing, the LTV/TLTV is based on the proposed loan amount divided by the lesser of (1) the acquisition cost (appraised value of lot plus documented construction cost) or (2) the current appraised value (of both the lot and improvements).~~
				• ~~If the borrower has owned the lot for less than 12 months preceding the date of the application for the construction financing, the LTV/TLTV is based on the proposed loan amount divided by the lesser of (1) the acquisition cost (sales price of lot plus documented construction cost) or (2) the current appraised value (of both the lot and improvements).~~
				• ~~If the borrower acquired the lot through an inheritance or gift (regardless of the date of acquisition), the LTV/TLTV is based on the proposed loan amount divided by the lesser of (1) the acquisition cost (appraised value of lot plus documented construction cost) or (2) the current appraised value (of both the lot and improvements).~~
				• ~~Maximum LTV/TLTV, loan amounts and property eligibility follow standard Key Loan standards as outlined in the "Maximum Loan-to-Value (LTV)" and "Occupancy/Property Types" topics within this product description.~~
				Construction Lending – Parameters for Single Closings
				• **Conversion of Construction-to-Permanent Financing Overview**
				  • The conversion of construction-to-permanent financing involves the granting of a long-term mortgage to a borrower for the purpose of replacing interim construction financing that the borrower has obtained to fund the construction of a new primary single-unit residence (second homes are ineligible). Complete tear down transactions are allowed under these Construction Lending – Single-Closing transaction requirements.
				  • Construction-to-permanent financing can be structured as a transaction with one closing. The borrower must hold title to the lot, which may have been previously acquired or be purchased as part of the transaction.
				  • All construction work, including any work that could entitle a party to file a mechanics' or materialmen's lien, must be completed and paid for, and all mechanics' liens, materialmen's liens, and any other liens and claims that could become liens relating to the construction must be satisfied before the mortgage loan is delivered to Truist. The lender must retain in its individual loan file the documents outlined within the subsequent section titled Age of Appraisal Documents. When a construction-to-permanent mortgage loan provides funds for acquisition or refinancing of an unimproved lot and the construction of a residence on the lot, the lender must retain a certificate of occupancy or an equivalent form from the applicable government authority.
				  • The lender must use the uniform mortgage instruments to document the permanent mortgage. These documents may not be altered to include any reference to construction of the property.
				  • Attached units in a condo project are ineligible for construction-to-permanent financing. Detached units in condo projects are permitted for construction-to-permanent financing.

- **Single-Closing Construction Lending Transaction Overview**
  - Single-closing construction lending transactions must be underwritten by lenders with delegated authority; these transactions are not eligible for non-delegated underwriting.
  - Single-closing transactions may be used for both the construction loan and the permanent financing if the borrower wants to close on both the construction loan and the permanent financing at the same time. When a single-closing transaction is used, the lender will be responsible for managing the disbursement of the loan proceeds to the builder, contractor, or other authorized suppliers.
  - Because the loan documents specify the terms of the permanent financing, the construction loan will automatically convert to a permanent long-term mortgage loan upon completion of the construction.
  - Loans that combine construction and permanent financing into a single transaction cannot be purchased by Truist until the construction is completed and the terms of the construction loan have converted to the permanent financing.
  - Payoff of cost of overruns and separately contracted improvements that were incurred outside of the interim construction financing are not allowed for single closing construction lending transactions.

    Reference: see subsequent topic “Modifications of Single-Closing Construction-to-Permanent Mortgages” regarding an increase in the original loan amount.

- **Terms of Construction Loan Period**
  - The construction loan period for single-closing construction-to-permanent transactions may have no single period of more than 24 months and the total period may not exceed 24 months. Lenders may, when needed to complete the construction, provide an extension to the original period to total no more than 24 months. After conversion to permanent financing, the loan must have a loan term not exceeding 30 years (disregarding the construction period).
  - As examples, lenders may structure the construction loan period as follows:
    - 6–month construction period with up to 18 months of construction extensions,
    - 12–month construction period with up to 12 months of construction extensions,
    - 18–month construction period with up to 6 months of construction extensions, or
    - 24-month construction period. No extensions permitted.
  - Exceptions to the total period of 24-months will not be granted. If the construction loan period exceeds the requirements above, the lender must process the loan as a two-closing construction-to-permanent transaction in order for the loan to be eligible (see Construction Lending – Two Closings).

- **Eligible Loan Purposes**
  - A single-closing construction-to-permanent mortgage loan may be closed as:
    - a purchase transaction, or
    - a limited cash-out refinance transaction.
  - When a purchase transaction is used, the borrower is not the owner of the lot prior to the close of the interim construction financing, and the borrower is using the proceeds from the interim construction financing to purchase the lot and finance the construction of the property.
  - When a limited cash-out refinance transaction is used, the borrower must have held legal title to the lot prior to the closing of the interim construction financing. The borrower is using the proceeds from the construction financing to pay off any existing liens on the lot and finance the construction of the property. This type of transaction is not a “true” limited cash-out refinance whereby the borrower refinances a loan(s) that was used to purchase a completed property; however, all other requirements for limited cash-out refinances apply. See the “Limited Cash-Out Refinances” subtopic for additional guidance.

Correspondent Key Construction Permanent Loan Standards

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				Note: Cash-out refinance transactions are not eligible for single-closing construction-to-permanent mortgages. • **Calculating the LTV Ratio** • Single-closing construction-to-permanent mortgages are subject to the purchase and limited cash-out refinance maximum LTV, TLTV, and HTLTV ratios, as applicable. • The LTV ratio calculation differs depending on whether the transaction is a purchase or a limited cash-out refinance, as shown in the table below: <table><tr><th>Transaction Type</th><th>Lot Ownership</th><th>LTV Ratio Calculation</th></tr><tr><td>Purchase</td><td>Borrower is not the owner of record of the lot prior to the close of the interim construction financing</td><td>Divide the loan amount of the construction-to-permanent financing by the lesser of: • the purchase price (sum of the cost of construction and the sales price of the lot), or • the "as 100% completed" appraised value of the property (the lot and improvements).</td></tr><tr><td rowspan="3">Limited Cash-out Refinance</td><td>Borrower is the owner of record of the lot ≥12 months prior to the close of the interim construction financing.</td><td>Value used to calculate the LTV is based on the appraised value, as 100% completed.</td></tr><tr><td>Borrower is not the owner of record of the lot ≥12 months prior to the close of the interim construction financing.</td><td>Not eligible</td></tr><tr><td>Borrower acquired the lot as a gift or by inheritance (regardless of date of acquisition)</td><td>Value used to calculate the LTV is based on the appraised value, as 100% completed.</td></tr></table> • **Modifications of Single-Closing Construction-to-Permanent Mortgages** • If the terms of the permanent financing change after the original closing date of the construction loan, the loan may be modified to reflect the new terms if it meets all of the following criteria: • The modification must take place prior to or at the time of conversion. • Only the following loan terms may be modified in a single-closing transaction: • interest rate, • loan amount, • loan term, and • amortization type. **Notes:**

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards
				• The only amortization change permitted is from an adjustable-rate amortization to a fixed-rate amortization. • Changes made to any other loan terms will require a two-closing construction-to-permanent transaction. • The loan must be underwritten based on the terms of the loan as modified and delivered. • Increases to the loan amount are permitted only as necessary to cover documented increased costs of construction of the property. • If the modification results in an increase in the original loan amount, the lender remains responsible for all standard title insurance requirements. In addition, the lender must obtain an endorsement to the title insurance policy that: • extends the effective date of the coverage to the date of the recording of the modification agreement; • increases the amount of the policy to the new modified loan amount; and • confirms that the lien of the mortgage, as modified, continues to be a first lien. **Note:** Both the original construction loan amount at closing and the final modified loan amount must meet the loan limits currently in effect. • The original construction loan must be documented on Fannie Mae uniform instruments or substantially similar documents. • The modification must be documented on one of the following: • *Loan Modification Agreement (Providing for Fixed Interest Rate)* (Fannie Mae Form 3179); • *Loan Modification Agreement (Providing for Adjustable Interest Rate)* (Fannie Mae Form 3161); or • A substantially similar document. • **Underwriting Single-Closing Construction-to-Permanent Mortgages** • The lender must underwrite a single-closing construction-to-permanent loan based on the terms of the permanent financing. • If the permanent financing terms are modified, and no longer reflect the terms on which the underwriting was based, the loan must be re-underwritten. • **Age of Credit Documents** • All credit documents must be no more than 120 calendar days old on the note date (that is, the closing date of the construction loan). Additionally, income, employment, assets for reserves/fees for modification costs and credit report documents must be no more than 120 calendar days old at the time of conversion to permanent financing. • **Age of Appraisal Documents** • For all single-closing transactions, the effective date of the appraisal must be no more than 120 calendar days prior to the note date (that is, the closing date of the construction loan). Additionally, at the time of completion of construction, an *Appraisal Update and/or Completion Report* (Form 1004D) must be completed in its entirety including the appraisal update and certification of completion. If the appraiser indicates on the Form 1004D that the property value has declined, then the lender must obtain a new appraisal for the property and requalify the borrower using the updated LTV ratio per the Requalification Requirements, below.

Correspondent Key Construction Permanent Loan Standards

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				• **Requalification Requirements** • Requalification of the borrower(s) is required at the time of conversion to permanent financing if: • the LTV ratio increased due to a decline in property value, • updated credit documents were obtained, or • as otherwise required per the modified loan term in the table above. • To be eligible for purchase by Truist, the loan must be eligible per Key eligibility requirements. • When requalification is required: • the LTV ratio must be adjusted based on the updated appraisal, if applicable; • if credit documents exceed the age of documentation requirement (120 calendar days), the updated income, credit, and liability information must be considered; and • the loan data at delivery must match the data considered in the final requalification of the loan. • **Loan Conversion Documentation Options** • The construction loan may be converted into a permanent loan in either of the following ways: • **Option 1**: A construction loan rider must be used to modify the uniform instrument that will be used for the permanent loan. The rider must state the construction loan terms, and the construction-related provisions of the rider must become null and void at the end of the construction period and before the permanent mortgage is delivered. Because the permanent mortgage cannot be sold before it is scheduled to begin amortizing, a lender will need to amend the construction loan rider, and the accompanying uniform instrument, if the construction is completed sooner or later than originally anticipated. The amendment(s) should provide the new dates on which amortization for the permanent loan will begin and end. The lender also will need to record the amended documents before the permanent loan is sold. • **Option 2**: A separate modification agreement must be used to convert the construction loan into permanent financing. This agreement must be executed and recorded in the applicable jurisdiction before the permanent loan is delivered. • The lender must include the applicable conversion document in its loan submission package. When amended documents are recorded in connection with a construction loan rider, the lender also must include a copy of the original documentation that the borrower signed.
Eligible Transactions / Two-Closings	Section 2.06 Key Loan Standard Correspondent Seller Guide	Key	Two-Closings • The correspondent lender is responsible for meeting all Fannie Mae Agency Construction-to-Permanent standards and all CFPB Ability-to-Repay/Qualified Mortgage regulations before the loan is submitted to Truist for purchase. • Truist will not purchase any transaction not meeting CFPB/Ability-to-Repay and Qualified Mortgage regulations. • Two separate closing transactions (one closing for the construction phase and another closing for the permanent financing) may be used when an individual borrower obtained interim construction financing to finance the construction of a residence (and perhaps, to finance the purchase of the lot as well) and needs to obtain permanent financing on completion of construction. • A two-closing transaction must be processed as limited cash out refinance transaction. Purchase transactions are not eligible. • For self-employed borrowers, the DTI must be reduced by 5%.	**Construction Lending - Two-Closings** • ~~The correspondent lender is responsible for meeting all Fannie Mae Agency Construction-to-Permanent standards and all CFPB Ability-to-Repay/Qualified Mortgage regulations before the loan is submitted to Truist for purchase.~~ • ~~Truist will not purchase any transaction not meeting CFPB/Ability-to-Repay and Qualified Mortgage regulations.~~ • ~~Two separate closing transactions (one closing for the construction phase and another closing for the permanent financing) may be used when an individual borrower obtained interim construction financing to finance the construction of a residence (and perhaps, to finance the purchase of the lot as well) and needs to obtain permanent financing on completion of construction.~~ • ~~A two-closing transaction must be processed as limited cash out refinance transaction. Purchase transactions are not eligible.~~ • ~~For self-employed borrowers, the DTI must be reduced by 5%.~~

Correspondent Key Construction Permanent Loan Standards

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards

			• The minimum required credit score for all borrower(s) is the more restrictive of 700 or the minimum credit score required per LTV table.
			• If the borrower has owned the lot for 12 months or more before applying for the construction financing, the LTV/TLTV is based on the proposed loan amount divided by the current appraised value (of both the lot and improvements).
			• If the borrower has owned the lot for less than 12 months preceding the date of the application for the construction financing, the LTV/TLTV is based on the proposed loan amount divided by the lesser of (1) the acquisition cost (sales price of lot plus documented construction costs) or (2) current appraised value (of both the lot and improvements).
			• If the borrower acquired the lot through an inheritance or gift (regardless of the date of acquisition), the LTV/TLTV is based on the proposed loan amount divided by the lesser of (1) the acquisition cost (appraised value of lot plus documented construction costs) or (2) current appraised value (of both the lot and improvements).
			• Condominiums are not eligible.
			• Maximum LTV/TLTV, loan amounts and property eligibility follow standard Key Loan standards as outlined in the "Maximum Loan-to-Value (LTV)" and "Occupancy/Property Types" topics within this product description.
				• ~~The minimum required credit score for all borrower(s) is the more restrictive of 700 or the minimum credit score required per LTV table.~~
				• ~~If the borrower has owned the lot for 12 months or more before applying for the construction financing, the LTV/TLTV is based on the proposed loan amount divided by the current appraised value (of both the lot and improvements).~~
				• ~~If the borrower has owned the lot for less than 12 months preceding the date of the application for the construction financing, the LTV/TLTV is based on the proposed loan amount divided by the lesser of (1) the acquisition cost (sales price of lot plus documented construction costs) or (2) current appraised value (of both the lot and improvements).~~
				• ~~If the borrower acquired the lot through an inheritance or gift (regardless of the date of acquisition), the LTV/TLTV is based on the proposed loan amount divided by the lesser of (1) the acquisition cost (appraised value of lot plus documented construction costs) or (2) current appraised value (of both the lot and improvements).~~
				• ~~Condominiums are not eligible.~~
				• ~~Maximum LTV/TLTV, loan amounts and property eligibility follow standard Key Loan standards as outlined in the "Maximum Loan-to-Value (LTV)" and "Occupancy/Property Types" topics within this product description.~~
				
				Construction Lending – Parameters for Two Closings
				• The conversion of construction-to-permanent financing involves the granting of a long-term mortgage to a borrower for the purpose of replacing interim construction financing that the borrower has obtained to fund the construction of a new residence.
				• Construction-to-permanent financing can be structured as a transaction with two separate closings.
				• Two-closing construction-to-permanent mortgage transactions utilize two separate loan closings with two separate sets of legal documents. A modification may not be used to update the original note, rather a new note must be completed and signed by the borrower(s). The first closing is to obtain the interim construction financing (and may include the purchase of the lot), and the second closing is to obtain the permanent financing upon completion of the improvements. The borrower must hold title to the lot, which may have been previously acquired.
				• All construction work, including any work that could entitle a party to file a mechanics' or materialmen's lien, must be completed and paid for, and all mechanics' liens, materialmen's liens, and any other liens and claims that could become liens relating to the construction must be satisfied before the mortgage loan is delivered to Truist. The lender must retain in its individual loan file a Form 1004D of the completed property. When a construction-to-permanent mortgage loan provides funds for acquisition or refinancing of an unimproved lot and the construction of a residence on the lot, the lender must retain a certificate of occupancy or an equivalent form from the applicable government authority.
				• Truist does not provide financing for construction loans; however, Truist does purchase loans that were used to provide the permanent financing.
				• The lender that provides the permanent long-term mortgage may be a different lender than the one that provided the interim financing. Only the permanent long-term mortgage is eligible.
				• The lender must underwrite the borrower based on the terms of the permanent mortgage.
				• Overruns are acceptable for two-time closing construction transactions if supported by a contract or contract addendum and appraisal, specifically as follows -
				    • Builder/subcontractor is paid on the CD for the amount of the contract overruns, or subordinate recorded lien used for documented overruns is paid on the CD, and
				    • the appraisal has been updated to reflect overrun improvements.

Correspondent Key Construction Permanent Loan Standards

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards

				Eligible Loan Purposes & Calculating the LTV Ratio:
				• In a two-closing construction-to-permanent transaction, the permanent mortgage delivered to Truist may be closed as:
				  • a limited cash-out refinance transaction, or
				  • a cash-out refinance transaction.
				
				• Appraisal Date Requirements (including appraisal re-use requirements) and Appraisal Requirements for New Construction Properties as outlined within Section 1.07 Appraisal Standard must be followed.
				
				Note: cash-out transactions require a new appraisal.
				
				• Two-closing construction-to-permanent mortgages are subject to the limited cash-out and cash-out refinance maximum LTV, TLTV, and HTLTV ratios, as applicable, as outlined within subsection Maximum Loan-To-Value (LTV). For the borrower to be eligible for a cash-out refinance transaction, the borrower must have held legal title to the lot for at least six months prior to the closing of the permanent mortgage. All other standard eligibility and underwriting requirements apply.
				• Attached units in a condo project are not eligible for construction-to-permanent financing. Detached units in condo projects are permitted for construction-to-permanent financing.

Eligible Transactions / Eligible Permanent Mortgage Products	Section 2.06 Key Loan Standard Correspondent Seller Guide	Key	**Eligible Permanent Mortgage Products** • Fixed Rate (Fully Amortizing) • Fully Amortizing 5/6-Month SOFR ARM • Fully Amortizing 7/6--Month SOFR ARM • Fully Amortizing 10/6-Month SOFR ARM	**Construction Lending - Eligible Permanent Mortgage Products** • Fixed Rate (Fully Amortizing) • Fully Amortizing 5/6-Month SOFR ARM • Fully Amortizing 7/6--Month SOFR ARM • Fully Amortizing 10/6-Month SOFR ARM