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Power of Attorney and Other Agency Guideline Revisions

Truist Bank (Truist) revises Agency Loan Product Advisor[®] (LPASM) guidelines as a result of recently announced Freddie Mac updates. With these updates we:

- revise power of attorney requirements
- update asset documentation requirements for:
 - direct account verifications
 - third-party asset verifications

For non-AUS, Desktop Underwriter[®] (DU[®]), and LPA loans, we clarify that accommodations for borrowers under the Americans with Disabilities Act (ADA) constitutes an example of the Fannie Mae and Freddie Mac general exception to their requirements for (or limitations on) the use of a power of attorney (POA), in instances where the lender determines that it is required by applicable law to accept a POA presented by the borrower.

Effective Dates

- All POA updates are effective immediately for new loan applications on or after June 25, 2021.
- All other updates are effective immediately for existing and new loan applications on or after June 25, 2021.

Background Information

Freddie Mac Bulletins 2021-4 and 2021-16 announced updates impacting various LPA guideline requirements. In response to this publication, we reviewed impacted guidelines and identified the opportunity to implement revisions to more closely align with Freddie Mac requirements. We also take the opportunity to add clarifying language to non-AUS, DU, and LPA POA requirements.

Bulletin Details

Power of Attorney (POA)

We revise LPA POA requirements as follows:

- specify that the POA does not need to be specific to the mortgage transaction
- add military deployment to the list of emergency events that justify using a POA
- update POA delivery requirements to the Document Custodian to:
 - permit delivery of a copy of the POA, unless an original of the POA is required by applicable law
 - consolidate separate requirements based on whether and how the POA is recorded to specify that if the POA is recorded, and the copy of the POA with recordation information is not delivered with the note, it must be delivered to the Document Custodian within 30 days of receipt from the recording office
- when use of a POA is required by applicable law, retain the requirement to deliver the written statement that explains the circumstances to the Document Custodian with the POA (this is a new overlay, as this is no longer a Freddie Mac requirement)
- revise our existing overlay prohibiting a power of attorney on cash-out refinance transactions, as follows: A power of attorney is not permitted on LPA cash-out refinance transactions, unless applicable law requires the lender to accept use of a POA. Additionally, we:
 - reduce the requirement for a pre-closing discussion with the borrower to cash-out refinance transactions **only** (when use of a POA is required by applicable law) and waive this requirement if the borrower is in a period of military service and is unavailable for the discussion
 - expand the ways the borrower acknowledgement of the pre-closing discussion may be memorialized to allow the borrower acknowledgement in the form of an e-mail exchange with the borrower

Product Release

Information for Correspondent Lenders of Truist Bank
June 25, 2021 • COR21-037



Bulletin Details, continued

Power of Attorney (POA), continued

For non-AUS, DU, and LPA loans, we clarify that accommodations for borrower under the ADA constitutes an example of the Fannie Mae and Freddie Mac general exception to their requirements for (or limitations on) the use of a POA, in instances where the lender determines that it is required by applicable law to accept a POA presented by the borrower.

Asset Documentation Requirements for Direct Account Verifications

We align with Freddie Mac and revise LPA direct account verifications (i.e., VOD) guidance to specify that additional documentation is required only on purchase transactions and when the current balance in an account exceeds the average balance by more than 50% of the sum of:

- the total monthly qualifying income
- the amount derived from the asset calculation for establishing the debt payment-to-income ratio (as outlined in the LPA Assets as a Basis for Repayment of Obligations guidelines)

Asset Documentation Requirements for Third-Party Asset Verifications

We align with Freddie Mac and revise LPA requirements for third-party asset verifications to allow the verifications to identify the account with a minimum of the last two digits of the account number.

Before and After Matrices

- [Click here](#) to see the before and after matrix that provides a detailed overview of the POA updates.
- [Click here](#) to see the before and after matrix that provides a detailed overview of all other updates.

Revised Materials

Click [Agency Loan Programs](#) and [Correspondent Agency Overlay Matrix](#) to review the revised product materials.

Former Guidelines

See the before and after matrices provided in the Bulletin Details section of this bulletin to access the former guidelines.

Other Resources

Support Group	Description and Contact Information:
Correspondent Relations Coordinator	Specific questions on applying this procedure to specific loan files. Contact Correspondent Relations Coordinators at 800.382.2111, Option 1.
Product Support	Provides phone and email support on products, policies, and procedures as well as new product rollout and existing product enhancement. Contact Product Support at 800.382.2111, option 3.

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