

# Product Release

Information for Correspondent Lenders of Truist Bank  
June 25, 2021 • COR21-038



Alert

Update

Reminder

Clarification

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Preview

## Agency Refinance Seasoning Requirement and Other Revisions

Truist Bank (Truist) revises Agency Loan Product Advisor<sup>®</sup> (LPA<sup>SM</sup>) guidelines to align with recently announced Freddie Mac updates. With these updates, we:

- add a 30-day seasoning requirement for “no cash-out” refinance transactions (when the first mortgage being paid off is a refinance mortgage)
- revise guidelines related to prorated real estate tax credits

Additionally, we revise Desktop Underwriter<sup>®</sup> (DU<sup>®</sup>) guidelines to add a 30-day seasoning requirement overlay for limited cash-out refinance transactions (when the first mortgage being paid off is a refinance mortgage).

We also revise and/or clarify Agency non-AUS and DU guidelines to align with recently announced Fannie Mae updates related to the following:

- allowable age of federal income tax returns
- DU loan casefile archive policy

### Effective Dates

- The 30-day refinance seasoning requirement (for LPA and DU loans) and prorated real estate tax credits updates are effective 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 Bulletin 2021-16 and Fannie Mae SEL-2021-04 announced updates impacting various guideline requirements. In response to these publications, we reviewed impacted guidelines and identified the opportunity to implement revisions to align with Freddie Mac and Fannie Mae requirements.

Additionally, to address best execution concerns, we identified the need to implement a 30-day seasoning requirement overlay for DU limited cash-out refinance transactions.

### Bulletin Details

#### Limited Cash-Out Refinance (LPA Terminology: “No Cash-Out” Refinance) Seasoning Requirement

For LPA and DU loans, we add a 30-day seasoning requirement for refinance mortgages being paid off using the proceeds of a “no cash-out”/limited cash-out refinance mortgage. The refinance mortgage being paid off must have a note date no less than thirty days prior to the note date of the new “no cash-out”/limited cash-out refinance transaction.

**Note:** This revision is a new overlay for DU loans being implemented for best execution purposes.

#### Prorated Real Estate Tax Credits

For LPA loans, we revise guidelines related to prorated real estate tax credits contributed by the property seller in areas where real estate taxes are paid in arrears to:

- clarify that prorated real estate tax credits cannot be considered when determining if the borrower has sufficient funds for the mortgage transaction
- specify that prorated real estate tax credits are not considered interested party contributions (IPCs)

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## Bulletin Details, continued

### Allowable Age of Federal Income Tax Returns

For non-AUS and DU allowable age of federal income tax returns guidelines, we:

- revise footnote references to address tax filing extensions published by the IRS
- refresh the “most recent year’s” tax return examples, aligning with Fannie Mae's current presentation of this guidance (*guideline intent remains the same*)
- update IRS Form 4506-C guideline wording, aligning with Fannie Mae's current presentation of this guidance (*guideline intent remains the same*)

### DU Loan Casefile Archive Policy

We revise guidelines to reflect that DU loan casefiles are archived and no longer retained in DU from the earlier of:

- 270 days from the date on which the loan casefile was last updated, or
- 540 days from the date on which the loan casefile was created.

**Note:** The previous archive timeframe was within 28 months from the date the loan casefile was last created.

### Before and After Matrices

- [Click here](#) to see the before and after matrix that provides a detailed overview of the 30-day refinance seasoning requirement and prorated real estate tax credits guideline updates.
- [Click here](#) to see the before and after matrix that provides a detailed overview of all other guideline 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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