



Seller Guide Update



SEL-2020-039: Mortgage Loans in Early Forbearance – Update

May 11, 2020

- Correspondent Lending
- Housing Finance Agency (HFA)

Summary

Underwriting/Delivery	
<input checked="" type="checkbox"/>	Corr. Delegated
<input checked="" type="checkbox"/>	Corr. Non-Delegated
<input checked="" type="checkbox"/>	Corr. EZD
<input checked="" type="checkbox"/>	Corr. Mandatory
<input checked="" type="checkbox"/>	HFA Delegated
<input checked="" type="checkbox"/>	HFA Non-Delegated
Products	
<input checked="" type="checkbox"/>	Conv. (Freddie)
<input checked="" type="checkbox"/>	Conv. (Fannie)
<input type="checkbox"/>	Conv. (Portfolio)
<input type="checkbox"/>	FHA
<input type="checkbox"/>	VA
<input type="checkbox"/>	Rural Development

In SEL-2020-034, we announced that effective with loans purchased on or after April 27, 2020, U.S. Bank would align with [Fannie Mae Lender Letter LL-2020-06](#) and [Freddie Mac Bulletin 2020-12](#) specific to selling loans in forbearance due to COVID-19. **Please see the update below regarding our original communication.**

Mortgage Loans in Early Forbearance – Update

- **Effective immediately, for conventional Agency purchase or rate and term refinance loans that enter into forbearance after the purchase by U.S. Bank, U.S. Bank will not assess the standard Agency LLPAs of 5% (for first-time homebuyers) or 7% (for all other loans).**
- **Conventional Cash Out Transactions: As a reminder, and as published in SEL-2020-037, should any cash out transaction after purchase by U.S. Bank and prior to being federally backed go into forbearance, it will become ineligible and will be subject to repurchase.**

Reminders and Important Notes

- A loan that goes into forbearance due to COVID-19 will be considered an Early Payment Default (EPD) should the first payment not be made. If the first payment is not made and the loan goes into forbearance due to COVID-19, the loan will be subject to Early Payment Default administrative fees and charges.
- At the present time, loans with a government guarantee (FHA, VA, RHS, etc.) eligible for delivery to GNMA are not subject to this fee, but could change if government insured loans become subject to fees or have program changes affecting their deliverability.
- If a Correspondent Seller has a lock on a loan that enters into forbearance (i.e. pre-purchase) they must inform U.S. Bank so the lock can be cancelled as the loan will not be eligible for purchase.
- U.S. Bank will **not** assess any additional administrative fee for a loan that enters into forbearance. As a reminder, and as published in our Correspondent Seller and HFA Division Lending Guides, U.S. Bank will not purchase any loan that is currently in deferment or forbearance of their mortgage payment.

Updated COVID- 19 FAQ

We will update the [COVID- 19 Frequently Asked Questions \(FAQ\)](#) document with the most recent information including:

- Updated guidance on Mortgage Loans in Early Forbearance

The FAQ provides guidance for temporary relief of policies due to COVID-19. Please continue to reference the U.S. Bank Seller and HFA Lending Guides as primary resources for all U.S. Bank policies. The FAQ is in our new Correspondent/HFA COVID-19 Resource Page within AllRegs. From the AllRegs home page, the FAQ is on the right hand side of the page in the 'Our Library Company Announcements' or under 'Our Library.'

Guide Update: COVID- 19 Frequently Asked Questions (FAQ)

Questions



Correspondent: Please contact your Account Executive or the Client Support Area at 800.200.5881, option 1.

HFA: Please contact the Housing Finance Agency Hotline at 800.562.5165, option 1 for the HFA Customer Care Team.

