



Seller Guide Update



SEL-2021-063: Multiple Topics

November 19, 2021

- Correspondent Lending
- Housing Finance Agency (HFA)

Table of Contents

The following topics are included in this update:

| | |
|--|---|
| End of Cycle Coming Soon - Government ARM Change Dates | 2 |
| Reminders | 2 |
| Hazard Insurance Requirements | 2 |
| Affiliated Business Disclosure..... | 2 |
| Clarification: Portfolio Reserve/Cash Reserve/Secured Funds for Down payment and Closing Costs | 3 |
| Questions..... | 3 |

Summary



The following items have recently been updated in the U.S. Bank Correspondent Seller and HFA Division Lending Guides, specific to Loan Delivery, Underwriting and Credit Policy.

U.S. Bank Correspondent Seller and HFA Division Lending Guides: Unless notated within each section as Correspondent only policy or based on product availability such as Portfolio products available only in Correspondent, these updates are applicable to both our Correspondent and HFA lenders. The respective sections of the U.S. Bank Correspondent Seller and HFA Division Lending Guides are included in each section. This communication serves to announce changes and updates including an effective date. Always review the U.S. Bank Correspondent Seller and HFA Division Lending Guides for the most current policy. Guidelines are updated with the information in this communication and should be referred to instead of the communication for guidance.

Underwriting, Delivery, and Product Grids

For overall ease of use, we have enhanced our communications to now include underwriting and delivery method checkboxes to each section when applicable. You'll also find a new grid that outlines the applicable products.

Effective Date

Immediately unless otherwise noted within each section below.

Keeping you informed

U.S. Bank continues to closely monitor the ever-changing landscape of our business as a result of the impacts of the coronavirus (COVID-19).

For information about our ongoing work to support our lending partners and customers, we invite you to visit our Correspondent/HFA COVID-19 Resource Page within AllRegs for regular updates and the most current information.

We know you have many questions and we are diligently working to address each of them. We have developed a list of [COVID-19 Frequently Asked Questions](#) and will continue to update this document on a regular basis to keep you informed of process and policy updates.

For additional information about our ongoing work to support customers, we invite you to visit [U.S. Bank's COVID-19 support site](#) for regular updates and the most current information.



End of Cycle Coming Soon - Government ARM Change Dates

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

Reminders

| 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 checked="" type="checkbox"/> | Conv. (Portfolio) |
| <input checked="" type="checkbox"/> | FHA |
| <input checked="" type="checkbox"/> | /A |
| <input checked="" type="checkbox"/> | Rural Development |

As a reminder, we have approached the end of a cycle to accept **January 1, 2027** change dates for FHA/VA ARM loans.

- **Loans Purchased and Change Date Requirements** - Loans purchased after **November 19, 2021**, must have a **April 1, 2027** change date.

Guide Update: 1300: ARM Documents > Disclosures > [FHA/VA ARM Change Dates](#)

Hazard Insurance Requirements

As a reminder, and as published in our Correspondent Seller and HFA Lending Guides, U.S. Bank requires proof of protection against loss or damage from fire and other hazards covered by an extended coverage endorsement along with proof of payment for the first year's premium. This may be in the form of a policy or binder.

The insurer is required to have an A. M. Best Company Key Rating Guide of Class B/III or VIII/A for a non-U.S. insurer. Appropriate policies should also be obtained for any additional perils (i.e., flood, wind, hail, sinkhole, mine subsidence, volcanic eruption, and avalanche) that are not covered by standard property insurance.

Important Note: U.S. Bank does not allow waivers for peril coverage.

Please refer to the guide for complete details including rating of insurer, policy/binder requirements, amounts of hazard coverage, rent loss insurance, verification of coverage, and acceptable evidence of payment.

Guide Section: 900: Delivery and Funding > C. Funding Documentation Requirements > Hazard Insurance

Affiliated Business Disclosure

U. S. Bank would like to remind lenders that real estate related fees or charges are included in points and fees calculation when the creditor receives direct or indirect compensation in connection with the fee or charge, the fee or charge is paid to a creditor affiliate, or a fee or charge is unreasonable.

When there is an affiliated business arrangement, please include an Affiliated Business Disclosure or similar documentation to support whether any fees on the Final CD are paid to an affiliate.

Guide Section: 400.19: Truth in Lending and Regulation Z

**Clarification:
Portfolio
Reserve/Cash
Reserve/Secured
Funds for Down
payment and
Closing Costs**

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

U.S. Bank has clarified language specific to our Reserve/Cash Reserve/Secured Funds for Down Payment and Closing Costs in our Portfolio Underwriting Guidelines as indicated in **green** below:

- Terms of Withdrawal need to be verified, **excluding self-directed IRA not through an employer.**

Guide Section: 714.1.6: Reserve/Cash Reserve/Secured Funds for Down Payment and Closing Costs.

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.
