



Seller Guide Update



SEL-2022-004: Multiple Topics

January 28, 2022

- Correspondent Lending
- Housing Finance Agency (HFA)

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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.



VA Cash Out

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

Effective Date: Effective for Correspondent locks /HFA reservations on or after January 31, 2022.

U.S. Bank is modifying our overlay for VA Cash Out loans. VA loans with LTV/CLTV/HCLTV greater than 80% and up to 90% including funding fee are now eligible for Type II Cash Out Refinance with the following

- Minimum FICO 700
- Maximum DTI 43%
- Primary 1-unit only
- Conforming loan limit \$647,200.

Guide Updates: Government Overlay Matrix

The Product Guidelines (listed below) will be updated in AllRegs with a targeted publication date of 01/31/2022.

VA 2001 – 30 YR FIXED
VA 2002 – 15 YR FIXED

VA Jumbo 2009 – 30 YR FIXED
VA ARM 2024 - 5/1 ARM

Agency Non-Traditional Properties

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

Effective Date: Immediately

U.S. Bank is updating our Agency Non-Traditional/Unique/Unusual Properties policy and removing the current overlay to Freddie Mac Policy.

Non-Traditional / Unique / Unusual Housing Types

Mortgages secured by unique or non-traditional types of housing, including, but not limited to, earth houses, geodesic domes, and log houses, may be eligible to serve as a security interest for a U.S. Bank mortgage when the appraisal report has adequate information to determine marketability and support of a reliable opinion of market value.

The appraiser and the underwriter must determine whether there is sufficient information in the appraisal report to develop a reliable opinion of market value. This will depend on the extent of the differences between the non-traditional/unique/unusual property and the more traditional types of houses in the neighborhood and the number of such properties that have already been sold in the neighborhood. When the property is noted as non-traditional/unique/unusual, additional due diligence by the underwriter is required to ensure investor salability requirements are met.

There may be circumstances where the appraiser cannot locate recent truly comparable and competitive sales of the same design and appeal, as the subject property. In such cases, the appraisal report must demonstrate the marketability of the property based on older comparable sales, comparable sales in competing neighborhoods, the existence of similar unique properties in the market area, and other reliable market data.

When a non-traditional/unique/unusual property is uninsurable and/or so significantly different that the appraiser cannot establish the marketability and a reliable opinion of market value, the property is not acceptable as security for a U.S. Bank Mortgage.

Guide Updates: Agency Overlay Matrix, Agency - 713.17 Eligible Properties

Delegated Level 6 Lenders and Texas 50(A)(6) Loans

Underwriting/Delivery	
<input checked="" type="checkbox"/>	Corr. Delegated
<input 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 checked="" type="checkbox"/>	Conv. (Portfolio)
<input type="checkbox"/>	FHA
<input type="checkbox"/>	VA
<input type="checkbox"/>	Rural Development

Net Tangible Benefit

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 checked="" type="checkbox"/>	HFA Delegated
<input checked="" 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 type="checkbox"/>	VA
<input type="checkbox"/>	Rural Development

Texas 50(a)(6) Cash Out Refi Maximum LTV/CLTV/HCLTV – Clarification

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
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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

We are pleased to announce Delegated level 6 lenders who are banks may now underwrite Texas 50(a)(6) loans for the U.S. Bank Portfolio products that allow it.

Guide Update: 720.1: Delegated Underwriting Authority

As announced in U.S. Bank's **SEL-2021-059** published on October 29, 2021, FHA announced the Single-Family Policy Handbook 4000.1 updates. As a part of those updates FHA amended their requirements for Net Tangible Benefit.

We have also updated our Correspondent Seller Guide to appropriately align with those updates.

Product Guides: 1001, 1002, 1004, 1005, 1024, 1025

To minimize confusion, the U.S. Bank core Portfolio product guidelines have been amended to better clarify the maximum LTV/CLTV/HCLTV for Texas 50(a)(6) Refinance transactions as shown below in **green**:

- Max LTV 80% **for a Rate/Term Refinance**
- **Refer to the Cash Out Refinance section for max LTV/TLTV/HTLTV**

Guide Updates: USBHM Conventional Non-Conforming Fixed (Core Portfolio – 3776, 3784, 3777)

Fannie Mae Homebuyer Education – Clarification

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

As a clarification to U.S. Bank's **SEL-2021-069** published on December 31, 2021, Fannie Mae has expanded their options for allowable homebuyer education and counseling providers. There have been some questions around the list of allowable providers previously included in the product guidelines. Therefore, guidelines have been amended to add the following clarification:

Homebuyer Education courses must either be HUD-approved, or align with the National Industry Standards (NIS) for Homeownership Education and Counseling (<https://homeownershipstandards.org/Home/Home.aspx>), including but not limited to:

- Any qualified third-party provider, independent of the lender
- Fannie Mae's [HomeView™](#) Course
- [Framework](#)
- Education course provided by a Community Seconds or other down payment provider where the program requires homeownership education or counseling
- Mortgage insurance company (without regard to whether they provide MI coverage for the transaction)

Product Guidelines: The following Correspondent Product Guidelines will be updated with a targeted completion date of January 1, 2022: 3501 FNMA 30-Year, 3502 FNMA 15-Year, 3503 FNMA 20-Year, 3507 FNMA 10-Year, 3519 FNMA HomeReady

Disaster Area Declarations

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
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<input checked="" type="checkbox"/>	FHA
<input checked="" type="checkbox"/>	VA
<input checked="" type="checkbox"/>	Rural Development

The following counties have been declared as Presidential Disaster Area with Individual Assistance on the [FEMA Disaster Website](#) and re-inspection requirements detailed in our Correspondent Seller and HFA Lending Guide must be met. In some cases, additional counties may have been added. Lenders are responsible for verifying procedures to monitor new and/or updated declarations.

- Agency, Portfolio, VA, and RD loans with subject properties located in counties listed below that have not CLOSED by the Disaster Declaration Date must follow the requirements listed in AllRegs.
- FHA loans with subject properties located in the parishes listed below that have not been ENDORSED as of the Disaster Declaration Date must follow the FHA requirements listed in AllRegs.

Declaration Date	ST	County/Parish
January 14, 2022	TN	Cheatham, Davidson, Dickson, Gibson, Henderson, Henry, Lake, Obion, Stewart., Sumner, Weakley, Wilson

Guide Section: 711.20 – Natural Disaster Procedures (FHA), 712.20 – Natural Disaster Procedures (VA), 713.21 – Natural Disaster Procedures (Conventional), 714.1.10 – Appraisal Procedures (Portfolio – Correspondent Only), 715.20: Natural Disaster Procedures (USDA)

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.