



# Seller Guide Update



SEL-2022-009: Multiple Topics

February 18, 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 noted 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.

## Appraisal Requirements for Freddie Mac Fixed Rate Jumbo Product

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

### Effective Immediately including loans already locked with U.S. Bank

U.S. Bank Mortgage is removing our overlay that requires full URAR or 2055 Interior appraisal report and instead we will allow LPA issued Automated Collateral Evaluation (ACE) when the appraisal waiver is offered.

### Eligible Loans

Freddie Mac eligible loans allowing ACE (5601.9(c) Freddie Mac guidelines):

- Loan Product Advisor Accept risk class
- Single-family 1-unit dwelling (includes mortgages secured by a condominium unit)
- Primary Residence or second home
- Purchase, maximum LTV/TLTV 80%
- No Cash-out, maximum LTV/TLTV 90%
- Cash-out refinances, Primary Residence maximum LTV/TLTV 70%
- Cash-out refinances, Second home maximum LTV/TLTV 60%

**Reminder:** When Freddie Mac Fixed Rate Jumbo Product is followed with a U.S. Bank second mortgage, a full appraisal is required.

**Guide Updates:** Product Guidelines and Overlay Matrix

## Conventional-Asset Clarification

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

### Effective Immediately

This is to clarify the eligibility of Custodial accounts under Uniform Transfer to Minors Act (UTMA), Uniform Gift to Minors Act (UGTMA) and In Trust For (ITF).

Custodial accounts that are irrevocable trusts like Uniform Transfer to Minors Act (UTMA) and Uniform Gift to Minors Act (UGTMA) accounts are not considered eligible borrower assets and cannot be used in connection with the mortgage transaction, (e.g., for down payment, closing costs, or reserves) even if the borrower/parent established the account.

Custodial accounts under In Trust For (ITF) accounts are generally revocable, where the funds are still controlled by the trustee but are payable on death to the beneficiary of the account. As a result, these funds are considered an acceptable source of funds provided:

- there is documentation that the borrower owns; **and**
- is able to withdraw the funds, regardless of any benefit the beneficiary receives from the mortgage transaction.

The type of custodial account must be identified which is generally noted on the statement. When not noted, additional documentation will be needed to identify the custodial account type.

**Guide Update:** 713.8 Agency - Funds for Closing

## 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.