



# Seller Guide Update



SEL-2022-012: Multiple Topics

March 11, 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.



## Properties Subject to Leasehold/ Ground Lease Interest

Underwriting/Delivery	
<input 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 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 type="checkbox"/>	VA
<input type="checkbox"/>	Rural Development

U.S. Bank requires Leasehold or Ground Leases to be reviewed to ensure that they meet the requirements outlined below.

U.S. Bank Home Mortgage is moving the responsibility for reviewing leasehold or ground lease agreements for Condominium and Co-op Projects to the Project Approval Department (PAD). Due to the specialization of this property type, leaseholds or ground leases for non- Condo or Co-op property types will continue to be underwritten in Hopkins (for all Non-Delegated Correspondent).

### Leasehold & Ground Lease Requirements

Leasehold/Ground Lease Agreements are eligible for agency and portfolio when the lease meets all the following criteria:

- is able to be assigned an unlimited number of times without restrictions,
- does not include any provisions for foreclosure other than non-payment of rents,
- includes provisions protecting the mortgagee interest in the event of condemnation,
- offers the mortgagee the right to cure default or take over borrowers' rights in the event of a default,
- the term of the lease must extend at least 5 years beyond the maturity date of the note,
- requires third-party notification of default prior to foreclosure.

Fannie Mae Only Additional Requirements:

- Lessor cannot require a credit review or impose any other qualifying criteria,
- Lease states borrower is responsible for payment of all taxes, insurance, and HOA dues
- Lease provides at least 30 days-notice to the mortgagee of default by the borrower

Freddie Mac Only Additional Requirements:

- Lease provides no more than 30 days-notice to mortgage of default by borrower

For Condominiums:

- Lease states all borrowers retain voting rights in the association or board

## Condo Project Approval Department Submission Sheets

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

### Effective immediately.

U.S. Bank Home Mortgage is updating the CONDO Project Submission Sheets to reflect changes in various guidelines. The revised forms will assist the requestor in providing a complete submission and have been updated to incorporate suggestions.

### Submission Sheets

The following Submission Sheets are being replaced. Please replace any forms you may have downloaded to a computer.

- Full Review Submissions Sheet
- FHA Full Review Submission Sheet
- PERS Approved Project Review Submissions Sheet
- Streamlined / Limited Review Submission Sheet
- 2-4 Unit Portfolio Review Submission Sheet
- Detached Condo Loans >\$1M Review Submission Sheet
- FHA Reciprocal Conventional Review Submission Sheet
- FHA Approved Condo – Loan Certification Submissions Sheet

**Guide Update:** 1131: Submissions Sheets

## 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.