



Seller Guide Update



SEL-2022-017: Multiple Topics

April 29, 2022

- Correspondent Lending
- Housing Finance Agency (HFA)

Table of Contents

The following topics are included in this update:

Update to Portfolio Underwriting Guidelines	2
Awareness: New Loan Closing Advisor Qualified Mortgage Rule – Related Critical Feedback Messages	2
Questions	2

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.



Update to Portfolio Underwriting Guidelines

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

Awareness: New Loan Closing Advisor Qualified Mortgage Rule – Related Critical Feedback Messages

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 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 including loans in the pipeline

U.S. Bank has made recent clarifications to the Portfolio 300-1 and/or 300-2 Underwriting guidelines as shown below. For ease of review, these changes will be in **green** in AllRegs.

- **714.1.5.1 Credit:** Eliminated language indicating there are no additional restrictions for borrowers that have a loan modification from the Foreclosure, Short Sale and Deed in Lieu section as rules and restrictions are contained elsewhere in the policy.
- **714.1.6. Assets/Funds to Close:** Removed the requirement that a pledge agreement, note or letter must be from U.S. Bancorp when allowing pledged personal assets for down payment and closing costs.
- **714.1.18 Refinance Loans:** Added language to determine when a refinance of a construction loan is considered a purchase or a refinance.
- **714.2.2.2 Income:**
 - For a self-employed borrower, added a requirement that if the Federal Income Tax Return from most recent tax filing year has not yet been filed, a Profit and Loss (P&L) statement is required covering the full tax filing year.
 - Eliminated redundant language regarding the requirement for a signed Profit and Loss (P&L) statement, following Generally Accepted Accounting Principles (GAAP).

On April 12th, Freddie Mac issued [communication](#) regarding **New Loan Closing Advisor Qualified Mortgage Rule – Related Critical Feedback Messages** as follows:

Effective April 13, 2022, Freddie Mac updated Loan Closing Advisor® to notify clients of loans that exceed the allowable points and fees as indicated in Freddie Mac Single-Family Seller/Servicer Guide (Guide) [Section 4202.6\(c\)](#). These changes are intended to ensure, based on Seller-provided data and related representation and warranties, that all loans purchased by Freddie Mac meet the Guide's points and fees requirements applicable to both Exempt Mortgages and Ability to Repay (ATR) Covered Mortgages subject to the Revised General Qualified Mortgage (QM) Rule. The updates include:

- **Adding six new Qualified Mortgage rule-related critical edits and messages** to notify clients that the data submitted to Loan Closing Advisor in the Uniform Closing Dataset (UCD) XML file indicates that the loan's points and fees exceed the allowable Regulation Z Total Points and Fees. These loans will receive a "Not Successful" status and will not be eligible for sale to Freddie Mac.
- **Removing warning messages CRE202 and CRE203** that indicate calculated Regulation Z Total Points and Fees Amount as a percentage of the Regulation Z Total Loan Amount is greater than the applicable 3 percentage or 5 percentage threshold and do not meet Freddie Mac requirements. These warning messages are being replaced by the new critical messages.

Update to Loan Closing Advisor March 31, 2022, Release Notes: The Loan Closing Advisor March 31 [release notes](#) communicated that the Phase 1 critical edit, CRIT0040, requiring the Total Payoffs and Payments Amount for the model Closing Disclosure (CD), was being corrected to apply only to refinance loans. On April 1, 2022, the UCD edit, and message were reverted to DQC629 which requires the Total Payoffs and Payments Amount for the model CD, regardless of transaction. This change is to provide more time for clients to implement the changes in their business processes.

Lenders are encouraged to review the communication and release notes linked above and provided by Freddie Mac.

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.