



Seller Guide Update



SEL-2022-018: U.S. Bank Flood Disaster Protection Act Guidelines and HFA Second Liens May 2, 2022

- Correspondent Lending
- Housing Finance Agency (HFA)

Summary

Underwriting/Delivery	
<input type="checkbox"/>	Corr. Delegated
<input type="checkbox"/>	Corr. Non-Delegated
<input type="checkbox"/>	Corr. EZD
<input 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 checked="" type="checkbox"/>	FHA
<input checked="" type="checkbox"/>	VA
<input checked="" type="checkbox"/>	Rural Development

Based on a recent U.S. Bank legal and regulatory review of the guidelines under the National Flood Insurance Act & Flood Disaster Protection Act, U.S. Bank will require the following change as it relates to all HFA second liens (e.g., amortized, deferred, or forgivable) for **all new loan reservations on and after June 1, 2022.**

- For properties located in a flood zone requiring flood insurance, if the HFA second lien is serviced by U.S. Bank, it must now be included as an outstanding lien in the flood insurance coverage calculations.

Previously, second liens have been getting added into the flood adequacy calculation post-purchase by U.S. Bank’s servicing teams, requiring the consumer to increase their flood insurance coverage to comply with regulatory guidance.

By implementing this requirement pre-closing, it is our intention to more closely follow our interpretation of the regulatory instruction and improve the overall borrower experience.

HFA Lending Guide Updates

The following sections of the HFA Lending Guide will be updated and available upon the effective date outlined above:

- Section 400.13: National Flood Insurance Act and Flood Disaster Protection Act

Questions



HFA: Please contact the Housing Finance Agency Hotline at 800.562.5165, option 1 for the HFA Customer Care Team.

