



Seller Guide Update



SEL-2022-032: Multiple Topics

June 27, 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.



Rental Income from Property Being Vacated - Departing Primary Residence

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 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

Reminder: Uniform Instruments – Updated Security Instruments, Notes and Riders

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: Effective with registrations on and/or after July 5, 2022.

U.S. Bank is revising the Rental Income requirements on properties being vacated and/or departing residence by the borrower. Underwriting requirements for Rental Income on Departing Primary Residence:

- A properly executed lease agreement signed by the borrower and lessee must be in effect no more than 60 calendar days from the note date, and must be at least one year in duration after the loan has closed;
- Proof of security deposit receipt and deposit into borrower's account;
- Documented sufficient equity of 25% or more in the vacated property;
- Rental income is reduced by a 25% vacancy factor;
- If the net rental income exceeds the full monthly payment of the converted primary residence, as applicable, the excess rental income cannot be added to the borrower's gross monthly income to qualify;
- In addition to the reserve requirements for the proposed mortgage, 6 months PITIA in reserves for the departing residence;
- Maximum 80% LTV/TLTV for the subject property

Guide Updates: The following items will be updated prior to the effective date: 713.17 Effective Income, 714.2.2.3 Non-Employment Related Borrower Income, 1400.04 - Correspondent Agency Non-Delegated Overlay Matrix

As a reminder, in U.S. Bank's **SEL-2021-060** published on November 5, 2021, we advised that [Fannie Mae \(SEL-2021-06\)](#) and [Freddie Mac \(Bulletin 2021-25\)](#) (the "GSEs") announced that their uniform instruments, which include their security instruments, notes, and riders, were updated. With the exception of those that are being retired, these updates impact all Uniform Instruments.

Important Key Points

- Changes include, but are not limited to, revisions for federal, State and local law changes and to simplify language.
- The updated Security Instruments, Notes and Riders have a tagline dated July 2021 and may be used for all Mortgages originated on or after July 8, 2021. However, lenders must use the updated Uniform Instruments for all Mortgages with a Note Date on and after the mandatory effective date of January 1, 2023.
- Per GSE instruction, if lenders use the updated Uniform Instruments for Mortgages with Note Dates prior to January 1, 2023, they must use the updated Security Instrument, Note and Rider, if applicable. **Lenders may not use the updated July 2021 Uniform Instruments in combination with any earlier versions currently in use for each Mortgage.**

U.S. Bank Readiness

U.S. Bank has reviewed these updates for a number of impacts including, but not limited to operational and systematic readiness as well as industry and vendor partners' ability to absorb these updates. Even with the GSE's allowance to begin to use the updated documents, U.S. Bank hopes to be systematically ready to accept loans originated utilizing the updated documents later this year, potentially in the fourth quarter.

We understand the importance of this information, and the impact to our collective business. As more information is available, we will communicate details each month for the remainder of the year. Lenders who may be ready to use the updated documents sooner should contact their U.S. Bank Account Executive.

Reminder: Tax Service Fee Change Coming Soon

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

As published in **SEL-2022-021**, effective with new Correspondent loan registrations and/or new HFA loan reservations on or after July 17, 2022, U.S. Bank will increase the **Tax Service Fee** charged on all loans from \$80 to \$84 for all properties located in all states.

Timeline	Tax Service Fee
Current: Loans registered or reserved before July 17 th	\$80
Coming Soon: Loans registered or reserved on/after July 17 th	\$84

- When the specific program allows for the fee to be charged to the consumer, we will accept placement of the fee in Section B of the Loan Estimate (LE) and Closing Disclosure (CD) paid to CoreLogic Tax Services, or the vendor of the lender's choice. U.S. Bank does not provide tax monitoring services and will not accept Section B fees disclosed as paid to U.S. Bank. Lenders may disclose the fee as payable to themselves (lender). The payee should not be listed as TBD/left blank.
- Lenders are reminded to review specific program guidelines and regulatory requirements on what fees may be charged to the borrower.

Please refer to **SEL-2022-021** for complete details.

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.