



Seller Guide Update



SEL-2022-052: Agency Underwriting Changes

September 9, 2022

- Correspondent Lending
- Housing Finance Agency (HFA)

Summary

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 immediately including loans in pipeline.

U.S. Bank is announcing the recent updates to Agency Guidelines impacting the following:

- Fannie Mae – Verbal Verification of Employment Alternative
- Freddie Mac – Accessory Dwelling Units (ADU) Expansion

Fannie Mae - Verbal Verification of Employment Alternative

Fannie Mae has updated the Selling Guide to add an alternative to satisfy the verbal VOE requirement for non-DU validation service loans. With this updated requirement, email exchange with the borrower's employer within 10 business days prior to closing may be used to verify employment.

When the alternative employment verification is used:

- Due diligence to confirm the email address for the employer is accurate must be performed; and ensure the email is from the employer's work email address and includes:
 - The borrower's name,
 - Name, title, and work email address of the individual contacted at the employer,
 - Date of contact, and
 - Borrower's current employment status.

Freddie Mac – ADU Expansion

To support the growing popularity of Accessory Dwelling Units (ADUs) and their role in increasing housing affordability, Freddie Mac has updated their requirements to provide more flexibility for Mortgages secured by properties with ADUs.

- ADU eligibility requirements have been expanded to include one ADU on 2- and 3-unit properties.
- Rental Income from an ADU on a subject 1-unit Primary Residence will be considered when qualifying the Borrower for a purchase or a Rate/Term Refinance Mortgage when certain requirements are met:
 - The ADU must comply with zoning and land use requirements (legal, legal non-conforming or no zoning)
 - An appraisal report must be obtained to support the ADU's marketability and include at least one comparable sale with an ADU that is rented. If an automated collateral evaluation (ACE) appraisal waiver is offered, it must not be accepted.
 - The appraiser's rental analysis (1007) must include a minimum of three comparable rentals that support the market rent of the ADU, and at least one of the comparable rentals must be a property with an ADU
 - The Lender must ensure that the ADU rental income used to qualify the Borrower for the Mortgage does not exceed 30% of the total stable monthly income
 - At least one qualifying Borrower must participate in a landlord education program or have previous landlord experience for a minimum of one year.
 - Enter the value of "J66" for ULDD Data Point Investor Feature Identifier (IFI) for a Mortgage secured by a 1-unit Primary Residence with rental income generated from an ADU.

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.

