



# Seller Guide Update



SEL-2022-054: Multiple Topics

September 16, 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.



## Updated Private Mortgage Insurance/Non-Delegated Underwriting Requirements

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

**Effective Date:** Effective with credit packages received on or after **November 16, 2022**.

Current U.S. Bank policy requires Private Mortgage Insurance (PMI) on all Conventional Agency and Conventional Portfolio loans with LTV ratios more than 80%; additionally, for our non-delegated lenders, when a lender chooses not to order the MI, U.S. Bank has historically ordered the MI using one of our approved MI providers as outlined below.

### Updated non-delegated underwriting MI requirements

In alignment with industry-standard practices and to avoid delays, all Correspondent non-delegated lenders will now be required to order mortgage insurance on all Agency Conventional and Portfolio loans with LTV ratios greater than 80.00%, and where required based on product and/or program guidelines. Lenders are reminded to reference U.S. Bank program guidelines for any additional private mortgage insurance requirements as well as section 900: Delivery and Funding > C. Funding Documentation Requirements.

### Agency Conventional and Portfolio Loans

All Agency Conventional and Portfolio loans requiring mortgage insurance must close at the insurance coverage percentage levels outlined in the Product Guidelines. Certain AUS findings may offer a reduced level of coverage. U.S. Bank does not accept loans with mortgage insurance coverage levels below those outlined in Product Guidelines. Reduced and/or custom mortgage insurance is not allowed. U.S. Bank approved MI companies are:

- Mortgage Guaranty Insurance Company (MGIC)
- Radian Guaranty
- Arch
- Essent Guaranty
- Enact MI
- National

U.S. Bank will require non-delegated Correspondent clients to order Mortgage Insurance.

- Submit your file documents to your preferred MI provider selecting **non-delegated**.
- U.S. Bank underwriting will condition for proper MI coverage amount.

Note: For Investor Paid Mortgage Insurance (IPMI), the MI is always ordered by U.S. Bank. For all other products, U.S. Bank will obtain coverage for all loans we underwrite.

**Guide Updates:** The following sections of the Correspondent Seller Guide will be updated closer to the effective date outlined above: 713.13 Conventional Agency loans, 714.1.17 Portfolio PMI

### Helpful Hints

In addition to the changes outlined in this update, please note the following helpful hints:

- Lenders are reminder to order MI as non-delegated in which MI Company completes a full file review.
- The MI certificate must match final loan approval (credit score, DTI, reserves, etc.)
- Underwriting will provide a prior to final approval condition with the percentage of coverage; however, lenders are reminded that they must follow product guidelines.

## USDA Guaranteed Rural Housing Funding Update

Underwriting/Delivery	
<input checked="" type="checkbox"/>	Corr. Delegated
<input checked="" type="checkbox"/>	Corr. Non-Delegated
<input 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 type="checkbox"/>	Conv. (Freddie)
<input type="checkbox"/>	Conv. (Fannie)
<input type="checkbox"/>	Conv. (Portfolio)
<input type="checkbox"/>	FHA
<input type="checkbox"/>	VA
<input checked="" type="checkbox"/>	Rural Development

As announced by USDA, at the beginning of Fiscal Year 2023 (FY 2023), which will begin October 1, 2022, funding for USDA's Single Family Housing Guaranteed Loan Program (SFHGLP) will not be available for a temporary time period.

### Temporary Lapse of Funding

During the temporary lapse of funding, Rural Development will issue Conditional Commitments (Form RD 3555-18/18E) "*subject to the availability of commitment authority*" for purchase and refinance transactions.

U.S. Bank will continue to purchase USDA Rural Housing loans during the temporary lapse with Conditional Commitments "*subject to the availability of commitment authority*" for purchase and refinance transactions.

### Final Documents - Final Conditional Commitment and Loan Note Guaranty

Lenders will be required to provide U.S. Bank the **final Conditional Commitment (RD 3555-18/18E)** and the **Loan Note Guaranty** once they are received from USDA as post-closing documentation requirements. As referenced in the **Correspondent Seller and HFA Division Lending Guides (900: Delivery and Funding > M. Final Documentation)**, lenders are required to provide original loan documents for each loan purchased by U.S. Bank within 90 days from date of purchase.

**Note:** Loans without a Conditional Commitment are not eligible for purchase.

## 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.