



Seller Guide Update



SEL-2022-058: Multiple Topics

September 30, 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.

Home Equity Investment/Home Equity Sharing Agreements

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 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: Immediately including all loans currently in pipeline.

To mitigate risk associated with Home Equity Investment/Home Equity Sharing Agreement, U.S. Bank will require the debt to be accounted for in the Debt-to-Income Ratio.

Home Equity Investment / Home Equity Sharing Agreement Definition

A home equity investment agreement is a strategy for turning a home's equity into cash. Also called home equity sharing agreements, these agreements allow the homeowner to receive a lump sum payment without taking on debt or monthly payments. In return, the investing company gets a percentage of the future value of the home.

While there are no monthly payments, the borrower is required to buy out the investing company's share of equity before the end of the term (typically 10 or 30 years) when the home is sold or refinanced.

When a debt balance (amount) is documented and/or reported on the Credit Bureau Report, U.S. Bank will require that this debt is accounted for in the Debt-to-Income Ratio Calculation, calculated by using .75% of the investment amount or debt balance.

Example

The borrower agrees to a home equity sharing agreement on their primary residence. The cash (\$200,000) from the agreement is used for down payment, reserves and closing costs on the borrower's purchase of a 2nd home. A \$1,500 qualification payment will be included in the monthly housing expense for the primary residence for the DTI calculation.

U.S. Bank must not hold the mortgage on the home that has the home equity sharing agreement.

Natural Disaster Procedures Reminder - Hurricane Ian

In anticipation of Hurricane Ian, we are sending a reminder of U.S. Bank's standing policy regarding procedures for areas impacted by a natural disaster. It is the responsibility of the Lenders to monitor areas in their regions that are impacted and to follow the procedures outlined below.

Natural Disaster Area Definition: Natural Disaster Areas are geographic areas identified as "Presidentially Declared Disasters" on the FEMA website as having Individual Assistance. U.S. Bank monitors the FEMA website and will issue a communication with the impacted counties when the disaster meets the definition.

Natural Disaster Incidence Date: The Natural Disaster Incidence date is the equivalent of the FEMA Declaration date found on the FEMA website.

Reinspection Requirements: Agency, Portfolio, VA, and RD loans with subject properties located in the impacted counties that have not CLOSED by the Disaster Declaration Date must follow the requirements listed in in AllRegs.

FHA loans with subject properties located in the impacted counties that have not been ENDORSED as of the Disaster Declaration Date must follow the FHA requirements listed in AllRegs.

Guide Updates: 711.20 FHA – Natural Disaster Procedures, 712.21 VA - Natural Disaster Procedures, 713.20 Agency – Natural Disaster Procedures, 714.1.10 Portfolio – Appraisal, 715.20 RD - Natural Disaster Procedures

Disaster Area Declarations

The following counties and areas in Florida have been declared as Presidential Disaster Areas with Individual Assistance.

- Agency, Portfolio, VA, and RD loans with subject properties located in the areas listed below that have not CLOSED by the Disaster Declaration Date must follow the requirements listed in in AllRegs.
- FHA loans with subject properties located in the areas listed below that have not been ENDORSED as of the Disaster Declaration Date must follow the FHA requirements listed in AllRegs.

Declaration Date	State	County
September 29, 2022	FL	Charlotte, Collier, DeSoto, Hardee, Hillsborough, Lee, Manatee, Pinellas, Sarasota, Miccosukee Tribe

Guide Section: 711.20 FHA – Natural Disaster Procedures, 712.21 VA - Natural Disaster Procedures, 713.20 - Natural Disaster Procedures, 714.1.10 - Natural Disaster Procedures, 715.20 RD - Natural Disaster Procedures

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.