



# Seller Guide Update



SEL-2022-064: Multiple Topics

November 14, 2022

- Correspondent Lending
- Housing Finance Agency (HFA)

## Table of Contents

### The following topics are included in this update:

Automation of Recent Product Updates .....	2
Tennessee as a High Risk State .....	2
Form 4506-C Request for Transcript of Tax Return Updates .....	3
Reminder: Updated Private Mortgage Insurance/Non-Delegated Underwriting Requirements .....	4
Common ARM Loan Review Error .....	4
Reminder: Special Feature Codes/Investor Feature Identifiers .....	5
Awareness: Updated USDA Forms .....	5
Reminder: Lender Portal Password Enhancements .....	6
Questions .....	6

## 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.



## Automation of Recent Product Updates

Underwriting/Delivery	
X	Corr. Delegated
X	Corr. Non-Delegated
X	Corr. EZD
X	Corr. Mandatory
	HFA Delegated
	HFA Non-Delegated
Products	
X	Conv. (Freddie)
	Conv. (Fannie)
X	Conv. (Portfolio)
	FHA
	VA
	Rural Development

The following recent Seller Guide Updates announcing various product updates have now been implemented systemically, and no longer require U.S. Bank's Client Support assistance to register and lock effective immediately:

### SEL-2022-036: Coming Soon: Geographic Market Restrictions

**Effective Date:** Effective with locks on or after July 18, 2022.

The following states were identified as experiencing sustained home price appreciation above historical norms. In compliance with U.S. Bank Corporate Credit Policy, **second mortgage** product guidelines were updated to reflect the maximum TLTV as outlined below:

**The following states will now be limited to a maximum TLTV of 85%:**

- Connecticut
- Illinois
- Maryland
- North Dakota
- New Jersey

**The following states will now be limited to a maximum TLTV of 80% (previously 85%):**

- Alabama
- District of Columbia
- Massachusetts
- Missouri
- Oklahoma
- Pennsylvania

**The following state will now be limited to a maximum TLTV of 80% (previously 75%):**

- Nevada

**Product Guides** were updated and are available in Section 500: Mortgage Programs:

- 3104 USBHM Fixed Rate Second (15-Year Amortization)
- 3105 USBHM Fixed Rate Second (30-Year Amortization)

### SEL-2022-045: Easy D Loan Delivery FICO and LTV/DTI Updates

**Effective Date:** Effective with locks on/after August 10, 2022.

We announced that we updated our Freddie Mac product guidelines to add an additional FICO and LTV/DTI option for investment properties specifically for purchase or no cash-out refinance transactions for loans delivered via Easy D delivery as indicated in **green** below:

Purchase or No Cash Out Refinance Transaction	Max LTV	Max TLTV/ TLTV	Easy D Min FICO	Easy D Max DTI
Investment Property 1-Unit	80%	80%	620 660	≤ 45% 45.01 - 50%
Investment Property 2-4 Unit	75%	75%	620 660	≤ 45% 45.01 - 50%

**Product Guides** were updated and are available in Section 500: Mortgage Programs:

- 3601 FHLMC 30-25 year
- 3602 FHLMC 15 year
- 3604 FHLMC 20 year
- 3619 FHLMC 10 year
- 3626 FHLMC Fixed Rate JUMBO Conforming 30-25 year
- 3627 FHLMC Fixed Rate JUMBO Conforming 15 year

## Tennessee as a High Risk State

Underwriting/Delivery	
X	Corr. Delegated
X	Corr. Non-Delegated
	Corr. EZD
X	Corr. Mandatory
X	HFA Delegated
X	HFA Non-Delegated
Products	
X	Conv. (Freddie)
X	Conv. (Fannie)
	Conv. (Portfolio)
X	FHA
	VA
X	Rural Development

**Effective Date:** Effective with loans locked on and after November 14, 2022.

Tennessee is being designated as a high risk collateral state, which will require a high risk appraisal review to be performed on all loans where the subject property is in Tennessee unless the loan is one of the excluded loan types:

**Excluded loan types include:**

- Easy D loans
- Loans with ACE/PIW
- VA Loans
- Second Mortgages
- FHA Conforming 1-unit owner occupied properties

## Form 4506-C Request for Transcript of Tax Return Updates

Underwriting/Delivery	
X	Corr. Delegated
X	Corr. Non-Delegated
X	Corr. EZD
X	Corr. Mandatory
X	HFA Delegated
X	HFA Non-Delegated
Products	
X	Conv. (Freddie)
X	Conv. (Fannie)
X	Conv. (Portfolio)
X	FHA
X	VA
X	Rural Development

In **SEL-2022-063**, we announced that on May 6, 2022, the Internal Revenue Service (“IRS”) released a draft of a revised Form 4506-C. The [IRS published a bulletin on November 1<sup>st</sup> announcing](#) that a new Form 4506-C is published and currently available online.

In addition to the revised form, the IRS also announced they are extending the deadline for transitioning to the new Form 4506-C. Both versions of the Form 4506-C will be accepted through February 28, 2023. Effective March 1, 2023, the newly published Form 4506-C will be the only form IVES Participants can use.

**U.S. Bank Acceptance:** U.S. Bank will begin accepting the updated Form 4506-C completed by the borrower in addition to continuing to accept the 4506-C form as outlined below:

### Effective Dates:

- **U.S. Bank will require usage of updated Form 4506-C for all closed loan packages delivered on and after December 1, 2022.**
  - If a loan is selected for a post-funding QC audit and the Form 4506-C in the loan file is not on the most recent form dated 5-2022, the lender will need to provide an updated executed 4506-C form or the Tax transcripts.
- **U.S. Bank is currently accepting the current and new forms.**

Lenders are encouraged to review the information shared by the IRS for complete details of all changes, as well as your respective document providers. The following items are highlights of changes to the new Form 4506-C:

- The form includes many changes to make the form better suited for optical character recognition (“OCR”) modernization efforts which will enhance the automated process of the form. The new form will no longer permit any editing of the form.
- Must be a clean typed copy of the 4506-C form.
  - Handwriting is unacceptable, except for the Signature and/or Sign Date and/or Title.
  - The form cannot be a combo of handwritten and typed.
  - We expect this requirement to affect only 1% of our current 4506-C submissions.
- Lines 1a. and 2a. provide the current name of the tax filer and joint spouse, if applicable, instead of the tax filer name(s) from last tax return.
- New lines 1c. and 2c. have been added to provide the names of tax filers on the last tax return, if different from current name(s) in 1a and 2a.
- Line 5a. now includes a new section for the IVES participant ID number, in addition to the IVES participant name, address, and SOR mailbox ID.
  - This is a required field where you will enter CoreLogic’s information, Participant ID, SOR Mailbox, and address. Any form missing this information will be rejected. Effective on all submissions of the new 4506-C form (5-2022), lenders must update the line 5a information to read as follows:
  - CoreLogic Credco, 40 Pacifica #900, Irvine, CA 92618. 877.877.6188, Participant #302617 Mailbox ID: CLGX4506T
- New line 5c. provides space to add an optional unique identifier which can be entered with “up to 10 numeric characters to create a unique identifier showing in the mailbox file information.”
- New line 5d. includes the client’s name, address, and telephone number. The form and instructions state that this section cannot be left blank or marked as not applicable (NA). The instructions for Line 5d. notes that the client company is the party that receives the requested tax transcripts from the IVES participant. If the IVES participant is also the client company, the IVES participant information will be the same on lines 5a. and 5d.
- Line 7 now has additional spaces added. Line 7a. allows for up to three tax form numbers to be added and line 7b. provides boxes to indicate to which taxpayer(s) the request for wage and income transcripts applies. If no boxes are marked, transcripts will automatically be provided for all listed taxpayers.
- The signature section adds a new box for each signer to check when the form is being electronically signed. Forms signed electronically without the box marked will be rejected. Only authorized IVES participants are allowed to submit requests with electronic signatures.

**Guide Update:** Multiple sections of the Correspondent Seller and HFA Lending Guide will be updated to reflect the acceptability of the 4506-C requirements.

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

Underwriting/Delivery	
	Corr. Delegated
X	Corr. Non-Delegated
	Corr. EZD
	Corr. Mandatory
	HFA Delegated
	HFA Non-Delegated
Products	
X	Conv. (Freddie)
X	Conv. (Fannie)
X	Conv. (Portfolio)
	FHA
	VA
	Rural Development

As published in **SEL-2022-054**, effective with credit packages received on or after **November 16, 2022**, 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.

**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:

- Lenders are reminded 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.

## Common ARM Loan Review Error

Underwriting/Delivery	
X	Corr. Delegated
X	Corr. Non-Delegated
	Corr. EZD
	Corr. Mandatory
	HFA Delegated
	HFA Non-Delegated
Products	
	Conv. (Freddie)
	Conv. (Fannie)
X	Conv. (Portfolio)
	FHA
	VA
	Rural Development

We would like to remind lenders of a very important item specific to ARM loan delivery and review that is currently trending as common issue in ARM loans submitted for purchase:

### Common error:

- The minimum (floor) interest rate was incorrectly stated on the Note and Rider. The Lifetime Floor should be the same as the margin after the initial fixed rate.

**Reference:** Lenders are encouraged to review the materials in our Correspondent Seller Guide specific to our U.S. Bank Portfolio ARM products including:

- [3307](#) - Elite 3/1 ARM
- [3045](#) - Elite 5/1 ARM
- [3309](#) - Elite 7/1 ARM
- [3317](#) - Elite 10/1 ARM
- [3319](#) - 10/1 Jumbo ARM LPMI 85.01% - 90%
- [3320](#) - 10/1 Jumbo ARM LPMI 80.01%-85.01%
- [1024](#) - FHA 5/1 ARM 2% Margin
- [1025](#) - FHA Jumbo 5/1 ARM 2% Margin
- [2024](#) - VA 5/1 ARM
- [3141](#) - Conventional One-Year ARM 2<sup>nd</sup>

**Reminder:  
Special Feature  
Codes/Investor  
Feature  
Identifiers**

Underwriting/Delivery	
X	Corr. Delegated
	Corr. Non-Delegated
	Corr. EZD
X	Corr. Mandatory
X	HFA Delegated
	HFA Non-Delegated
Products	
X	Conv. (Freddie)
X	Conv. (Fannie)
	Conv. (Portfolio)
	FHA
	VA
	Rural Development

As published in **SEL-2022-057**, effective with loans delivered on and after **November 17, 2022**, we have added new forms to our Correspondent Seller and HFA Lending Guides that will assist lenders in providing the Fannie Mae Special Feature Code (SFC) and Freddie Mac Investor Feature Identifier (IFI) for all applicable loans during the file submission process to U.S. Bank.

**Agency - Special Feature Code (SFC)/ Investor Feature Identifier (IFI)**

Please provide information for any of the Fannie Mae Special Feature Codes (FN SFC) and Freddie Mac Investor Feature Identifiers (FH IFI), as applicable, and include the form in the closed loan file delivered to U.S. Bank.

Correspondent	HFA
With the exception of Government, Easy D, Portfolio, or Non-Delegated loans, this form is required for all other Correspondent loans with any of these features.	With the exception of Government, Non-Delegated loans, this form is required for all HFA loans with any of these features.

**Examples include:**

- Transaction is secured by properties with income-based resale restrictions terminating upon foreclosure. (FN and FH 630)
- Military Borrower absent from their home for an extended period of time due to a deployment. (FN 754/FH D76)
- SSN Positively Validated through Social Security Administration. (FN 162)

Lenders are encouraged to review the new forms in their entirety for a list of all applicable requirements as the items above are examples only.

**Guide Update:** [Correspondent](#) and [HFA](#) Form 1143.22: Agency Special Feature (SFC)-Investor Feature Identifier (IFI).

**Awareness:  
Updated USDA  
Forms**

Underwriting/Delivery	
X	Corr. Delegated
X	Corr. Non-Delegated
	Corr. EZD
	Corr. Mandatory
X	HFA Delegated
X	HFA Non-Delegated
	Conv. (Freddie)
	Conv. (Fannie)
	Conv. (Portfolio)
	FHA
	VA
X	Rural Development

As a courtesy to our valued lenders, please be aware that USDA Rural Housing recently announced updated forms as follows:

- Form RD 3555-21 Request for Single Family Housing Loan Guarantee
- Form RD 3555-17 Loan Note Guarantee
- Form RD 3555-18 Conditional Commitment for Single Family Housing Guarantee
- Form RD 3555-11 Lender Record Change

As a reminder, while the use of these forms became available September 1, 2022, the new version of Form RD 3555-21 is required for loans submitted to the USDA on or after November 30, 2022. Lenders are encouraged to review the [USDA eForms website](#) for complete details.

## Reminder: Lender Portal Password Enhancements

Underwriting/Delivery	
X	Corr. Delegated
X	Corr. Non-Delegated
X	Corr. EZD
X	Corr. Mandatory
	HFA Delegated
	HFA Non-Delegated
Products	
X	Conv. (Freddie)
X	Conv. (Fannie)
X	Conv. (Portfolio)
X	FHA
X	VA
X	Rural Development

## Questions

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In **B-2022-47**, we announced that Lender Portal users now have the ability to unlock their profiles by using the “Forgot Password” link on the log in screen.

- Users no longer need to engage a Seller Administrator if they are locked out.
- Clicking the “Forgot Password” link will unlock the profile, deliver a temporary password to the user’s email, and prompt the user to provide a new password upon login.
- If the profile is fully disabled, a Seller Administrator still needs to restore it.

We have also updated the **Lender Portal User Guide** and **Client Administrator** training material to support this enhancement. Simply login, click on Resources on the left navigation menu and then click on Additional Resources.



**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.

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