

# Seller Guide Update



SEL-2022-066: Multiple Topics

November 28, 2022

- ☒ Correspondent Lending
- ☒ Housing Finance Agency (HFA)

## Table of Contents

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

Retraction: Form 4506-C Request for Transcript of Tax Returns Update .....	2
Seasoning Requirement on VA Construction to Permanent Purchase.....	2
Freddie Mac Correspondent Assignment Center Retiring .....	3
Clarification: Tennessee as a High Risk State.....	3
End of Cycle Coming Soon - Government ARM Change Dates .....	3
Questions .....	3

## 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.



## Retraction: Form 4506-C Request for Transcript of Tax Returns Update

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

## Seasoning Requirement on VA Construction to Permanent Purchase

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

In **SEL-2022-064**, published on November 14, 2022, we announced updates to form 4506-C Request for Transcript of Tax Returns; we also published an additional clarification in **SEL-2022-065** on November 18, 2022, regarding the most recent form dated 10-2022.

Since that time, we have received valuable feedback from lenders and industry partners regarding the overall readiness to begin using the updated form.

To better understand the overall impacts, and to allow time for the IRS to provide additional clarity on usage of the revised form, we are retracting the effective date as originally communicated as shown below from **SEL-2022-064**; we will share additional information including new effective dates as they are available, and once clarification is received.

### Retracted Information – the following information is retracted:

**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 (retracted).**

Effective immediately, we are clarifying our VA guidelines to include the following:

### Seasoning requirement on Construction to Permanent Purchase

“Permanent Financing Construction Loan” means a loan used to provide permanent financing for a newly-constructed single-family home, and to satisfy an existing lien against such home resulting from the corresponding construction.

If the loan does not meet all criteria under a construction permanent purchase it will be considered a cash-out refinance and subject to Ginnie Mae seasoning and LTV requirements as shown below:

	Construction to Perm Purchase	Construction Perm Refinance (Cash Out)
Construction	Properties that have not been previously occupied and are <1 year old based on the Certificate of Occupancy date.	Properties that have been complete >1 year based on the Certificate of Occupancy date, and properties that are less <1 year old and have been previously occupied, are considered existing and must be considered a refinance.
VA WebLGY Case Order	Purchase	Cash Out Refinance
VA Guaranteed	Purchase	Cash Out Refinance
LTV	100%*	90% Including Funding Fee*
Seasoning Required	No	Yes

\*Refer to Product Guidelines for maximum LTV based on loan amount.

**Guide Update:** The following VA Product Guides have been updated: 2001, 2002, 2009, and 2024.

## Freddie Mac Correspondent Assignment Center Retiring

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 type="checkbox"/>	Conv. (Fannie)
<input type="checkbox"/>	Conv. (Portfolio)
<input type="checkbox"/>	FHA
<input type="checkbox"/>	VA
<input type="checkbox"/>	Rural Development

## Clarification: Tennessee as a High Risk State

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

## End of Cycle Coming Soon - Government ARM Change Dates

In September of this year, [Freddie Mac shared](#) that they are retiring the Correspondent Assignment Center on December 3, 2022.

As shared by Freddie Mac, third-party originators (TPOs) and Freddie Mac authorized sellers will no longer be able to assign loans to, and share data with, aggregators through the tool.

This will not impact your loan submissions to U.S. Bank in any way. We will communicate any future and applicable technology initiatives as they are available. Lenders are encouraged to review the information shared by Freddie Mac for complete details.

In **SEL-2022-065** published on November 14<sup>th</sup>, we announced that effective with loans locked on and after November 14, 2022, Tennessee was being designated as a high risk collateral state, which requires 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

To clarify further, U.S. Bank will notify lenders via our High Risk Collateral Review email process within Lender Portal when an appraisal is required as indicated above for properties located in Tennessee.

As a reminder, we are quickly approaching the end of a cycle to accept specific change dates for FHA/VA ARM loans as follows:

- **Last Day to Purchase** – November 18, 2022, was the last day to purchase FHA/VA ARM loans with an January 1, 2029 change date.
- **Loans Purchased and Change Date Requirements** - Loans purchased after November 18, 2022 must have an April 1, 2023, change date.

This applies to all loans that are scheduled to be delivered or have been delivered.

**Guide Update:** 1300: ARM Documents > Disclosures > [FHA/VA ARM Change Dates](#)

## 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.