



# Seller Guide Update



SEL-2023-011: Multiple Topics

March 3, 2023

- 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.



## HUD Mortgagee Letter 2023-05

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

**Effective Date:** The Mortgagee Letter reduces the rate for annual MIP, effective for loans endorsed on or after March 20, 2023.

U.S. Bank is aligning with HUD’s recent [Mortgagee Letter \(ML\) 2023-05](#), which announced the reduction of Federal Housing Administration (FHA) annual Mortgage Insurance Premium (MIP) rates. The Mortgagee Letter reduces the rate for annual MIP, effective for loans endorsed on or after March 20, 2023. U.S. Bank will purchase loans with reduced premium amounts if the date of insuring (endorsement) is on or after March 20, 2023.

Any loan insured prior must use the current premiums.

For additional information, please also refer to the [FHA FAQs here](#). We have included a few of the specific questions here for convenience, as shared by FHA.

Scenario	Question	Answer
<b>Loans closed not yet endorsed</b>	For loans that already closed, not yet endorsed – if a lender wants to take advantage of the Annual Mortgage Insurance Premium (MIP) reduction, can they wait until March 20, 2023, to endorse the loan? If so, do they have to re-close the loan, re-run FHA’s Technology Open to Approved Lenders (TOTAL) Mortgage Scorecard and re-underwrite?	Yes, if the Lender can satisfy all FHA and other applicable requirements, including required timeframes for endorsement and delivery and updating disclosures as needed. The loan does not need to be re-closed, re-underwritten, or rescored through FHA’s Technology Open to Approved Lenders (TOTAL) Mortgage Scorecard. For additional information on the Annual MIP premium reduction see Mortgagee Letter 2023-05 at <a href="https://www.hud.gov/program_offices/administration/hudclips/letters/mortgagee">https://www.hud.gov/program_offices/administration/hudclips/letters/mortgagee</a> .
<b>Loans not yet closed</b>	For loans currently in the pipeline, not yet closed – how does a lender take advantage of the Annual Mortgage Insurance Premium (MIP) reduction?	If the loan is not yet closed, the Lender may update the Borrower’s monthly payment obligation to reflect the lower Annual Mortgage Insurance Premium (MIP) (which Mortgagee Letter (ML) 2023-05 makes effective for all endorsements on or after March 20, 2023).  For FHA’s Technology Open to Approved Lenders (TOTAL) Mortgage Scorecard, the loan can be rescored with the updated payment information. Re-underwriting the Borrower’s payments and re-scoring through TOTAL is not required. To process any loan with the lower MIP rates, the Lender must be able to endorse on or after March 20, 2023, and satisfy all FHA and other applicable requirements.

**HUD Mortgagee Letter 2023-05, continued**

[FHA FAQs](#) continued:

Scenario	Question	Answer
<b>No Impact on UFMIP</b>	Do the changes announced in Mortgagee Letter 2023-05 affect the Upfront Mortgage Insurance Premium (UFMIP) or the process to submit it?	There are no changes to the Upfront Mortgage Insurance Premium (UFMIP) remittance process and UFMIP should continue to be paid on time. Lenders must comply with late endorsement requirements if the loan endorsement occurs more than 60 days past closing.
<b>FHA Connection will be updated</b>	Will FHA Connection be updated to reflect the lower Annual Mortgage Insurance Premium (MIP) for all cases that have not yet been endorsed by March 19, 2023?	FHA Connection will be updated to reflect the lower Annual Mortgage Insurance Premium (MIP) rates for all cases endorsed on and after March 20, 2023.
<b>Loans receiving NOR</b>	How does the change in the Annual Mortgage Insurance Premium (MIP) rate affect those loans that have received a Notice of Return (NOR)?	The Annual Mortgage Insurance Premium (MIP) rate change announced in Mortgagee Letter 2023-05 is based on the endorsement date so if the Notice of Return (NOR) is lifted and the loan is endorsed on or after March 20, 2023, the new Annual MIP rates apply.
<b>No new Case Number necessary</b>	Do I need to get a new case number to take advantage of the new Annual Mortgage Insurance Premium (MIP) rates?	No, you do not need to cancel the case number and get a new one to get the updated Annual Mortgage Insurance Premium (MIP) rate. The new rates are based on loan endorsement date, not case number assignment date.

**Guide Update:** FHA product guidelines will be updated closer to the effective date.

**Compliance Updates: 2023 Thresholds**

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

**Effective Date:** Immediately

We have made updates to the Section 400.3: Anti-Predatory Lending and Unfair and Deceptive Practices (UDAAP) of the Correspondent Seller and HFA Lending Guides specific to HOEPA/High-Cost Thresholds for 2023. Loans covered under HOEPA undergo three tests to determine if they are high-cost. The points and fees test align with the points and fees test for Qualified Mortgages (QMs) as shown in the Correspondent Seller and HFA Lending Guides.

As a reminder, Section 400.19: Truth in Lending Act (TILA) and Regulation Z was updated in January 2023 as published in **SEL-2023-002**.

**Guide Updates:** 400.3: Anti-Predatory Lending and Unfair and Deceptive Practices (UDAAP)

## Final Reminder: Streamlined Correspondent Relations Email

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

In **SEL-2022-050** and **SEL-2022-057**, we announced that effective October 1, 2022, we would soon consolidate two U.S. Bank Correspondent Relations shared email addresses into one, single-point of contact as shown below. This is a final reminder to take the appropriate steps to utilize the new single-point of contact email as we will no longer monitor the old email address.

Shared Email Eliminated	New Single-Point of Contact Email
<a href="mailto:Owensboroloanreview@usbank.com">Owensboroloanreview@usbank.com</a>	<a href="mailto:Correspondentloanreview@usbank.com">Correspondentloanreview@usbank.com</a>

As a reminder, for loans submitted for purchase, lenders may utilize the **Correspondent Relations** single point of contact for questions regarding:

- Loan Status
- Funding
- Conditions
- Delivery and Funding requirements

**Updated Correspondent Lending Directory:** The updated [Correspondent Lending Directory](#) is available in the Directory Library within AllRegs.

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

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** – February 17, 2023, was the last day to purchase FHA/VA ARM loans with an April 1, 2028 change date.
- **Loans Purchased and Change Date Requirements** - Loans purchased after February 17, 2023 must have a July 1, 2028, 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.