



Seller Guide Update



SEL-2023-024: Multiple Topics

April 28, 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.



Agency Underwriting Changes

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)
	Conv. (Fannie)
	Conv. (Portfolio)
	FHA
	VA
	Rural Development

Effective Date: New Correspondent registrations and HFA reservations on/after May 1, 2023.

U.S. Bank is announcing the recent updates to Agency Guidelines impacting the following:

- Exclusion of payment on an assumed mortgage from monthly debt payment-to-income ratio.

Exclusion of payment on assumed mortgage from monthly debt payment-to-income ratio

Currently, Freddie Mac permits the payment on a mortgage that was assumed by another party to be excluded from the Borrower's monthly debt payment-to-income ratio, provided the mortgage file contains evidence of the property transfer and a copy of the fully executed assumption agreement.

Freddie Mac is updating their requirements to:

- Specify that the payment may be excluded when the borrower has not been legally released from liability on the assumed Mortgage by the Servicer or owner of the mortgage, and
- Add the requirement that the mortgage file contains evidence that the assignee has made timely payments on the assumed Mortgage for at least the most recent 12 months.

For additional information, refer to [Section 5401.2 Monthly debt payment-to-income ratio](#)

Reminder: Final Document Delivery Penalties

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

Effective Date: For loans closed on and after May 1, 2023.

As a reminder, and as published in **SEL-2023-018**, as stated in Section 640.2 of the Correspondent Seller and HFA Lending Guide, U.S. Bank requires that all accurate/correct final documents be delivered to U.S. Bank within 90-days of loan purchase.

As a reminder, if all accurate/correct final documents required are not delivered to U.S. Bank within the allotted time frame, U.S. Bank may assess a \$50 monthly penalty fee per deficient loan. Billing notifications are delivered once a month for outstanding final documents from the previous month and are due within 30-days from billing date.

- **For loans closed prior to May 1, 2023, fees will apply** if all accurate/correct final documents are not received by U.S. Bank within **180-days** of purchase (when final documents are 90-days past due).
- **For loans closed May 1, 2023, and after, fees will apply** if all accurate/correct final documents are not received by U.S. Bank within **120-days** of purchase (when final document are 30-days past due).

When delivering final documentation, please remember to allocate and account for adequate time for U.S. Bank to perform our loan review of the associated loan documents.

Guide Update: 640.2: Final Document Delivery Penalties

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.