



Seller Guide Update



SEL-2023-035: Multiple Topics

June 30, 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
	Corr. EZD
X	Corr. Mandatory
X	HFA Delegated
X	HFA Non-Delegated
Products	
	Conv. (Freddie)
X	Conv. (Fannie)
	Conv. (Portfolio)
	FHA
	VA
	Rural Development

Effective Date: Immediately

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

- Acceptable uses for limited cash-out refinance transaction
- Requirements for credit reports

Acceptable uses for limited cash-out refinance transaction

Fannie Mae provided additional details in [B2-1.3-02, Limited Cash-Out Refinance Transactions](#) regarding acceptable uses for funds obtained from a limited cash-out refinance as follows:

- Clarified that the proceeds may be used to satisfy additional amounts required to pay off the existing first mortgage, including a deferred balance resulting from previous loss mitigation, and late fees. (Note: This does not include Second Mortgages created during the loss mitigation process); and
- Allowing the proceeds to be used to satisfy any share of appreciation due to a provider under the terms of a shared appreciation agreement when the subordinate lien is a Community Seconds® loan.

Requirements for credit reports

Fannie Mae updated [B3-5.2-01, Requirements for Credit Reports](#) and [D1-3-02, Lender Post-Closing Quality Control Review of Approval Conditions, Underwriting Decisions, and Documentation](#) to clarify when a credit report must generate an inquiry that will appear on future reports (in addition to listing all inquiries made in the previous 90 days). Credit reports used for underwriting must generate an inquiry on future reports, but this is not required for reports used in the post-closing reverification process.

Address Change: Final Document Delivery Penalties Fees

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: Immediately, but no later than August 11, 2023.

As is referenced in Section 640.2 of our Correspondent Seller and HFA Lending Guides, if a lender does not deliver all accurate/correct final documents required for any mortgage loan to U.S. Bank within 120 days of purchase, U.S. Bank may assess a \$50 monthly penalty fee per deficient mortgage loan.

Updated Penalties/Fee Address

Effective immediately, we have updated the address used for lenders to submit fee payments for outstanding Final Document penalties. Please send checks to U.S. Bank to:

New Address (May begin using immediately)	Current Address (Will no longer be active beginning August 11, 2023)
U.S. Bank Attention J. Spradlin 3151 Highland Pointe Dr Owensboro, Kentucky 42303-7836	U.S. Bank Attention: S. Deininger 6000 Lombardo Center Ste. 100 Seven Hills, OH 44131

Important Notes:

- We have already updated our monthly letter that includes the Final Document Tracking Report which is sent to your company each month in an effort to keep you informed of your outstanding final loan documentation for the mortgage loans you have sold to U.S. Bank.
- **This address changes is for Final Document Penalty Fees only and does not impact the address used for sending in Final Documents as stated in our guides.**

Required use of Fannie Mae Condo Project Manager (CPM)

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)
	FHA
	VA
	Rural Development

In **SEL-2023-028** published on May 19, 2023, we announced our alignment with [Fannie Mae's Selling Guide Announcement \(SEL-2023-02\)](#) dated March 1, 2023, where Fannie Mae advised they are requiring lenders to use CPM for all condo projects being reviewed under the Full Review Process. Please refer to the following information for additional impacts:

Delegated Lenders

As a reminder and as previously communicated in **SEL-2023-028**, Delegated lenders submitting loans through Desktop Underwriter® (DU®) must use Condo Project Manager (CPM) for Full Reviews for loan applications dated on and after July 1, 2023.

Non-Delegated Lenders

U.S. Bank will no longer require a Limited/Streamlined or Full Review by PAD when the project has an "Approved by Fannie Mae" Status. Non-delegated lenders submitting loans through DU® must provide a copy of the CPM indicating "Approved by Fannie Mae" in the loan package.

When a project is on the Reviewed Project List as approved, the CPM ID and Status can be found in the Fannie Mae Status Comments. To obtain a copy of the CPM, a request for "Approved by Fannie Project" must be submitted to PAD. When a full review is submitted to PAD, the Approval Letter will include a copy of the CPM.

Flood Insurance

CPM requires a project level review of a project's flood insurance when the subject property is located within flood zone A or V. As part of the PAD submission process, a copy of the flood certification and flood insurance (when applicable) will be required.

PAD will complete the project level flood review and the Centralized Flood Team will complete the final flood insurance review. Approval of the project when flood insurance is required does not supersede any Centralized Flood Team review and requirements.

Freddie Mac – Florida Specific Restrictions

Loans secured in established projects of 5 or more units in Florida using a Fannie Mae CPM status of "Certified by Lender" require the same LTV limitations as streamline review. If the LTV/CLTV/HCLTV exceeds the limitations, the project must be submitted to PAD for a full review. Please refer to product guidelines for details.

Submission Sheets

The Condominium Submission Sheets have been updated and are located in AllRegs under Condominium Forms > Submission Sheets.

Guide Updates: 811.1 Streamlined/Limited Review, 811.3.1 Full Project Review, 811.6 Insurance Requirements for Conventional Loans, 811.9 Geographic Specific Condo Project Considerations, 811.14 Condo Project Manager (Approved by Fannie Mae), Streamlined/Limits Review Submission Sheet, FHA Reciprocal Review Submission Sheet, PERS Approved Project Review Submission Sheet, Full Review Submission Sheet

Clarification: Restricted Stock Units

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
	Rural Development

In **SEL-2023-032** published on June 16th, we announced changes to our Restricted Stock Units (RSU) policy. Please note the following clarification related to the income calculation as shown in **green** below:

Income will be calculated as follows:

- Calculation of the most recent two years vested historical RSU Income.
- Calculation of the projected RSU (based on shares anticipated to vest in current year multiplied by the stock price at the end of day on the application date.)
- Compare the historic income to the projected income.
 - If there is less than a 10% decline in the income, the historical RSU income will be used to determine the value of continuance.
 - **If there is a 10% or higher decline in the income, the projected income using the 52-week low stock price (back from the application date) will be used to determine the value of continuance.**

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.