



Seller Guide Update



SEL-2023-046: Multiple Topics

August 11, 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.



Qualifying Rate for 7- and 10-year ARM (FNMA SEL-2023-05)

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)
	Conv. (Portfolio)
	FHA
	VA
	Rural Development

Effective Date: U.S. Bank will align with the DU implementation scheduled for the weekend of August 19, 2023.

In [Fannie Mae's Selling Guide Announcement SEL-2023-05](#) published on June 7th, they announced updates to the Qualifying rate for 7- and 10-year ARM.

Fannie Mae currently requires borrowers applying for an ARM with an initial fixed-rate period of greater than five years (7- and 10-year ARM) to be qualified based on the greater of the note rate or the fully indexed rate. Based on our policy, the ARM plan must be tied to the Secured Overnight Financing Rate (SOFR) Index, using a 30-day average SOFR index as published by the Federal Reserve Bank of New York.

To simplify qualification, the agency updated their Selling Guide to allow 7- and 10-year ARM borrowers to be qualified using only the Note rate. The greater of the Note rate or the fully indexed rate is still required for loans that are higher-priced mortgage loans or higher-priced covered transactions under Regulation Z.

U.S. Bank Product Guidelines (including Agency SOFR ARMs)

U.S. Bank will update applicable product guidelines and align to the DU implementation date on August 19th [including our new SOFR ARM products](#).

Qualifying Rate (FNMA/FHLMC)

- Note Rate for mortgages that are not Higher-Price Covered Transaction (HPCTs) or Higher Priced Mortgage Loans (HPMLs).
- Greater of the Note Rate or the fully indexed rate for mortgages that are HPCTs or HPMLs.

Guide Update: Applicable product guidelines have been updated.

Reminder: Temporary Buydown Eligibility 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)
X	Conv. (Fannie)
	Conv. (Portfolio)
X	FHA
X	VA
	Rural Development

As a reminder, and as published in SEL-2023-042 and SEL-2023-042A, effective with locks and/or relocks on and after **August 11, 2023**, U.S. Bank is making updates to our Temporary Interest Rate Buydown eligibility guidelines.

Please refer to **SEL-2023-042** and **SEL-2023-042A** for details as well as the updated items in our Correspondent Seller Guide as shown below.

Updated Correspondent Seller Guide

These items have been updated and are available in the Correspondent Seller Guide:

- **Product Guidelines**
 - 3501 Fannie Mae
 - 3601 Freddie Mac
 - 3519 Home Ready Fixed FNMA
 - 3687 HomePossible Fixed FHLMC
 - 1004 FHA Fixed
 - 2001 VA Fixed
- **Correspondent Overlay Matrices**
 - 1400.01: US Bank Delegated Correspondent Agency Overlays
 - 1400.02: US Bank Delegated Correspondent Government Overlays
 - 1400.03: US Bank Non-Delegated Correspondent Agency Overlays
 - 1400.04: US Bank Non-Delegated Correspondent Agency Overlays
- **Best Practices for Temporary Buydowns**
- **1100: Exhibits, Forms & Checklists > 1160.28: Frequently Asked Questions (FAQs)**

Address Change Reminder: 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, KY 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 sold to U.S. Bank.
- This address change is for Final Document Penalty Fees only and does not impact the address used for sending in Final Documents as stated in our guides.**

Reminder: Supplemental Consumer Information Form (Form 1103) for FHA Loans

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

Effective Date: The new Supplemental Consumer Information Form (Form 1103) must be present in all FHA loans delivered to U.S. Bank with application dates on or after August 28, 2023.

As was originally published in **SEL-2023-041**, the Federal Housing Administration (FHA) published [Mortgagee Letter \(ML\) 2023-13 on June 27th](#), announcing the requirement for the *Supplemental Consumer Information Form*. The Supplemental Consumer Information Form (SCIF) contains information about the borrower's language preference, if any, and any homeownership education and housing counseling the borrower may have received. This ML requires mortgagees to provide prospective forward mortgage borrowers with the SCIF at the time of application, and to submit this information to FHA as part of the lender's required loan application data submissions. **Borrowers may elect to provide their lenders with no information, some information or all the information requested in the SCIF. FHA loans delivered for purchase should include at least one SCIF form with at minimum one borrower name and loan number present on the form. A blank form is acceptable as long as it has the borrower name and loan number.**

SEL-2023-009: SCIF (Form 1103) For Conventional Agency Loans: As a reminder and as published in SEL-2023-009 on February 10, 2023, this requirement further compliments the requirement for Form 1103 to be present in all Conventional Agency loans delivered to U.S. Bank with application dates on or after March 1, 2023 of this year.

FHA Resources: Please refer to the FHA ML Letter for complete details: [Mortgagee Letter \(ML\) 2023-13](#)

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.