



Seller Guide Update



SEL-2024-003: Multiple Topics

January 12, 2024

- Correspondent Lending
- Housing Finance Agency (HFA)

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Summary



U.S. Bank Correspondent Seller and HFA Lending Guides

The items listed above have recently been updated in the Correspondent Seller and HFA Lending Guides, specific to Loan Delivery, Underwriting and Credit Policy.

- 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 Correspondent Seller and HFA 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 always be utilized as the source of truth.
- As a reminder, U.S. Bank publishes a monthly summary of all Correspondent and HFA communications published for the previous month. This summary is intended to assist you in making sure your organization received and read all U.S. Bank communications published during the prior month. All documents are published in our Correspondent and HFA Communications libraries in Section 1000 of AllRegs:
 - 1010: Bulletins
 - 1011: Seller Guide Updates
 - 1012: Best Practices
 - 1013: Pricing Flashes

Underwriting, Delivery, and Product Grids

For overall ease of use, we have enhanced our communications to include underwriting and delivery method checkboxes to each section when applicable.

You'll also find grids that outline the applicable products.

Effective Date

Immediately unless otherwise noted within each section.



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: Effective Immediately

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

- Income Calculator
- Certified Shared Equity Program List
- Verification of employment alternatives

Income Calculator

Fannie Mae has created a new tool – [Income Calculator](#) – to assist lenders in accurately determining the monthly qualifying income for self-employed borrowers. The Income Calculator provides a complete analysis of self-employment income for each borrower on a business-by-business basis and produces a Findings Report.

For loans underwritten by U.S. Bank, we will continue to use our current tools and processes for income calculation.

Certified Shared Equity Program List

Fannie Mae has added a [Certified Shared Equity Program List](#) to help lenders identify those programs that meet specified Duty to Serve Plan and Selling Guide requirements. The list includes both Community Land Trust (CLT) and Deed Restriction programs with Shared Equity (IRPR).

For loans underwritten by U.S. Bank, this list has been incorporated into the Deed Restriction Review Checklist. When a Shared Equity program (IRPR) is listed on Fannie Mae's list, escalation for review the Shared Equity Program is no longer required. All other Deed Restriction requirements must be reviewed and deemed acceptable.

Reminder: **U.S. Bank will only allow deed restrictions with shared equity, regardless of Fannie Mae list, when it is through a governmental entity, such as a city, county or municipality.**

Verification of employment alternatives

Fannie Mae has made policy updates to the alternative verbal verification of employment requirements when an employer will not provide a verbal verification of employment (verbal VOE). When the alternative documentation is used, lenders remain responsible for representations and warranties related to the borrower's income, employment, and assets. This includes re-underwriting the loan if the documentation introduces new information (such as impacts to the debt-to-income ratio if the income amount changes or evaluating large deposits, if applicable).

Awareness: Condo Project Advisor Project Assessment Request (PAR) Enhancements

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: Requirements pertaining to the Not Eligible status are effective February 26, 2024.

As a point of awareness, on December 6, 2023, Freddie Mac published [Bulletin 2023-24](#) announcing they are enhancing Condo Project Advisor Project Assessment Request (PAR) to include a new PAR finding status, Not Eligible, to indicate that a project does not meet certain project review and general eligibility requirements.

Freddie went on to share that a mortgage secured by a Condominium Unit in a Condominium Project that receives a Not Eligible status is ineligible for sale to Freddie Mac and will be identified as such in Condo Project Advisor (CPA), Loan Product Advisor (LPA), Loan Quality Advisor® (LQA) and Loan Selling Advisor (LSA). Condominium Projects that do not receive a Not Eligible status must still be assessed for compliance with all applicable requirements.

Loan Product Advisor (LPA) Feedback Messages - Condominium Projects: Not Eligible Status Messages

Freddie Mac has also published updated [feedback messages](#) to support updates to the condo project policy announced in Bulletin 2023-24.

- When a loan is submitted to LPA and the Project Legal Structure type is “Condominium,” an LPA service will run an internal check to identify whether the project is one that has a Not Eligible status in Condo Project Advisor®. If the project has this status, LPA will return a message identifying the reason for the ineligibility and indicating that Freddie Mac will not purchase the loan secured by the condo unit in the condo project.
- With this new feedback message, Freddie Mac is assisting their sellers early in the origination process in identifying condo projects that do not meet their requirements.
- They have also added an informational message in the Collateral section of the feedback certificate to alert users when Condo Project Advisor is not available and thus the project has not been assessed for a Not Eligible status.

Additional Resources

Freddie Mac

- [Bulletin 2023-24](#) (12/6/23)
- Feedback Messages - More information on the new Output (including feedback messages) can be found on [Resources & Learning - Freddie Mac Single-Family](#).
- Frequently Asked Questions (FAQs) - updated [FAQs](#) for more information.

**Reminder:
Supplemental
Consumer
Information Form
(Form 1103)**

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)
	Conv. (Portfolio)
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	VA
	Rural Development

As a reminder, in **SEL-2023-009 (2/10/23)**, we announced that the **Supplemental Consumer Information Form (Form 1103)** must be present in all Conventional Agency loans delivered to U.S. Bank with application dates on or after March 1, 2023.

Given recent trends of missing data elements as required by the GSEs, particularly the items highlighted below, we are reminding lenders of the instruction for proper completion of Form 1103. The items below are highlights only; lenders are encouraged to review GSE instruction in detail as linked within the **Additional Resources** section of this communication.

Additional Background

At the direction of the Federal Housing Finance Agency (FHFA), Fannie Mae and Freddie Mac (the GSEs) [announced](#) on May 3, 2022, that the Supplemental Consumer Information Form (SCIF Fannie Mae/Freddie Mac Form 1103) would be a required document in the loan file for new conventional loans sold to the GSEs with application dates on or after March 1, 2023. Although the GSEs previously communicated that the SCIF is not required, they made this change to facilitate the collection of borrower preferred language, applicable homeownership education, and housing counseling details.

Fannie Mae (LL-2022-03)	Freddie Mac (Bulletin 2022-15)
<p>Homeownership Education and Housing Counseling: High-quality homeownership education and housing counseling can provide borrowers with information and resources to make informed decisions that support long-term homeownership sustainability.</p> <p>The lender or borrower should complete the education and counseling sections of the form if required by the Selling Guide, B2-2-06, Homeownership Education and Housing Counseling. This section can also be completed if the borrower obtained education or counseling even if not required for the specific transaction.</p> <p>Language Preference: The lender must present the form to the borrower to provide a preferred language preference. The borrower is not required to select any of the language options in the “Language Preference” and may leave this section blank.</p> <p>As a result, there may be instances where the form in the loan file only includes the loan identifier information and the borrower’s name. The lender may inform the borrower that the answer will NOT negatively affect the mortgage application and explain the instructions and other information provided for use of the form.</p> <p>A copy of the form must be maintained in the loan file for all loans with application dates beginning March 1, 2023.</p>	<p>We are updating the Guide to reflect that a Record, as that term is defined in Section 1401.2, of Form 1103 must be present in the Mortgage file. The “Homeownership Education and Housing Counseling” section of the SCIF must be completed if required by the loan program or product for which the Borrower has applied.</p> <p>The lender must present the SCIF to the Borrower to provide a preferred language, but the Borrower is not required to select any of the language options in the “Language Preference” section.</p> <p>As a result, there may be instances where the SCIF in the Mortgage file only includes the loan identifier information and the Borrower name. A copy of the form must be maintained in the loan file for all loans with application dates beginning March 1, 2023.</p>

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**Reminder:
Supplemental
Consumer
Information Form
(Form 1103),
continued**

Additional Resources

- **U.S. Bank Seller Guide Updates**
 - SEL-2023-009 (2/10/23) – [Correspondent/HFA](#)
- **Federal Housing Finance Agency (FHFA)**
 - [May 3, 2022 – FHFA Announces Mandatory Use of the Supplemental Consumer Information Form](#)
 - [August 10, 2022 - FHFA Announces Update for Servicers to Maintain Fair Lending Data](#)
- **Joint Announcement: [May 3, 2022 – Joint Fannie Mae and Freddie Mac \(GSE\) Announcement](#)**
- **Fannie Mae**
 - [Lender Letter \(LL-2022-03\): Supplemental Consumer Information Form \(7/6/22\)](#)
 - [FAQs: Uniform Residential Loan Application / Uniform Loan Application Dataset](#)
- **Freddie Mac**
 - [Bulletin 2022-15: Form 1103, Supplemental Consumer Information Form \(SCIF\) \(7/6/22\)](#)
 - For questions about [Form 1103](#) or supporting documents, please review Freddie Mac's [FAQs](#)

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.
