



Seller Guide Update



SEL-2024-017: RD HB- 1-3555 Update 9 10 & 16

May 3, 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.



RD HB- 1-3555 Update 9 10 & 16

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

Effective Date: Immediately

Updates to Rural Development HB-1-3555 Single Family Housing Guaranteed Loan Program Handbook have been made to Chapters 9 Income Analysis, Chapter 10 Credit Analysis and Chapter 16 Closing the Loan and Requesting the Guarantee. Highlights of the topics are listed. For full review please see [USDA 3555-1](#).

Chapter 9 Income Analysis

- Clarified that tax transcripts not received prior to closing will not delay the loan closing but are still required to be obtained and retained in the lender's permanent loan file.
- Included written and email verifications as acceptable methods for verifying employment within 10 days of loan closing.
- Clarified the most recent asset information available at the time of loan application should be obtained by the lender.
- Removed "part-time income" from the Income and Documentation Matrix (Attachment 9-A) and included this type of income under "base wages."
- Clarified repayment income guidance for "unreimbursed employee or business expenses" on the Income and Documentation Matrix (Attachment 9-A).
- Clarified that the use of social security benefits as repayment income is permissible when the income is reasonably expected to continue for at least 3 years into the mortgage.
- Added "foreign assets" to the Assets and Reserves Matrix (Attachment 9-A).
- Updated guidance on the sourcing of gift funds to eliminate the level of sensitive financial documentation requested from the gifting party.
- Updated the list of Federally Mandated Exclusions from Income (Attachment 9-D).

Chapter 10 Credit Analysis

- Added monthly subscription services, gym memberships, etc. to the list of eligible sources of non-traditional credit.

Chapter 16 Closing the Loan and Requesting the Guarantee

- Updated the maximum insurance deductible permitted to 5% of the total coverage amount for hazard insurance and \$10,000 for flood insurance.
- Clarified that when permitting a high deductible, lenders must be mindful of the applicant's repayment ability to ensure the deductible selected is reasonable and will not cause undue hardship on the applicant.

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.