



Seller Guide Update



SEL-2024-019: Multiple Topics

May 17, 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
X	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

Effective Date: Immediately unless otherwise noted.

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

- Credit report inquiries
- Reserves requirement for concurrent Mortgage applications
- Acceptable sources of large deposits
- Trust Income

Credit report inquiries

Freddie Mac has updated their [Chapter 5203.1: Credit reports](#) to specify that a credit report must generate an inquiry that can be identified on subsequent credit reports (i.e., the credit report must be a hard pull).

Reserves requirement for concurrent Mortgage applications

Freddie Mac has updated [Chapter 5501.2: Reserves](#) to specify that when the Borrower has multiple Mortgage applications in process, the same assets may be used to meet the reserve requirements for each Mortgage transaction.

Acceptable sources of large deposits

Freddie Mac is updating [Chapter 5501.3: Asset eligibility and documentation requirements](#) to limit acceptable sources of large deposits to:

- The Borrower's income,
- Funds awarded to the Borrower (e.g., disaster relief funds, lottery winnings, court-awarded settlement) provided the source is not an interested party to the real estate or Mortgage transaction, and
- Funds derived from the eligible asset types stated in Sections [5501.3\(b\)](#) and [5501.3\(c\)](#).

Trust Income

Fannie Mae has clarified [B3-3.1-09, Other Sources of Income](#) regarding trust income to include the following:

- Trust verification documentation must clearly identify the date the trust was created so lenders can appropriately apply our policy.
- Trust verification documentation may include a letter from an accountant or attorney who has reviewed the trust's documentation, when the trustee's statement or other documents are not available or when the borrower is trustee.
- Trusts created within 12 months of the loan application date and funded by the borrower's employment-related assets may still be used as income but must meet the income calculation and all other requirements in Employment-Related Assets as Qualifying Income.
- When variable trust income has been received for less than 24 months, but not less than 12 months, the lender may consider it as stable income when other positive factors are present that reasonably offset the shorter income history in alignment with our standard variable income guidelines
- For variable trust income, lenders may rely upon copies of the trust's federal income tax returns, as an alternative to the borrower's personal tax returns.

First Generation Homebuyer Loan

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)
	FHA
	VA
	Rural Development

End of Cycle Coming Soon - Government ARM Change Dates

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

Questions

Fannie Mae ([SEL-2024-03](#)) and Freddie Mac ([Bulletin 2024-B](#)) announced a standardized definition of a First-Generation Homebuyer Mortgage. U.S. Bank is evaluating this definition and will communicate additional requirements if any, in future communication.

In the interim, for our HFA lenders, please consult with the specific Housing Finance Agencies (HFAs) you work with for specific requirements and definitions related to first-generation homebuyer loans.

As a reminder, we are quickly approaching the end of a cycle to accept specific change dates for FHA/VA ARM loans as follows:

- **Last Day to Purchase** – May 22, 2024, was the last day to purchase FHA/VA ARM loans with an July 1, 2029 change date.
- **Loans Purchased and Change Date Requirements** - Loans purchased after May 22, 2024 must have a October 1, 2029, change date.

This applies to all loans that are scheduled to be delivered or have been delivered.

Guide Update: 1300: ARM Documents > Disclosures > [FHA/VA ARM Change Dates](#)



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.