



Seller Guide Update



SEL-2024-025: Multiple Topics

June 21, 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.



Update to Portfolio Underwriting Guidelines

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

Effective Date: Immediately including all loans in the pipeline.

U.S. Bank has made recent clarifications and updates to the Portfolio 300-1 and 300-2. This update is a notification of the changes published within the U.S. Bank Underwriting Guidelines. For ease of finding these changes, the updated sections are listed below, and updated content is in **green** in AllRegs.

714.1.2 Lending Policy Standard Underwriting Parameters/Definitions

- Clarified customer identities are verified during the application process.

714.1.6 Assets/Funds to Close

- Clarified where Foreign Assets exceptions are to be submitted
- Updated examples for Reserve Calculations

714.1.7 Secondary Financing

- Clarified for a second lien simultaneous transaction, the reliance upon the credit approval and appraisal completed on the USB first mortgage is acceptable for USB/portfolio seconds only.
- Added a rule that a 2nd lien is not allowed behind a non-USB originated 1st lien (non-U.S. Bank-originated includes acquired loans) that is within an Interest Only payment period / Interest Only payments are being made.

714.1.9 Property

- Clarified Oil/Gas/Mineral requirements.
- Added 3D Printed Homes and Straw Bale Home as unacceptable collateral.

714.1.10 Appraisals

- Clarified a property condition report is completed by a "real estate professional" and removed the general description of reviewer.
- Removed "appraisals/evaluations" as a description for Tax Assessed Value and Broker Price Opinion.
- Clarified that a Tax Assessed Value (TAV) and Broker Price Opinion are not an acceptable form of collateral valuation (removed the term verification).
- Requirement that only "original" comparable sales/listings photos must accompany a full appraisal removed; photos from Multiple Listing Service (MLS) are acceptable.
- Clarified that any unsupported adjustment to comparable sales is unacceptable; removed the word "significant".
- Created an "Other Documents" category to capture documents that may be included / gathered related to the property.
- Clarified when the Certificate of Completion is required, which includes Construction and Subject To appraisals, and moved the language to within the Property Condition/Completeness section.
- Added "Brand Risk or Safety Concerns" as additional potential reasons that an Appraiser may be placed on the Exclusionary Report or Watch-Temporary Suspension List.

Update to Portfolio Underwriting Guidelines, continued

714.1.13 Employee Loans

- Clarified language referencing the policy Loans Made to Insiders.

714.2.2.1 Borrower Eligibility

- Modified the example scenarios for a borrower returning to work after an extended absence.

714.2.3.1 Liability Assessment

- Modified the amount to be used for calculating a student loan payment due for debt payment calculation purposes, changing the rule to the "greater of balance or original loan amount". For student loan debt the payment will be calculated as 1% of the greater of the outstanding balance on the loan(s) or the original loan amount(s).
- Applied the "balance and no payment on the bureau" rule for an existing HELOC to align with how payments are considered, which differentiates based on aggregate commitments. For aggregate commitments ≤ \$500k use 1% of the balance, for aggregate commitments > 500k use 1% of the commitments. This aligns with current practice.

Correspondent Final Documents Address Change Coming Soon

As a reminder and as originally published in **SEL-2024-020**, beginning **June 28, 2024**, all **Correspondent Final Documents** should be delivered to the following address:

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)
X	Conv. (Portfolio)
X	FHA
X	VA
X	Rural Development

Current Address	New Address (beginning 6/28/24)
<p>U.S. Bank National Association Attn: Centralized Image Capture (CIC) CN-KY-HPSC 3151 Highland Pointe Drive Owensboro, KY 42303-7836</p>	<p>U.S. Bank National Association Attn: Centralized Image Capture (CIC) CN-KY-MSMI 800 Moreland Street Owensboro, KY 42301-2046</p>

Note: This change is for Correspondent only and does **not** impact HFA loans.

Guide Updates: U.S. Bank Correspondent Lending > 900: Delivery and Funding > M. Final Documentation

Final Document Reporting Available via Email

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

U.S. Bank provides monthly reports identifying outstanding final documents to assist lenders in complying with our policies. Today, many lenders receive our monthly final document reporting via email which provides an efficient means of reporting delivery; however, an existing population of lenders continue to receive printed versions of the reports.

We strongly encourage lenders who are still receiving our final document reporting via hard copies to transition to take advantage of the benefits of the email reporting option as outlined below.

Highlights of Final Document Reports via Email

- Email versions of final document reports are distributed on the second Wednesday of each month.
- Reports are produced in Excel spreadsheet format which provides the end user the benefit of utilizing sorting/filtering capabilities and more.
- For some areas of the report, additional detail is contained in the Excel version including:
 - **Invoices** - There is a break down of the previous and current billing cycle that shows payments received and any past due and unpaid balance. The mailed reports only lists an amount due.
 - **Deficiencies** - The emailed reports list the Business Line, Client code, Purchase Date, and can have up to four columns per document for each deficiency. Each deficiency (document error) will be listed in its own column up to four times. Within each of the document, the report shows when Docs Received, Defi Posted, Past Days (days past the purchase date), and the date the Defi Cleared (if applicable).
 - **Remaining Fee** - If a loan remains on the report due to a remaining fee, but the documents have completed review, the report reflects when the document was received, how many days past the purchase date, deficiency information as listed above, and how many days past the purchased date did it take to clear the deficiency. This information provides lenders more data to research items to determine if the fees are accurate.

Request to Receive Reporting via Email

To request final document reporting via email going forward, please email our Final Document shared mailbox as outlined below:

- **Final Document Shared Email:** documentcontrol@usbank.com

Guide Reference: 900: Delivery and Funding > M. Final Documentation

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.