



Seller Guide Update



SEL-2024-027: Multiple Topics

July 5, 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 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

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

Retirement of Shared Equity Amendment Form 2200

Effective immediately, Fannie Mae has eliminated the requirement to have an executed and recorded Shared Equity Amendment Form 2200 when the Deed Restriction includes Shared Equity. U.S. Bank will remove this form from our AllRegs library.

Flood insurance premium used for qualifying

Effective for mortgages with Note Dates on or after September 5, 2024, due to the emerging risk of the rising rates of flood insurance, Freddie Mac has updated [Chapter 5401.1: Monthly housing expense-to-income ratio](#) and [5401.2: Monthly debt payment-to-income ratio](#) to state that if a flood insurance policy on the Mortgaged Premises shows a full risk premium and a discounted premium, the full risk premium, plus any fees and surcharges, must be used to calculate the housing expense-to-income and debt payment-to-income ratios.

The discounted premium is an increase to the full flood premium that cannot be charged due to increase limitations. The borrower will eventually be expected to pay the full risk premium without any discounts. By adding the full premium to the housing expense-to-income and debt payment-to-income ratios, we can better assess the borrower's ability to pay the full cost of the policy and ensure that all ratios are in line with requirements.

When flood insurance is required, the full risk premium (all fees and surcharges included, and all discounts excluded) must be used for qualification. In addition, U.S. Bank will require the full risk premium, plus any fees and surcharges, to be used to calculate the housing expense-to-income and debt payment-to-income ratios. for Fannie Mae and Portfolio loans.

Example:

COMPONENTS OF THE TOTAL AMOUNT DUE		
Building Premium	+	\$ 909.00
Contents Premium	+	\$ 0.00
Increased Cost of Compliance (ICC) Premium	+	\$ 17.00
Mitigation Discount	-	\$ (37.00)
Community Rating System Discount	-	\$ (139.00)
FULL RISK PREMIUM	=	\$ 750.00
STATUTORY DISCOUNTS		
Annual Increase Cap	-	\$ (373.00)
Pre-FIRM Discount	-	\$ (0.00)
Newly Mapped Discount	-	\$ (0.00)
Other Statutory Discounts	-	\$ (0.00)
ADJUSTED PREMIUM	=	\$ 377.00
Reserve Fund Assessment	+	\$ 68.00
HFAIAA Surcharge	+	\$ 25.00
Federal Policy Fee	+	\$ 47.00
Probation Surcharge	+	\$ 0.00
TOTAL AMOUNT DUE	=	\$ 517.00

In this example, the amount required to be used for the debt-to-income (DTI) calculation is \$1,066. Please note that the 'Total Amount Due' of \$517 will continue to be used for escrow requirements.

Final Reminder: Correspondent Final Documents Address Change

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

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

Current Address	New Address (beginning 6/28/24)
<p align="center">U.S. Bank National Association Attn: Centralized Image Capture (CIC) CN-KY-HPSC 3151 Highland Pointe Drive Owensboro, KY 42303-7836</p>	<p align="center">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

Disaster Area Declarations

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

The following counties have been declared as Presidential Disaster Areas with Individual Assistance.

- Agency, Portfolio, VA, and RD loans with subject properties located in counties listed below that have not CLOSED by the Disaster Declaration Date must follow the requirements listed in AllRegs.
- FHA loans with subject properties located in the counties listed below that have not been ENDORSED as of the Disaster Declaration Date must follow the FHA requirements listed in AllRegs.

Declaration Date	State	County
June 24, 2024	Iowa	Clay, Emmet, Lyon, Plymouth, Sioux

Guide Section: 711.20 FHA – Natural Disaster Procedures, 712.21 VA - Natural Disaster Procedures, 713.20 - Natural Disaster Procedures, 714.1.10 - Natural Disaster Procedures, 715.20 RD - Natural Disaster Procedures

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.