



Seller Guide Update



SEL-2024-028: Multiple Topics

July 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 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.



Commissions Paid to Real Estate Agents

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

Starting in August 2024, a recent nationwide settlement mandates that compensation for real estate agents cannot be listed on multiple listing services (MLS) and that buyer-side real estate agents must “enter into written agreements with their buyers.”

Under this new requirement, the buyer would sign an agreement with their agent at the beginning of their home search, laying out the services the agent would perform and the fee they would be paid. Separately, the seller would enter into an agreement with their agent when the home is listed, laying out the services to be performed and the fee to be paid.

When a buyer makes an offer, they would specify both the price being offered and the fee the buyer’s agent expects to be paid. The buyer, seller, and their agents would settle on the final terms of the sale contract.

U.S. Bank will continue to monitor and assess the impact of the NAR settlement and other real estate agent commission lawsuits to determine if any further updates are necessary.

Conventional, FHA Rural Development and Portfolio Loans

Fees or costs customarily paid by the property seller according to local convention are not subject to Agency and Government Lending financing concession limits. Buyer agent fees have historically been fees customarily paid by the property seller or property seller’s real estate agent, and, as such, they are currently excluded from these financing concession limits. If these fees continue to be customarily paid by the property seller according to local convention, they will not be subject to financing concession limits.

A buyer-broker representation agreement must be included in the loan package.

There are no expected impacts/changes to Freddie Mac, Fannie Mae, FHA, Rural Development, or Portfolio loans.

VA Loans

Effective for sales contracts, signed on or after August 10, 2024, VA is authorizing a temporary variance that allows Veterans to pay reasonable and customary amounts for buyer-broker charges including commissions and other broker-related fees, subject to the following:

- The home the Veteran is purchasing is in an area where:
 - Listing brokers are prohibited from setting buyer-broker compensation through multiple listing postings; or
 - Buyer-broker compensation cannot be established by or flow through the listing broker.
- Buyer-broker charges are not included in the loan amount.
- Any buyer-broker charges paid by the Veteran must be included in the liquid asset requirements.
- Veteran buyer-broker representation agreement must be included in the loan package and uploaded when requesting the appraisal.
- Total amount paid by the Veteran for buyer-broker fees must be recorded in lines 1 through 3 in section H of the Closing Disclosure (CD).

As a reminder:

- Seller may still pay the Veteran’s buyer-broker charges.
- The seller’s payment of buyer-broker charges is not considered a seller concession.

Commissions Paid to Real Estate Agents, continued

HFA – Down Payment Assistance (DPA)

Many DPA programs will allow the funds to be used to pay for Closing Costs. Check with the HFA on eligible use of funds. U.S. Bank will defer to the HFA’s policy on whether buyers’ real estate agent commissions are an eligible use of funds.

Amounts paid in connection with the closing, typically itemized under “Closing Cost Details” on the Closing Disclosure (CD) generally include:

- Loan-related amounts such as origination fees, discount points, title exam, lender’s title insurance, appraisal fees, and
- Prepaid items such as taxes and insurance escrow payments; and
- Other costs, such as owner’s title insurance, **real estate agent commissions**, inspections, and transfer taxes.

Correspondent and HFA Lending Directory Updates

We have updated the Correspondent and HFA Lending Directories as follows:

- **Correspondent Lending Directory** – updated contact information for Stanley Carraway (Southeast/Gulf Region, Account Executive).
 - Phone: 910.508.9393
- **HFA Lending Directory** – updated contact information for Shannon Byron (West Region, HFA Client Sales Executive).
 - Phone: 952.876.5026

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.
