



Seller Guide Update



SEL-2024-031: Multiple Topics

August 2, 2024

- Correspondent Lending
- Housing Finance Agency (HFA)

Table of Contents **The following topics are included in this update:**

Rural Development (RD) Handbook Updates.....	2
Agency Underwriting Changes.....	2
Disaster Area Declarations	3
Clarification: Correspondent Final Documents Mail Code Update.....	3
Questions	3

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.



Rural Development (RD) Handbook Updates

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 Dates:

- Ratio Analysis effective with files submitted to RD for final approval on or after August 5, 2024.
- Income Limits: Effective immediately.

Rural Development has made the following changes:

Chapter 11 Ratio Analysis

Rural Development is updating the Handbook 1-3555 Chapter 11 Ratio Analysis. The update includes:

- PITI Ratio increased from 29% to 34%.
- No waivers are permitted to increase ratio above 34% for purchase transactions.
- Additional compensating factors for debt ratio waiver requirements.
- Debts paid by the business must be included on the business cash flow analysis and/or the profit and loss statement.

A markup version of the chapter is available [Chapter 11 Ratio Analysis 3555-1 RD Handbook](#).

Income Limits

Updated income limits for 2024 have been published [RD Income Limits](#). RD Guaranteed Underwriting System (GUS) and the Income Eligibility calculator on the [Eligibility Website](#) have been updated with the new limits.

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

Effective Date: Effective Immediately unless otherwise noted.

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

- Rental Income
- Condominium and Cooperative Projects

Rental Income

Freddie Mac has updated their requirements for rental income and now closely aligns with Fannie Mae. Please review [5306.4: Rental income from a 2- to 4-unit Primary Residence, subject 1- to 4-unit Investment Property](#) and non-subject Investment Property for the full requirements.

In addition, Freddie Mac has made language updates for the purpose of added specificity without a change in intent of the guide requirements.

Condominium and Cooperative Projects

Freddie Mac has updated their project eligibility requirements to allow Condominium Projects and Cooperative Projects to share Amenities with other residential projects. Previously, a Cooperative Project was not permitted to share Amenities with a Condominium Project or a Planned Unit Development (PUD). Residential projects include residential Condominium Projects, Cooperative Projects and PUDs.

This change has been incorporated into the Project Review requirements reviewed by the Project Approval Department (PAD).

Note: As a reminder, co-ops are not currently an eligible property type.

Guide Updates: 810.2 Condominium – Ineligible Project Types

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
July 23, 2024	Missouri	Barry, Butler, Carter, Howell, New Madrid, Ripley, Scott, Shannon, Stoddard, Texas
July 23, 2024	Kentucky	Butler, Caldwell, Calloway, Christian, Clay, Greenup, Hopkins, Knox, Logan, Muhlenberg, Simpson, Todd, Trigg, Warren, Whitley

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

Clarification: Correspondent Final Documents Mail Code Update

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

We recently shared in **SEL-2024-020** that beginning **June 28, 2024**, all **Correspondent Final Documents** should be delivered to the following address.

As a clarification, we have recently learned that the mail code we initially provided has changed as follows and as shown in **green**:

New Mail Code (effective immediately)
U.S. Bank National Association Attn: Centralized Image Capture (CIC) CN-KY-WHCI 800 Moreland Street Owensboro, KY 42301-2046

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

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.