



Seller Guide Update



SEL-2024-037: Multiple Topics

September 20, 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.



FHA Gift Funds

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

Effective Date: Effective immediately

FHA updated several sections of the Single-Family Policy Handbook 4000.1 including documenting the transfer of gifts and source of funds. Please see highlighted section [FHA Single Family Policy Handbook 4000.1](#)

Source of Funds

Documenting the transfer of gifts provides additional guidance for the transfer of the gift verified prior to settlement and at settlement.

If the documentation meets the requirements listed in the section and there are no red flags in the loan file i.e. remitter on the cashier's check is different than donor, recent loan on borrower credit is the same as gift amount etc., there is no requirement to source donor funds.

Documenting the Transfer of Gift requirement (As outlined in Single-Family Policy Handbook 4000.1)

The Lender must verify and document the transfer of gifts from the donor to the borrower in accordance with the requirements below:

- For gifts that will be verified prior to settlement, the lender must obtain one of the following:
 - The donor's bank statement showing the withdrawal and evidence of the deposit into the Borrower's account;
 - A copy of the donor's canceled check and evidence of deposit into the Borrower's account;
 - A copy of the donor's withdrawal receipt and evidence of deposit into the Borrower's account; or
 - Evidence of the electronic transfer of funds from the donor's account to the Borrower's account.
- For gifts that will be verified at settlement, the lender must obtain one of the following evidencing payment to the settlement agent:
 - Evidence of electronic transfer of funds from the donor's account;
 - Bank certified check;
 - Cashier's check; or
 - Other official bank check.

Clarification: September 2024 Top Quality Findings

In U.S. Bank's most recently Best Practices for Top Quality Findings (9/6/24), we published the following Common Error and Best Practice. Please note the clarified best practices as shown in **green** below:

Publication	Common Error(s)	Best Practice
Original	Income not properly calculated.	Per both Fannie Mae and Freddie Mac guidelines, rental income should be limited to only offset the PITIA when the borrower has less than 2-years property management.
Clarification		Per both Fannie Mae and Freddie Mac guidelines, rental income should be limited to only offset the PITIA when the borrower has less than 1-year property management.

Awareness: Trust Guidelines Updated

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
	Rural Development

We have made various updates for overall clarity and ease-of-use in our respective Underwriting guidelines as it relates to Trusts in both the Correspondent Seller and HFA Lending Guides (Section 700).

Please note that no policy changes were made.

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
September 11, 2024	Pennsylvania	Lycoming, Potter, Tioga, Union
September 16, 2024	Louisiana	Ascension, Assumption, Lafourche, St. Charles, St. James, St. John the Baptist, St. Mary, Terrebonne

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.