



Seller Guide Update



SEL-2024-039: Multiple Topics

September 27, 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.



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 loans in the pipeline.

U.S. Bank has made recent clarifications to our Portfolio underwriting guidelines as follows. For ease of review, the updated sections are listed below are in **green** in our AllRegs library.

714.2.2.2.1 Salary Wage and Other Forms of Income

- Housing or Parsonage Allowance – Added Agency policy to Portfolio Guidelines:
 - A housing or parsonage allowance may be considered qualifying income if there is documentation that it has been received for the most recent 12 months and the allowance is likely to continue for the next three years. The housing allowance may be added to income but may not be used to offset the monthly housing payment.

714.2.2.3 Non-Employment Income

- If the subject property being purchased is an eligible investment property, updated the following underwriting requirement:
 - Regardless of whether rental income from the mortgaged premises is used in qualifying, six (6) months of reserves [Principal, Interest, Taxes, Insurance and Association Fee (PITIA)] on the subject property is required; and two months reserves for each other financed second home and 1-4 family investment property in which the borrower has an ownership interest or on which the borrower is obligated;

Reminder/Awareness: VA Circular 26-22-16

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)
	FHA
X	VA
	Rural Development

As additional awareness and a reminder, [VA Circular 26-22-16](#) (9/15/22), advised that starting December 1, 2022, lenders were to include the Uniform Loan Application Dataset (ULAD), and the Uniform Closing Dataset (UCD) when a loan is selected for Full File Loan Reviews (FFLR).

VA also updated the stacking order and list of loan origination documents to be provided by the lender when submitting the file to VA for audit purposes.

As outlined by VA, lenders are to maintain loan origination records and make them available to VA for VA oversight and audit purposes. When VA selects a loan for FFLR, lenders are to upload the complete loan file to VA's automated loan tracking system (WebLGY). The loan files are to be compiled in VA's stacking order and transmitted to WebLGY in a single portable document file (PDF).

VA Non-Delegated Loans

For non-delegated VA loans, if VA selects a loan for a FFLR as outlined above, U.S. Bank will perform outreach to lenders requesting the respective ULAD and UCD.

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 20, 2024	Illinois	Cook, Fulton, Henry, St. Clair, Washington, Will, Winnebago
September 20, 2024	Connecticut	Fairfield, Litchfield, New Haven
September 23, 2024	Louisiana	Jefferson

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.