



Seller Guide Update



SEL-2024-041: Multiple Topics

October 11, 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.



**Clarification:
Cash back to
Borrower on
Freddie Mac Rate
and Term
Refinances**

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

**Income
Reverification for
Wage Earner
Borrowers**

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

Effective Date: Immediately

For Freddie Mac loans, we have clarified our Freddie Mac rate and term refinance guidelines removing the following requirement:

- Cash back to the borrower is limited to an amount no more than the lesser of 2% of the balance of the new refinance mortgage or \$2,000.

Lenders should follow Freddie Mac guidelines:

- Cash back to the borrower in an amount no more than the greater of 1% of the balance of the new refinance mortgage or \$2,000.

Guide Updates: Correspondent Freddie Mac product guidelines and the Delegated and Non-Delegated Agency Overlay Matrices have been updated.

Effective Date: Immediately

For loans underwritten by U.S. Bank, we are removing the requirement to provide tax transcripts for W2 (Wage Earners) for income reverification due to lower fraud risk associated with W2 documentation alterations. This change does not impact the Income Reverification requirements for Self-Employed and Other Non-Wage sources of income or the Post funding Tax Transcript Requirements.

IRS Tax Transcript Requirements for Non-Delegated

To prevent misrepresentation and identify fraudulent income documents prior to funding a loan, U.S. Bank will use the IRS Form 4506 (or an alternate form that authorizes the release of comparable tax information) to obtain tax transcripts or utilize The Approved Third-Party Vendor VOE (for salaried borrowers whose employers are Approved Third-Party Vendor members) to re-verify income.

Tax Transcript Requirements:

- All Self-Employed Borrowers
- All Borrowers Working for a Business Owned by a Family Member

Loans Excluded from this Process:

- USB-to-USB Rate/Term Refinances (Regardless of LTV/CLTV) unless new subordinate financing

Note: For loans underwritten by U.S. Bank, for prefunding purposes, the only required tax transcript is the 1040 Record of Account (ROA). Additional tax transcript types (W2, 1099, 1065, 1120) are not required by this policy, but can be required at Underwriting's discretion.

Underwriters also have the authority to make decisions on waiving or adjusting the tax transcript requirement if there is sufficient information to support income validation of salaried and wage earner borrower who show stability year over year. Underwriters are required to document and support their waiver decision.

Guide Updates: 711.2.1 FHA – Tax Transcripts/Income Reverification, 712.2.1 VA - Tax Transcripts/Income Reverification, 713.2.1 Agency - Tax Transcripts/Income Reverification, 714.1.3.1 Portfolio - Tax Transcripts/Income Reverification

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
October 1, 2024	Virginia	Montgomery, Pulaski
October 2, 2024	Tennessee	Carter, Cocke, Greene, Hamblen, Hawkins, Johnson, Unicoi, Washington
October 4, 2024	Georgia	Bryan, Butts, Camden, Charlton, Effingham, Elbert, Glynn, Long, Newton, Rabun, Tift, Wayne
October 5, 2024	Florida	Gulf, Alachua, Baker, Bradford, Collier, Duval, Putnam, Union
October 5, 2024	North Carolina	Mecklenburg, Swain
October 5, 2024	South Carolina	Abbeville, Allendale, Catawba Indian Reservation, Edgefield, Hampton, Jasper, Laurens, McCormick, Richland, Union, York

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

USDA Guaranteed Rural Housing Funding Update

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

[USDA has announced](#) that effective October 2, 2024, Fiscal Year 2025 funding for Single-Family Guaranteed Housing Loans is now available.

Temporary Lapse of Funding

As announced in **SEL-2024-036**, during the temporary lapse of funding, U.S. Bank **continued to purchase** USDA Rural Housing loans with Conditional Commitments “*subject to the availability of commitment authority*” for purchase and refinance transactions.

Final Documents - Final Conditional Commitment and Loan Note Guaranty

As a reminder, for loans purchased during the temporary lapse of funding, lenders are required to provide U.S. Bank the **final Conditional Commitment (RD 3555-18/18E)** and the **Loan Note Guaranty** once they are received from USDA as post-closing documentation requirements.

As referenced in the **Correspondent Seller and HFA Lending Guides (900: Delivery and Funding > M. Final Documentation)**, lenders are required to provide original loan documents for each loan purchased by U.S. Bank within 90-days from date of purchase. Loans without a Conditional Commitment are not eligible for purchase.

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.