



# Seller Guide Update



SEL-2025-005: Multiple Topics

February 24, 2025

- 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.



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

**Effective Date:** Effective Immediately

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

- Hybrid appraisal
- Shared equity clarifications
- Rental Income

### Hybrid appraisal

[Fannie Mae](#) and [Freddie Mac](#) are expanding eligibility for hybrid appraisals as an available appraisal option in the Guide. In addition to the Hybrid Appraisal, a Property Data Report (PDR) is required to accompany the appraisal.

**U.S. Bank is currently reviewing the information and will communicate additional details in a future update.**

### Shared equity clarifications

Fannie Mae has removed the requirement that lenders contact their Fannie Mae Account Team for approval of community land trust ground leases not based on either the Grounded Solutions Network 2011 CLT Model Ground Lease or the Institute for Community Economics (ICE) Model Ground Lease.

Instead, lenders may recommend the community land trust program apply for certification directly through the Fannie Mae Shared Equity Program Platform.

In addition to the community Land Trust Ground Lease Rider (Form 2100), Fannie Mae will now accept use of Freddie Mac's equivalent form as an alternative.

### Rental income from a non-subject investment property

Freddie Mac has updated their requirements for the use of rental income from a non-subject investment property or 2- to 4-unit Primary Residence purchased or placed in service in the current calendar year.

**U.S. Bank will continue to require a lease to determine the net rental income. If the property is not yet rented and the lease is not available, rental income may not be used to qualify.**

**Guide Updates:** 713.16 Agency - Appraisal Documentation, 713.17 Agency - Eligible Properties, Agency – Overlay Matrix

## Flood Insurance Premium Used for Qualifying

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)
	FHA
	VA
	Rural Development

As a reminder, U.S. Bank announced changes to our policy for flood insurance premium used for qualifying for Agency and Portfolio loans in **SEL-2024-027 (7/5/24)**. To ensure consistency in calculations for this requirement, we are providing additional examples of this requirement.

### Flood insurance premium used for qualifying

Due to the emerging risk of the rising rates of flood insurance, U.S. Bank states that if a flood insurance policy on the Mortgaged Premises shows a full risk premium and a discounted premium, the full risk premium plus any fees and surcharges (**all fees and surcharges included, and all discounts excluded**) must be used to calculate the housing expense-to-income and debt payment-to-income ratios.

#### Example 1:

COMPONENTS OF THE TOTAL AMOUNT DUE		
Building Premium	+	\$ 909.00
Contents Premium	+	\$ 0.00
Increased Cost of Compliance (ICC) Premium	+	\$ 17.00
Mitigation Discount	-	\$ (37.00)
Community Rating System Discount	-	\$ (139.00)
<b>FULL RISK PREMIUM</b>	=	\$ 750.00
STATUTORY DISCOUNTS		
Annual Increase Cap	-	\$ (373.00)
Pre-FIRM Discount	-	\$ (0.00)
Newly Mapped Discount	-	\$ (0.00)
Other Statutory Discounts	-	\$ (0.00)
<b>ADJUSTED PREMIUM</b>	=	\$ 377.00
Reserve Fund Assessment	+	\$ 68.00
HFIAA Surcharge	+	\$ 25.00
Federal Policy Fee	+	\$ 47.00
Probation Surcharge	+	\$ 0.00
<b>TOTAL AMOUNT DUE</b>	=	\$ 517.00

For this loan, the amount required to be used for DTI calculation is \$1,066. Please note that the Total Amount Due of \$517 will continue to be used for escrow requirements.

#### Example 2:

Coverage	Deductible	Annual Premium
BUILDING	\$250,000	\$1,250
CONTENTS	\$100,000	\$1,000
		ICC Premium: \$27.00
		Community Rating Discount: \$63.00
		FULL RISK PREMIUM: \$1,383.00
		Statutory Discounts
		Annual Increased Cap Discount: \$555.00
		DISCOUNTED PREMIUM: \$828.00
		Reserve Fund Assessment: \$149.00
		Federal Policy Service Fee: \$47.00
		HFIAA Surcharge: \$25.00
		<b>TOTAL WRITTEN PREMIUM AND FEES: \$1,049.00</b>

Your property's NFIP flood claims history can affect your premium. For more information contact your insurance agent or company.

For this loan, the amount required to be used for DTI calculation is \$1,667. Please note that the Total Amount Due of \$1,049 will continue to be used for escrow requirements.

**Flood Insurance  
Premium Used for  
Qualifying,  
continued**

**Example 3:**

Premium Calculations	
COMPONENTS OF THE TOTAL	PREMIUM
Building Premium:	\$ 1,693
Contents Premium:	\$ 0
Increased Cost of Compliance (ICC) Premium:	\$ 32
Community Rating System Discount:	\$ (229.00)
<b>Full-Risk Premium:</b>	<b>\$ 1,496</b>
<b>Discounted Premium:</b>	<b>\$ 1,496</b>
Fees and Surcharges:	
Reserve Fund Assessment:	\$ 269
HFIAA Surcharge:	\$ 25
Federal Policy Fee:	\$ 47
<b>Total Premium</b>	<b>\$ 1,837</b>

For this loan, the amount required to be used for DTI calculation is \$2,066. Please note that the Total Amount Due of \$1,837 will continue to be used for escrow requirements.

**Example 4:**

COMPONENTS OF TOTAL AMOUNT DUE	
BUILDING PREMIUM:	\$865.00
CONTENTS PREMIUM:	\$0.00
INCREASED COST OF COMPLIANCE (ICC) PREMIUM:	\$16.00
MITIGATION DISCOUNT:	(\$0.00)
COMMUNITY RATING SYSTEM REDUCTION:	(\$0.00)
FULL RISK PREMIUM:	<b>\$881.00</b>
ANNUAL INCREASE CAP DISCOUNT:	(\$0.00)
STATUTORY DISCOUNTS:	(\$0.00)
DISCOUNTED PREMIUM:	<b>\$881.00</b>
RESERVE FUND ASSESSMENT:	\$159.00
HFIAA SURCHARGE:	\$25.00
FEDERAL POLICY FEE:	\$47.00
PROBATION SURCHARGE:	\$0.00
TOTAL ANNUAL PREMIUM:	<b>\$1,112.00</b>
PRORATA PREMIUM ADJUSTMENT:	(\$63.00)
ADJUSTED ANNUAL PREMIUM:	<b>\$1,049.00</b>

For this loan, the amount required to be used for DTI calculation is \$1,112. Please note that the Total Amount Due of \$1,049 will continue to be used for escrow requirements.

**Example 5:**

COVERAGE/PREMIUM INFORMATION		
Coverage	Limits	Deductible
Building	\$250,000	\$5,000
Discount/Surcharge	\$111	
<b>1 Year Premium</b>	<b>\$697</b>	

For this loan, the amount required to be used for DTI calculation is \$808. Please note that the Total Amount Due of \$697 will continue to be used for escrow requirements.

**Flood Insurance  
Premium Used for  
Qualifying,  
continued**

**Example 6:**

Coverage	Limit	
<b>Section I - Property</b>		
A. Dwelling	\$731,000	
B. Other Structures	\$73,100	
C. Personal Property	\$365,500	
D. Loss of Use	\$219,300	
<b>Section II - Liability</b>		
E. Personal Liability	\$300,000	
F. Medical Payments to Others	\$1,000	
<b>Total Policy Premium</b>		\$2670.00
<b>HEALTHY HOMES FUND SURCHARGE</b>		\$12.00
<b>Total Amount Due</b>		\$2682.00

For this loan, the amount required to be used for DTI calculation is \$2,682. Please note that the Total Amount Due of \$2,682 will continue to be used for escrow requirements.

**Guide References:** 713.9 Agency – Credit/Debt Underwriting, 714.2.3.1 Portfolio – Liability Assessment

**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.