



# Seller Guide Update



SEL-2020-031: Multiple Topics

April 17, 2020

- Correspondent Lending
- Housing Finance Agency (HFA)

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## Summary



The following items have recently been updated in the U.S. Bank Correspondent Seller and HFA Division Lending Guides, specific to Loan Delivery, Underwriting and Credit Policy.

### U.S. Bank Correspondent Seller and HFA Division Lending Guides

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 U.S. Bank Correspondent Seller and HFA Division 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 Division Lending Guides for the most current policy. Guidelines are updated with the information in this communication and should be referred to instead of the communication for guidance.

## Underwriting, Delivery, and Product Grids

For overall ease of use, we have enhanced our communications to now include underwriting and delivery method checkboxes to each section when applicable. You'll also find a new grid that outlines the applicable products.

## Effective Date

Immediately unless otherwise noted within each section below.

## Keeping you informed

U.S. Bank continues to closely monitor the ever-changing landscape of our business as a result of the impacts of the coronavirus (COVID-19). For information about our ongoing work to support our lending partners and customers, we invite you to visit our Correspondent/HFA COVID-19 Resource Page within AllRegs for regular updates and the most current information. We know you have many questions and we are diligently working to address each of them. We have developed a list of [COVID-19 Frequently Asked Questions](#) and will continue to update this document on a regular basis to keep you informed of process and policy updates. For additional information about our ongoing work to support customers, we invite you to visit [U.S. Bank's COVID-19 support site](#) for regular updates and the most current information.



## Temporary Flexibilities for 4506-T Tax Transcripts – Updated

Underwriting/Delivery	
<input checked="" type="checkbox"/>	Corr. Delegated
<input checked="" type="checkbox"/>	Corr. Non-Delegated
<input checked="" type="checkbox"/>	Corr. EZD
<input checked="" type="checkbox"/>	Corr. Mandatory
<input checked="" type="checkbox"/>	HFA Delegated
<input checked="" type="checkbox"/>	HFA Non-Delegated
Products	
<input checked="" type="checkbox"/>	Conv. (Freddie)
<input checked="" type="checkbox"/>	Conv. (Fannie)
<input checked="" type="checkbox"/>	Conv. (Portfolio)
<input checked="" type="checkbox"/>	FHA
<input checked="" type="checkbox"/>	VA
<input type="checkbox"/>	Rural Development

We are updating the guidance for temporary flexibilities for 4506-T Tax Transcripts originally published in **SEL-2020-021**, as follows:

Due to the COVID-19 national emergency, all IRS Tax Transcript Processing Centers are now closed and they have not announced a firm re-open date. The IRS will not issue tax return transcripts. **During this time, U.S. Bank will temporarily cease the requirement for obtaining tax transcripts effective immediately.**

- There is no change to the current requirement that the form 4506 T be executed by the borrower(s) and contained in the file so that income can be verified with the IRS at a later date.
- When the borrower is self-employed **and** tax transcripts are required per Underwriting Guidelines (per Underwriting Documentation), the underwriter must use one the following alternative methods to confirm the borrower(s) income.
  - Copy of cancelled check(s) matching amount due the IRS
  - Copy of deposit matching exact amount of any return using bank statement, deposit receipt, or direct bank verification indicating the transaction
  - Electronic filing receipt from IRS indicating the Submission Identification Number (SID), and AGI that matches the return.

## Correspondent Reminder: Elimination of LIBOR ARM Products

As announced in SEL-2020-028, U.S. Bank Correspondent will eliminate our suite of LIBOR ARM products **effective with locks after April 17, 2020**. LIBOR ARM products must be purchased by U.S. Bank no later than June 1, 2020.

Fannie Mae and Freddie Mac have announced their transition from the current LIBOR index to the SOFR index for adjustable-rate mortgages. U.S. Bank is currently evaluating the announcements and will share additional information as more information is available.

**Guide Update:** This announcement applies to the following product guidelines:

- |  |                                       |
|--|---------------------------------------|
| • 3371 FHLMC 3/1 Libor ARM Conforming        | • 3566 FNMA 3/1 Libor ARM Conforming  |
| • 3374 FHLMC 5/1 Libor ARM Conforming        | • 3581 FNMA 5/1 Libor ARM Conforming  |
| • 3373 FHLMC 7/1 Libor ARM Conforming        | • 3547 FNMA 7/1 Libor ARM Conforming  |
| • 3646 FHLMC 10/1 Libor ARM Conforming       | • 3563 FNMA 10/1 Libor ARM Conforming |
| • 3379 FHLMC 5/1 Libor ARM Super Conforming  | • 3593 5/1 Libor ARM High Balance     |
| • 3380 FHLMC 7/1 Libor ARM Super Conforming  | • 3562 7/1 Libor ARM High Balance     |
| • 3647 FHLMC 10/1 Libor ARM Super Conforming | • 3582 10/1 Libor ARM High Balance    |

## Correspondent Overlay Matrix

The **Correspondent Overlay Matrix** has been updated to incorporate recent changes including:

- **Minimum FICO** - requirements for Conventional and Government (FHA, VA and USDA) made as a result of the publication of SEL-2020-024 and SEL-2020-027.

**Guide Update:** 1400: Correspondent Overlay Matrix

## HFA Overlay Matrix

The **HFA Overlay Matrix** has been updated to incorporate recent changes including:

- **Appraisal Waivers** – Clarified current policy that for Conventional loans, Appraisal Waivers (PIW/ACE) are not accepted regardless of AUS findings.
- **FICO Requirements** - Added FICO Overlays as announced and published in SEL-2020-026.

**Guide Update:** 1400: HFA Overlay Matrix

## Updated Correspondent/HFA COVID- 19 Frequently Asked Questions (FAQ)

We have updated the [COVID- 19 Frequently Asked Questions \(FAQ\)](#) document with the most recent information including:

- Updated guidance provided for 4506-T Tax Transcripts
- Acceptance of electronically Signed 4506-T Forms
- Guidance on Property Inspection Waivers (PIWs) for second mortgage transactions
- Appraisal Waiver guidance including HFA-specific language

The FAQ provides guidance for temporary relief of policies due to COVID-19. Please continue to reference the U.S. Bank Seller and HFA Lending Guides as primary resources for all U.S. Bank policies.

You can locate the FAQ in our new Correspondent/HFA COVID-19 Resource Page within AllRegs. From the AllRegs home page, the FAQ is on the right hand side of the page in the 'Our Library Company Announcements' or under 'Our Library.'

## Correspondent Approved Assistance Programs

We have updated the Correspondent Seller Guide to reflect the following approved assistance programs for our Correspondent non-delegated lenders. This approved list is updated each month.

DPA Program	Program Summary
<b>NPHS Opportunity Down Payment Loan Program:</b>	<ul style="list-style-type: none"><li>• Available for the CA counties of San Bernardino, Riverside, and East Los Angeles</li><li>• Maximum amount of assistance \$25,000</li><li>• Interest rate is 2% higher than first mortgage rate</li><li>• Deferred first five years, then fully amortized with monthly payments beginning year six</li></ul>
<b>Momentum Home Buyer Assistance Program:</b>	<ul style="list-style-type: none"><li>• Available for Dane County, WI, excluding the City of Madison</li><li>• Maximum amount of assistance \$12,000</li><li>• 0% interest</li><li>• Deferred, due upon sale</li></ul>

**Guide Section:** 500: Mortgage Programs > Approved Assistance Programs

## 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.