



Seller Guide Update



SEL-2020-013: Multiple Topics

February 28, 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 otherwise 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.



Project Approval Department Updates

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 checked="" type="checkbox"/>	Rural Development

Non-Delegated Specialized Flood Review

Underwriting/Delivery	
<input type="checkbox"/>	Corr. Delegated
<input checked="" type="checkbox"/>	Corr. Non-Delegated
<input type="checkbox"/>	Corr. EZD
<input type="checkbox"/>	Corr. Mandatory
<input type="checkbox"/>	HFA Delegated
<input 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 checked="" type="checkbox"/>	Rural Development

Effective April 1, 2020, U.S. Bank's Project Approval Department (PAD) will streamline the contact information used for this area to use only the email address outlined below:

- **PAD email address for submissions:** projectapprovaldept@usbank.com
- **Turn times/questions:** padquestions@usbank.com

Guide Updates: 810.3 Contact Information; Correspondent Directory

Effective March 2, 2020, all non-delegated loans submitted to U.S. Bank for underwriting with a structure located in Special Flood Hazard Area (SFHA) Zone beginning in A or V will require a preliminary flood review to determine flood insurance adequacy prior to final approval to avoid issues after loan closing and prior to funding by U.S. Bank Home Mortgage.

Required Items – Review for flood coverage can be completed once the required items are received:

- Standard Flood Hazard Determination Form
- Hazard Insurance
- Flood Insurance
- Appraisal (if applicable to loan)

Underwriting – This flood review will now be part of the U.S. Bank Home Mortgage Underwriting process for loans outlined above. Once required items are received, the Underwriter will request the flood review from the U.S. Bank Home Mortgage Flood Review Team to ensure adequate coverage has been obtained. If not, the lender will be notified. U.S. Bank will review all documents to determine sufficient coverage, and conditions may be added, if needed; all conditions will be required prior to final approval.

Note: Loan amount changes will require additional Flood Team review.

Conventional Agency Loan Changes

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 type="checkbox"/>	Conv. (Portfolio)
<input type="checkbox"/>	FHA
<input type="checkbox"/>	VA
<input type="checkbox"/>	Rural Development

Fannie Mae and Freddie Mac have recently announced the following changes:

Fannie Mae – Rental Housing Payment

Fannie Mae has updated their DTI policy to clarify that the borrower’s rental housing payment should be included as an additional liability in the DTI ratio when the subject transaction is a second home, investment property, or includes a non-occupant co-borrower. The Guide also includes the documentation required to verify this payment, when applicable.

This clarification aligns Fannie Mae’s existing policy that the lender’s risk analysis must include all liabilities affecting income or assets that may affect the borrower’s ability to fulfill the payment obligation.

Freddie Mac - Payments made via Third-party Money Transfer Applications

Due to the increased use of third-party money transfer applications and services (e.g., PayPal and Venmo), Freddie Mac has updated their requirements for documentation of tradelines and noncredit payment references for Manually Underwritten Mortgages.

As an added flexibility, Lenders may now verify the Borrower’s payment history with documentation from a third-party money transfer application or service.

Freddie Mac - Gift Funds

Freddie Mac has updated their Guide to require that in all instances when gift funds are used the Lender must provide either:

- Evidence of transfer of funds from the donor’s account in a financial institution to the Borrower’s account, or
- Evidence of transfer of the funds from the donor’s account in a financial institution to the settlement or closing agent

Funds transferred via a third-party money transfer application or service are acceptable only when the documentation included in the Mortgage file evidences that the funds were transferred, using the application or service (e.g., Zelle), directly from the donor’s bank account to the Borrower’s bank account or to the settlement or closing agent. This helps to ensure that the donor identified on the gift letter is the individual providing the gift funds.

To ensure consistency in U.S. Bank’s gift fund policy, this documentation will be required for all Conventional Agency loans and an overlay will be placed on Fannie Mae policy.

Guide Update: 713.8 Agency – Funds for Closing, 1400: Overlay Matrix > Correspondent and HFA Overlay Matrix

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.