



# Seller Guide Update



SEL-2020-099: Multiple Topics

December 23, 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.



## New IRS Form 4506-C Delivery Requirements

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

As announced in **SEL-2020-092**, in September of this year, the IRS released a new form, 4506-C for requesting IRS Tax Transcripts that replaces the current Form 4506-T.

U.S. Bank began accepting Requests for Transcripts for Tax Returns completed by the borrower on the new 4506-C in addition to continuing to accept the 4506-T form as outlined below. Additionally, **U.S. Bank will require usage of Form 4506-C (or Tax Transcripts) for all closed loan packages delivered on and after January 14, 2021.**

- **Effective Dates** - The IRS will require all requests for tax transcripts submitted March 1<sup>st</sup>, 2021 or after to utilize the 4506-C form.
  - **U.S. Bank will require usage of Form 4506-C (or Tax Transcripts) for all closed loan packages delivered on and after January 14, 2021.**
  - **U.S. Bank is currently accepting the current and new forms.**
- **Taxpayer First Act** - The 4506-C form does not replace the Taxpayer First Act Consent to Use of Tax Return Information Form as was outlined in **SEL-2019-065**. This form will still be required to be present in all delegated and non-delegated loan file submissions.
- **IRS Form 4506-T and 4506-C, Line 5a** - Lenders are required to follow the same requirements in regards to completing line 5a outlined in 900: Delivery and Funding - C. Funding Documentation Requirements regardless of if they are using the 4506-T or 4506-C form.
  - IRS form 4506T will be required on all loans purchased unless specifically indicated in U.S. Bank program guidelines as not required. When completing line 5a on IRS Form 4506-T (or 4506-C), it is recommended that our vendor be listed:
    - C/O CoreLogic 10277 Scripps Ranch Blvd San Diego, 92131  
Participant #: 302617 | Mailbox ID: CLGX4506T | Phone: 877-877-6188
    - It is recommended that line 5b is left blank.

**Guide Update:** Multiple sections of the Correspondent Seller and HFA Lending Guide will be updated to reflect the acceptability of the 4506-C requirements.

## Disaster Area Declarations

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

The following counties have been declared as Presidential Disaster Area with Individual Assistance on the [FEMA Disaster Website](#) and re-inspection requirements detailed in our Correspondent Seller's and HFA Division Lending Guide must be met. In some cases, additional counties may have been added. Lenders are responsible for verifying procedures are in place to monitor new and/or updated declarations.

Declaration Date	State	County/Parish
December 10, 2020	AL	Clarke, Dallas, Marengo, Mobile, Perry, Washington, and Wilcox

**Guide Section:** 711.20 – Natural Disaster Procedures (VA), 712.20 – Natural Disaster Procedures (FHA), 713.21 – Natural Disaster Procedures (Conventional), 714.1.10 – Appraisal Procedures (Portfolio – Correspondent Only), 715.20: Natural Disaster Procedures (USDA)

## FHA Updates New Construction Requirements

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

**Effective Date:** Case numbers assigned on or after January 4, 2021

FHA has published ML 2020-36 announcing updates to New Construction requirements. Updates include the following:

- Eliminating Early Start Letter and Pre-Approval requirements;
- Consolidation of requirements regardless of loan-to-value (LTV);
- Including Form HUD-92544 Warranty of Completion as a requirement for all New Construction;
- Providing alternative inspections by a third party; and
- Updating when Form HUD-NPMA-99-B, New Construction Subterranean Termite Service Record is required.

### Eligible Property Types

- Site Built Housing (one- to four-units);
- Condominium units in Approved Projects or Legal Phases;
- Manufactured Housing

### Required Documentation for New Construction Financing (Regardless of Construction Status)

The Mortgagee must obtain and include the following documents in the case binder:

- form HUD-92541, Builder's Certification of Plans, Specifications, and Site;
- form HUD-92544, Warranty of Completion of Construction;
- required inspections, as applicable
- Inspections performed by ICC certified RCI or CI or a third-party, who is a registered architect or structural engineer must be reported on form HUD-92051, Compliance Inspection Report (CIR) or on an appropriate State sanctioned inspection form.
- Wood Infestation Report, unless the Property is located in an area of no to slight infestation as indicated on HUD's "Termite Treatment Exception Areas" list:
  - Form HUD-NPMA-99-A, Subterranean Termite Protection Builder's Guarantee,
  - Form HUD-NPMA-99-B, New Construction Subterranean Termite Service Record,
- local Health Authority well water analysis and/or septic report, where required by the local jurisdictional authority.
- When a third-party, who is a registered architect or structural engineer is relied upon for required inspections due to the absence of ICC certified RCI or CI, include certification from such inspector that they are licensed and bonded under applicable state and local laws.

Please see Section 4000.1 for Manufactured Housing New Construction document requirements.

## FHA Updates New Construction Requirements, continued

### Single Family and Condominium Inspection requirements (Based on construction status at time of appraisal)

#### (1) Proposed Construction

- copies of the building permit (or equivalent) and CO (or equivalent); or
- three inspections (footing, framing and final) performed by the local authority with jurisdiction over the Property or an ICC certified RCI or CI (for Modular Housing, footing and final only); or
- in the absence of such ICC certified RCI or CI, the Mortgagee may obtain three inspections (footing, framing, and final) performed by a disinterested third-party, who is a registered architect or a structural engineer and has met the licensing and bonding requirements of the State in which the property is located.

#### (2) Under Construction

- copies of the building permit (or equivalent) and CO (or equivalent); or
- a final inspection issued by the local authority with jurisdiction over the Property or by an ICC certified RCI or CI; or
- in the absence of such ICC certified RCI or CI, the Mortgagee may obtain a final inspection performed by a disinterested third-party, who is a registered architect or a structural engineer and has met the licensing and bonding requirements of the State in which the property is located.

#### (3) Existing Less than One Year

- a copy of the CO (or equivalent); or
- a final inspection issued by the local authority with jurisdiction over the Property or by an ICC certified RCI or CI; or
- in the absence of such ICC certified RCI or CI, the Mortgagee may obtain a final inspection performed by a disinterested third-party, who is a registered architect or a structural engineer and has met the licensing and bonding requirements of the State in which the property is located.

This does not include Manufactured Housing requirements. Please see 4000.1 for Manufactured Housing New Construction document requirements.

**New Construction Documentation Checklists:** Due to the simplification of documentation requirements, we are removing the New Construction Documentation Checklists from AllRegs.

Please see Section 4000.1 for New Construction document requirements.

**Underwriting Guidelines:** The following overlays are being removed with these changes. U.S. Bank will follow standard FHA requirements:

- No Early Start Letters allowed for New Construction
- Final inspection required by appraiser or RCI/CI inspector.
- U.S. Bank does not allow licensed contractors to do any inspections.

**Guide Updates:** 711.1.1 FHA – Overlays, 711.11 FHA – Final Inspections and New Construction, Correspondent Overlay Matrix, HFA Overlay Matrix

## Correspondent and HFA Overlay Matrix Updates

In addition to the overlay matrix updates referenced above, we have also made miscellaneous updates to the Correspondent and HFA Overlay Matrices for general clarity and ease of use.

**Guide Updates:** Correspondent Overlay Matrix, 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.