



# Best Practices



March 2021 – Top Quality Findings

March 16, 2021

- Correspondent Lending
- Housing Finance Agency (HFA)

## Top Quality Findings

U.S. Bank provides information to help lenders submit complete loan files for purchase. This information provides the most recent Quality Findings and Best Practices to cure.

Rank	Document/Finding	Common Errors	Best Practice
1	HUD – 92900-A/VA 1802-A	<ul style="list-style-type: none"> <li>Not signed pre-closing by borrower before underwriting.</li> <li>Final not signed by the lender, borrower and underwriter.</li> <li>Not completed accurately by all parties, particularly page 2, sec V.</li> </ul>	<ul style="list-style-type: none"> <li>Page 2, Part IV and Part V must be signed and dated by the borrower prior to underwriting submission.</li> <li>Please review the attached <i>Instructions for completing HUD 92900-A</i> job aid.</li> <li>Documentation is required per U.S. Bank and/or Agency guidelines.</li> </ul>
2	Payment History	<ul style="list-style-type: none"> <li>Missing housing payment history documentation for all properties owned.</li> <li>Missing additional housing payment history to evidence mortgage/mortgages are not in forbearance.</li> </ul>	<ul style="list-style-type: none"> <li>The borrower(s) housing payment history must meet U.S. Bank and/or Investor guidelines, if applicable including Verification of Rent (VOR), cancelled checks/or equivalent documentation.</li> </ul>
3	Verification of Existence of Business (VOB) or Verbal Verification of Employment (VVOE)	<ul style="list-style-type: none"> <li>Documentation not present in loan file.</li> <li>Documentation expired prior to closing.</li> </ul>	<ul style="list-style-type: none"> <li>Agency: VVOE- within 10 business days prior to Note date, and VOB within 15 days prior to Note date.</li> <li>Portfolio: VVOE within 5 days prior to Note date, and VOB within 15 days prior to Note date.</li> <li>Documentation is required per U.S. Bank and/or Agency guidelines.</li> </ul>
4	Wire Instructions or Bailee Letter	<ul style="list-style-type: none"> <li>Documentation not present in loan file.</li> </ul>	<ul style="list-style-type: none"> <li>Documentation is necessary to fund without delays.</li> </ul>
5	Secondary Market Fees	<ul style="list-style-type: none"> <li>Secondary Market Fees not disclosed in Section A of the Closing Disclosure will require the Lender to cure prior to purchase by U.S. Bank.</li> </ul>	<ul style="list-style-type: none"> <li>Secondary market fees a lender passes to the consumer must be disclosed on the Closing Disclosure under Section A, Origination Charges paid to the lender. We consider the U.S. Bank secondary market transaction to be separate from the lender's transaction with the consumer.</li> </ul>
6	Docs do not support Income per U.S. Bank Portfolio or Investor Guidelines	<ul style="list-style-type: none"> <li>Year to date pay stubs.</li> <li>Required W-2 Form(s).</li> <li>Variations with above documents and income amount used to qualify.</li> <li>Tax returns.</li> </ul>	<ul style="list-style-type: none"> <li>Documentation is required per U.S. Bank and/or Agency guidelines.</li> <li>Self-Employed Income is documented in accordance with U.S. Bank (Portfolio) or Investor guidelines.</li> </ul>
7	Documentation does not support the amount of liquid funds to close	<ul style="list-style-type: none"> <li>Evidence of gift funds transfer.</li> <li>Source of large deposits.</li> <li>Bank statements, reserves.</li> <li>Sale of previous home.</li> </ul>	<ul style="list-style-type: none"> <li>Documentation is required per U.S. Bank and/or Agency guidelines.</li> </ul>
8	<b>Omitted Debt and Liabilities</b> <ul style="list-style-type: none"> <li>Omitted debt not documented</li> <li>All liabilities from all sources not included in total obligations</li> </ul>	<ul style="list-style-type: none"> <li>Supporting documentation not provided and is required for any debts omitted on the credit report from qualifying ratios.</li> <li>Liabilities from all sources has not been included in qualifying DTI.</li> </ul>	<ul style="list-style-type: none"> <li>Documentation is required per U.S. Bank and/or Agency guidelines.</li> <li>Omitted debt is any debt excluded from the DTI. Lenders must provide required documentation supporting why the debt was omitted.</li> <li>Liabilities can be from bank statements, payroll documents, and are to be included in DTI.</li> </ul>

This best practice refers to existing policy in the Correspondent Seller and HFA Lending Guides. Lenders are encouraged to review the **COVID-19 Frequently Asked Questions (FAQ)** for temporary flexibilities.

## Loan Delivery Checklists

U.S. Bank utilizes multiple methods to reduce loan quality findings and eliminate potential delays in purchase including loan delivery and underwriting checklists located in the **Correspondent Seller and HFA Lending Guides** (1100: Exhibits, Forms, & Checklists). Please remember to send a complete loan package, including all credit/underwriting documents, to avoid pre-funding and post-funding deficiencies and quality findings. Lenders may not receive notice of loan deficiencies for all items included on the checklist, however, we do require the credit package along with the full closed loan package.

## 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.



**INSTRUCTIONS FOR COMPLETING HUD-92900-A: For FHA, all sections must be completed on Page 1 except for sections 14,16,19, and 21(f).**

**HUD/VA Addendum to Uniform Residential Loan Application**

OMB Approval No. VA: 2900-0144 (exp. 11/30/2019)  
 HUD: 2502-0059 (exp. 03/31/2019)

<b>Part I - Identifying Information</b> (mark the type of application)		2. Agency Case No. (include any suffix)	3. Lender/Mortgagee Case No.	4. Section of the Act (for HUD cases)
<input type="checkbox"/> VA Application for Home Loan Guaranty <input type="checkbox"/> HUD/FHA Application for Insurance under the National Housing Act				
5. Borrower's Name & Present Address (Include zip code)		7. Loan Amount (include the UFMP if for HUD or Funding Fee if for VA) \$	8. Interest Rate %	9. Proposed Maturity yrs.    mos.
6. Property Address (including name of subdivision, lot & block no. & zip code)		10. Discount Amount (only if borrower is permitted to pay) \$	11. Amount of Up Front Premium \$	12a. Amount of Monthly Premium /mo.
		12b. Term of Monthly Premium mos.		
		13. Lender/Mortgagee I.D. Code	14. Sponsor / Agent I.D. Code	
15. Lender/Mortgagee Name & Address (include zip code)			16. Name & Address of Sponsor / Agent	
<b>Type or Print all entries clearly</b>			17. Lender/Mortgagee Telephone Number	
<b>FHA Sponsored Originations</b>	Name of Loan Origination Company	Tax ID of Loan Origination Company	NMLS ID of Loan Origination Company	

**VA:** The veteran and the lender hereby apply to the Secretary of Veterans Affairs for Guaranty of the loan described here under Section 3710, Chapter 37, Title 38, United States Code, to the full extent permitted by the veteran's entitlement and severally agree that the Regulations promulgated pursuant to Chapter 37, and in effect on the date of the loan shall govern the rights, duties, and liabilities of the parties.

<b>18. First Time Homebuyer?</b> a. <input type="checkbox"/> Yes b. <input type="checkbox"/> No	<b>19. VA Only</b> Title will be Vested in: <input type="checkbox"/> Veteran <input type="checkbox"/> Veteran & Spouse <input type="checkbox"/> Other (specify)	<b>20. Purpose of Loan (blocks 9 - 12 are for VA loans only)</b> (1) <input type="checkbox"/> Purchase Existing Home Previously Occupied (2) <input type="checkbox"/> Purchase Existing Home Not Previously Occupied (3) <input type="checkbox"/> Finance Improvements to Existing Property (4) <input type="checkbox"/> Refinance (Refi) (5) <input type="checkbox"/> Purchase New Condo. Unit (6) <input type="checkbox"/> Purchase Existing Condo. Unit (7) <input type="checkbox"/> Construct Home (proceeds to be paid out during construction) (8) <input type="checkbox"/> Finance Co-op Purchase 9) <input type="checkbox"/> Purchase Permanently Sited Manufactured Home 10) <input type="checkbox"/> Purchase Permanently Sited Manufactured Home & Lot 11) <input type="checkbox"/> Refi. Permanently Sited Manufactured Home to Buy Lot 12) <input type="checkbox"/> Refi. Permanently Sited Manufactured Home/Lot Loan
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**9-12 are VA only**

**HUD Instructions: The capitalized terms used in this form refer to those terms as used in the relevant sections of the current version of Single Family Housing Policy Handbook, HUD 4000.1.**

**Part II – Lender/Mortgagee Certification**

21. The undersigned lender/mortgagee makes the following certifications to induce the Department of Veterans Affairs to issue a certificate of commitment to guarantee the subject loan or a Loan Guaranty Certificate under Title 38, U.S. Code, or to induce the Department of Housing and Urban Development - Federal Housing Commissioner to issue a firm commitment for mortgage insurance or a Mortgage Insurance Certificate under the National Housing Act.

- A. The loan terms furnished in the final Uniform Residential Loan Application and this Addendum are true, accurate and complete.
- B. (1) The information contained in the initial Uniform Residential Loan Application and this Addendum was obtained from the Borrower by an employee of the undersigned lender/mortgagee or its duly authorized agent and to the best of lender/mortgagee's knowledge is complete and accurately represents the information obtained by the lender/mortgagee as of the date the Borrower provided the information to the undersigned lender/mortgagee or its duly authorized agent.  
 (2) The information contained in the final Uniform Residential Loan Application, which was signed by the Borrower at the time of settlement, was obtained by an employee of the undersigned lender/mortgagee or its duly authorized agent and to the best of lender/mortgagee's knowledge is complete and accurately represents the information obtained by the lender/mortgagee as of the date verified by the lender/mortgagee.
- C. The credit report submitted on the subject Borrower (and Co-Borrower, if any) was ordered by the undersigned lender/mortgagee or its duly authorized agent from the credit agency which prepared the report and was received directly from said credit agency.
- D. The Verifications of Employment, Deposit, Rent and Mortgage, as applicable, were requested and received by the lender/mortgagee or its duly authorized agent without passing through the hands of the Borrower or any Interested Third Party and are to the best of lender/mortgagee's knowledge accurate.
- E. To the best of my knowledge, neither I nor any other Participant (as that term is clarified in HUD Handbook 4000.1, II.A.1.b.ii.(B)) in this Covered Transaction (as that term is clarified at 2 C.F.R. § 180.200) is suspended, debarred, under a limited denial of participation, or otherwise restricted under 2 C.F.R. part 2424 or 24 C.F.R. part 25, or under similar procedures of any other federal agency.

**Items "F" through "H" are to be completed as applicable for VA loans only.**

F. The names and functions of any duly authorized agents who developed on behalf of the lender/mortgagee any of the information or supporting credit data submitted are as follows:

Name & Address	Function (e.g., obtained information on the Uniform Residential Loan Application, ordered credit report, verifications of employment, deposits, etc.)

If no agent is shown above, the undersigned lender/mortgagee affirmatively certifies that all information and supporting credit data were obtained directly by the lender/mortgagee.

- g. The undersigned lender/mortgagee understands and agrees that it is responsible for the omissions, errors, or acts of agents identified in item F as to the functions with which they are identified.
- h. The proposed loan conforms otherwise with the applicable provisions of Title 38, U.S. Code, and of the regulations concerning guaranty or insurance of loans to veterans.

<b>Signature of Officer of Lender/Mortgagee</b>	<b>Title of Officer of Lender/Mortgagee</b>	<b>Date (mm/dd/yyyy)</b>
<b>Required on Final 92900-A</b>		

**WARNING:** This warning applies to all certifications made in this document. The knowing submission of a false, fictitious, or fraudulent certification may be subject to criminal and civil penalties, including confinement for up to 5 years, fines, and civil penalties. 18 U.S.C. §§ 287, 1001 and 31 U.S.C. §3729



# Direct Endorsement Approval for a HUD/FHA-Insured Mortgage

U.S. Department of Housing and Urban Development

1. Borrower's Name & Present Address (Include zip code)	2. Property Address	3. Agency Case No. (include any suffix)
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**Date Final Approval issued**

**Date auto-populates as the earlier of the Conditional Commitment Direct Endorsement (CCDE) or doc expiration date**

**Approved:**  
Date Mortgage Approved

Date Approval Expires

<input type="checkbox"/> <b>Modified &amp; approved as follows:</b>	Loan Amount (include UFMIP)	Interest Rate	Proposed Maturity	Monthly Payment	Amount of Up Front Premium	Amount of Monthly Premium	Term of Monthly Premium
	\$	%	Yrs.    Mos.	\$	\$	\$	Mos.

Owner Occupancy NOT required

All conditions of Approval have been satisfied

**This box must be checked on Final 92900-A**

**UW checks this box at Final Approval for all ZFHA transactions**

This mortgage was rated as an "accept" or "approve" by FHA's TOTAL Mortgage Scorecard. As such, the undersigned representative of the mortgagee certifies that the mortgagee reviewed the TOTAL Mortgage Scorecard findings and that this mortgage meets the Final Underwriting Decision (TOTAL) requirements for approval. The undersigned representative of the mortgagee also certifies that all information entered into TOTAL Mortgage Scorecard is complete and accurately represents information obtained by the mortgagee, that the information was obtained by the mortgagee, pursuant to FHA requirements, and that there was no defect in connection with the approval of this mortgage such that the result reached in TOTAL should not have been relied upon and the mortgage should not have been approved in accordance with FHA requirements.

Mortgagee Representative:

Signature: \_\_\_\_\_ Printed Name/Title: \_\_\_\_\_

And if applicable:

This mortgage was rated as an "accept" or "approve" by FHA's TOTAL Mortgage Scorecard and the undersigned Direct Endorsement underwriter certifies that I have personally reviewed and underwritten the appraisal according to standard FHA requirements.

\_\_\_\_\_  
Direct Endorsement Underwriter Signature

\_\_\_\_\_  
DE's CHUMS ID Number

**OR**

**UW checks this box at Final Approval for all Manually Underwritten transactions**

This mortgage was rated as a "refer" by a FHA's TOTAL Mortgage Scorecard, or was manually underwritten by a Direct Endorsement underwriter. As such, the undersigned Direct Endorsement Underwriter certifies that I have personally reviewed and underwritten the appraisal report (if applicable), credit application, and all associated documents used in underwriting this mortgage. I further certify that:

- I have approved this loan and my Final Underwriting Decision was made having exercised the required level of Care and Due Diligence and in performing my underwriting review;
- I have performed all Specific Underwriter Responsibilities for Underwriters and my underwriting of the borrower's Credit and Debt, Income, Qualifying Ratios and Compensating Factors, if any, and the borrower's DTI with Compensating Factors, if any, are within the parameters established by FHA and the borrower has assets to satisfy any required down payment and closing costs of this mortgage; and
- I have verified the Mortgage Insurance Premium and Mortgage Amount are accurate and this loan is in an amount that is permitted by FHA for this loan type, property type, and geographic area.
- There was no defect in connection with my approval of this mortgage such that my Final Underwriting Decision should have changed and the mortgage should not have been approved in accordance with FHA requirements.

\_\_\_\_\_  
Direct Endorsement Underwriter Signature

\_\_\_\_\_  
CHUMS ID Number

The Mortgagee, its owners, officers, employees or directors  (do)  (do not) have a financial interest in or a relationship, by affiliation or ownership, with the builder or seller involved in this transaction.

**UW must check the "(do not)" box at Final Approval**

## Borrower's Certification:

The undersigned certifies that:

- (a.) I will not have outstanding any other unpaid obligations contracted in connection with the mortgage transaction or the purchase of the said property except obligations which are secured by property or collateral owned by me independently of the said mortgaged property, or obligations approved by the Commissioner;
- (b.) One of the undersigned intends to occupy the subject property (note: this item does not apply if owner-occupancy is not required by FHA);
- (c.) All charges and fees collected from me as shown in the settlement statement have been paid by my own funds, gift funds, or acceptable Down Payment Assistance program funds, and no other charges have been or will be paid by me in respect to this transaction.

Borrower(s) Signature(s) & Date

## Mortgagee's Certification:

The Mortgagee by and through the undersigned certifies that to the best of its knowledge:

- (a) The loan terms, loan type, property address, Borrower information including names, social security number, credit scores, marital status, employment status, and Borrower occupancy status, in its application for insurance and in this Certificate are true and correct;
- (b) All loan approval conditions appearing in any outstanding commitment issued under the above case number have been fulfilled and this loan closed in a manner consistent with the mortgagee's approval;
- (c) Complete disbursement of the loan has been made to the Borrower, or to his/her creditors for his/her account and with his/her consent and any escrow has been established in accordance with applicable law;
- (d) The note and security instruments are in a form acceptable to HUD and the security instrument has been recorded and is a good and valid first lien on the property described;
- (e) No charge has been made to, or paid by the Borrower, except as permitted under HUD regulations;
- (f) The copies of the note and security instruments which are submitted herewith are true and exact copies as executed and filed for record;
- (g) It has not paid any kickbacks, fee or consideration of any type, directly or indirectly, to any party in connection with this transaction except as permitted under HUD regulations and administrative instructions; and
- (h) The Mortgagee has exercised due diligence in processing this mortgage and in reviewing the file documents listed at HUD Handbook 4000.1, II.A.7.b. and the documents contain no defect that should have changed the processing or documentation and the mortgage should not have been approved in accordance with FHA requirements.

I, the undersigned authorized representative of the mortgagee certify that I have personally reviewed the mortgage documents, closing statements, application for insurance endorsement, and all accompanying documents and request the endorsement of this mortgage for FHA insurance.

Mortgagee		<b>Note:</b> If the approval is executed by an agent in the name of the mortgagee, the agent must enter the mortgagee's code number and type.	
Name and Title of the Mortgagee's Officer			
Signature of the Mortgagee's Officer	Date	Code Number (5 digits)	Type