



# Seller Guide Update



SEL-2021-007: Multiple Topics

February 26, 2021

- 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.



## Government Extension of Temporary Flexibilities Related to COVID-19

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 checked="" type="checkbox"/>	VA
<input checked="" type="checkbox"/>	Rural Development

Due to the current economic disruption and market uncertainty associated with the COVID-19 event, U.S. Bank will continue to update temporary guidelines with changes and clarifications as we align our communications with investor guidance.

### Extension of Temporary Changes from Previous Seller Guide Updates

#### RD Flexibilities

- We are extending the temporary requirements and flexibilities that were **effective for application received dates through February 28, 2021 to mortgages with application received dates through June 30, 2021.**

#### FHA Flexibilities

- Immediately for reverification of employment loans closed on or before **June 30, 2021.**
- Immediately for appraisals completed on or before **June 30, 2021.**

Communication	Topic
SEL-2020-022	<ul style="list-style-type: none"> <li>Temporary Flexibilities for Employment Verifications and Appraisal Requirements for FHA</li> <li>Temporary Flexibilities for Employment Verifications and Appraisal Requirements for RD</li> </ul>

#### VA Flexibilities

The temporary requirements and flexibilities previously announced will remain in effect until VA publishes a rescission date for the following:

Communication	Topic
SEL-2020-022	<ul style="list-style-type: none"> <li>Temporary Flexibilities for Employment Verifications for VA Loans</li> <li>Temporary Flexibilities for Appraisals for VA</li> </ul>
SEL-2020-032	<ul style="list-style-type: none"> <li>Temporary Flexibilities for Appraisals for VA Updated and Future SAR Requirements</li> </ul>

## Power of Attorney 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

**Effective Date:** This change is effective immediately, including all loans in pipeline.

U.S. Bank is removing our overlay for a specific authority for real estate transactions pertaining to the subject property. Our Power of Attorney requirements will be updated as follows:

**Conventional Agency and Government Loans:** Refer to Correspondent Seller or HFA Lending Guide or Handbook for Power of Attorney requirements.

**Portfolio Loans (Correspondent Only):** A properly drawn and executed Power of Attorney, granting authority for real estate transactions of a type including the intended loan transaction, is permitted for use on real estate transactions. All efforts should be made to mitigate the risk of allowing a transaction by an unauthorized person.

**Guide Update:** 711.2 FHA – Underwriting Documentation, 712.2 VA – Underwriting Documentation, 713.2 Agency – Underwriting Documentation, 714.1.3 Portfolio – Underwriting Documentation, 715.2 Rural Development – Underwriting Documentation

## Update to Portfolio Underwriting Guidelines

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

**Effective Date:** Immediately for all applications and loans in the pipeline.

U.S. Bank has made recent clarifications to the Residential Real Estate General Overview and Lending Policy. This announcement is a notification of the updates published within the U.S. Bank Underwriting Guidelines.

For ease of finding these changes, the updated sections are listed below and updated content is in **green** on AllRegs.

- 714.1.1 Portfolio Summary - Minor Updates
- 714.1.2 Portfolio Lending Policy- Definition of Qualified Mortgage - Updated total points and fees; additional minor updates
- 714.1.4 Portfolio Borrower and Occupancy - Minor Updates
- 714.1.9 Portfolio Property - Collateral Located on American Indian and Alaska Native Lands – Minor updates
- 714.1.10 Portfolio Appraisal - Minor Updates
- 714.1.11 Portfolio Taxes and Escrow - Minor Updates
- 714.1.14 Portfolio Definitions - Assumptions – Added that lines of credit are not assumable
- 714.2.2.3 Portfolio Non-Employment Income - Minor Updates

## Agency Underwriting Guideline 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

**Effective Date:** Correspondent locks or HFA reservations taken on or after March 1, 2021.

U.S. Bank is announcing the recent updates to Fannie Mae and Freddie Mac Underwriting Guidelines impacting the following:

- Seasonal and secondary income
- Direct account verifications

### Seasonal and secondary income

Fannie Mae simplified the requirements for verifying income and employment as follows:

- Secondary employment: clarified that while a borrower may have different employers, they may not have any gap in employment greater than one month in the most recent 12-month period, unless the secondary employment is considered seasonal income.
- Seasonal income: removed the requirements to confirm with the employer if the borrower is likely to be rehired the next season and to confirm if the work is in the same job (or same line of work) as the previous two years.

### Direct account verifications

Direct account verifications (i.e., verification of deposit form (VOD)) are used to verify the Borrower's accounts held in financial institutions.

Freddie Mac now requires additional documentation for purchase transactions when the current balance in an account exceeds the average balance by more than 50% of the sum of the total monthly qualifying income and the amount derived from the asset calculation for establishing the debt payment-to-income ratio.

For example, if the current balance reflected on the Borrower's VOD is \$15,000 and the average balance is \$12,000, the source of the \$3,000 increase must be verified if the Borrower's total monthly qualifying income is less than \$6,000.

## Non-Delegated Underwriting and Final Loan Application

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

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

For loan closing and data integrity purposes, and as a courtesy to our lenders, U.S. Bank currently provides lenders with a copy of a final loan application on all non-delegated underwriting transactions.

**Beginning March 31, 2021**, U.S. Bank will update this final loan application document to include a watermark that advises our non-delegated lenders that the document is a U.S. Bank draft only and that lenders are responsible for making sure the final loan application used at closing matches the loan's underwriting and documentation requirements.

This includes but is not limited to borrower(s) to sign and acknowledge the final loan application, and continuation sheet/addendums, if applicable, at closing. Income, assets, liabilities and proposed PITIA data to be consistent with underwriters approval.

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	ST	County/Parish					
February 22, 2021	TX	Angelina	Dallas	Kendall	Scurry		
		Aransas	DeWitt	Lavaca	Shelby		
		Bastrop	Denton	Liberty	Smith		
		Bee	Ellis	Madison	Stephens		
		Bell	Falls	Matagorda	Tarrant		
		Bexar	Fort Bend	Maverick	Travis		
		Blanco	Galveston	McLennan	Tyler		
		Brazoria	Gillespie	Montague	Upshur		
		Brazos	Grimes	Montgomery	Van Zandt		
		Brown	Guadalupe	Nacogdoches	Victoria		
		Burleson	Hardin	Nueces	Walker		
		Caldwell	Harris	Orange	Waller		
		Calhoun	Hayes	Palo Pinto	Wharton		
		Cameron	Henderson	Panola	Wichita		
		Chamber	Hidalgo	Parker	Williamson		
		Collin	Hood	Polk	Wilson		
		Comal	Jasper	Rockwall	Wise		
		Comanche	Jefferson	Sabine			
		Cooke	Johnson	San Jacinto			
		Coryell	Kaufman	San Patricio			
		February 24, 2021	OK	Canadian	Carter	Cherokee	Comanche
				Cotton	Hughes	Jefferson	Le Flore
				McIntosh	Oklahoma	Okmulgee	Osage
Pittsburg	Stephens			Tulsa	Wagoner		

**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)

## 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.