



Seller Guide Update



SEL-2021-008: Multiple Topics

March 5, 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.



Natural Disaster Requirements Specific to Texas and Oklahoma

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: Immediately including loans in pipeline.

Due to the recent severe winter storms in Texas and Oklahoma, U.S. Bank is modifying our reinspection/certification requirements for properties located in this natural disaster area for Correspondent and HFA Lenders as follows:

Conventional Agency Requirements

For Conventional Agency Loans secured by properties located in markets impacted by these storms as identified by a Federal Emergency Management Agency (FEMA) disaster declaration [DR-4586-TX](#) and [DR-4587-OK](#), U.S. Bank will not require a disaster inspection/certification be sent to U.S. Bank for review.

Representations, Warranties, and Covenants regarding Mortgage Loans relating to the condition of the property both externally and internally remain applicable for both Delegated and Non-Delegated Correspondent and HFA Lenders. It is the responsibility of the Correspondent and HFA Lender to assess the property condition and eligibility for sale to the Agencies and rep and warrant the property.

Portfolio and Government Requirements

For Conventional Portfolio and Government Loans, U.S. Bank will continue to follow our standard natural disaster policies as published in guidelines.

Note: U.S. Bank expects Lenders to apply appropriate due diligence when determining options to assess property conditions. Due to the severity of this storm and news reports addressing collapsing ceilings, burst pipes, etc., it may be difficult to determine from an exterior-only inspection whether the property is damaged or not.

Guide Updates: 711.20 FHA – Natural Disaster Procedures, 712.21 VA – Natural Disaster Policies, 713.20 Agency – Natural Disaster Procedures, 714.1.10 Portfolio – Appraisals, 715.20 RD – Natural Disaster Procedures

Natural Disaster Reinspection/Certification Requirements

Underwriting/Delivery	
<input checked="" type="checkbox"/>	Corr. Delegated
<input type="checkbox"/>	Corr. Non-Delegated
<input checked="" type="checkbox"/>	Corr. EZD
<input checked="" type="checkbox"/>	Corr. Mandatory
<input checked="" 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 Date: Immediately including loans in pipeline.

U.S. Bank is updating our reinspection/certification requirements for properties located in a natural disaster area for Correspondent and HFA Delegated Lenders as follows:

Reinspection / Certification Requirements

A re-inspection/certification may be performed by any of the following parties:

- Insurance Company stating that a property is unaffected and remains insurable under their policy
- Original appraiser
- Staff Appraiser employed by U.S. Bank or Correspondent/HFA Seller
- Company specializing in property inspections

If property is in one of the designated disaster counties but does not have any damage U.S. Bank will allow a Delegated Correspondent/HFA Seller to perform the re-inspection/certification as long as it meets the following requirements:

- Inspection to be performed and executed by a qualified individual that will not receive direct compensation from the transaction and is not associated with the transaction.
 - A minimum of 4 photos will be required. Exterior photos for all sides of the house to indicate no property damage.
 - Correspondent/HFA Seller will determine whether the inspection of the interior is needed and if so, interior photos of all rooms are to be included.
- Delegated Correspondent/HFA Seller certifies on Company Letterhead by an officer of the Company that the property is habitable and contains no damage, exterior and interior.

Delegated Correspondent and HFA Sellers may implement separate safeguards but at a minimum must meet the policy guidelines as outlined above.

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)

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.

Refer to the Natural Disaster Requirements Specific to Texas and Oklahoma in this announcement for updated policies specific to these disasters.

Declaration Date	ST	County/Parish			
February 22, 2021	TX	Anderson	Altacosa	Austin	Bandera
		Bosque	Bowie	Brooks	Burnet
		Cherokee	Colorado	Duval	Eastland
		Ector	Erath	Fannin	Freestone
		Goliad	Gonzales	Grayson	Gregg
		Harrison	Hill	Houston	Howard
		Hunt	Jackson	Jim Hogg	Jim Wells
		Jones	Kames	Kleberg	Leon
		Limestone	Llano	Lubbock	Medina
		Milam	Navarro	Newton	Robertson
		Rusk	Taylor	Tom Green	Trinity
		Val Verde	Washington	Webb	Willacy
		Wood			

Note: SEL-2021-007 included disaster declarations for Oklahoma and Texas; these counties are included in the disaster policy updates and requirements listed in this announcement.

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

Use of Other Appraisals

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

As clarifications to existing policy and for overall ease of use, U.S. Bank is updating our Appraisal section as follows:

Conventional Agency

- The appraisal used on the transaction must be in the name of the lender/client selling directly to U.S. Bank.
- Appraisals provided by or transferred from a third party such as another lender, a mortgage or real estate broker are not acceptable.

Conventional Portfolio

- The appraisal used on the transaction must be in the name of the lender/client selling directly to U.S. Bank.
- Appraisals provided by or transferred from a third party such as another lender, a mortgage or real estate broker are not acceptable.
- An Appraisal Engagement Letter must also be included in the loan file submitted for underwriting and subsequently purchase.
 - Appraisal Engagement Letter (appraisal order form) to identify:
 - Company doing the appraisal
 - Date ordered
 - Borrower's Name(s)
 - Subject property address
 - Person and Company name of who ordered the appraisal

Guide Section: 713.16 – Appraisals (Conventional), 714.1.10 – Appraisal Procedures (Portfolio – Correspondent Only)

VA Certificate of Eligibility (COE) Enhancements

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

Effective Date: Effective March 19, 2021

VA has made enhancements to the Certificate of Eligibility (COE) now reflecting information that was previously required via form 26-8937 Verification of VA Benefits i.e. service-connected disability, funding fee exemption etc.

VA form 26-8937 is no longer required to be submitted to VA. It is only needed in the following cases;

- An active duty Service member has received a proposed or memorandum rating or a pre-discharge claim for VA disability compensation is pending;
- A COE condition expressly states that VA Form 26-8937 must be submitted to VA; or
- System limitations cause anomalies on the COE and lenders are unable to resolve such anomalies after calling VA at 877-827-3702.

The form must be uploaded to WebLGY by selecting “New Application” under “Electronic Application” The document type should be under correspondence in “E-docs” as “Form 26-8937” document type.

If a spouse of a deceased Veteran is a co-borrower of a VA loan, the spouse is eligible for an Interest Rate Reduction Refinance Loan (IRRRL). The form should be uploaded to WebLGY under “New Application” using the spouse name not the deceased Veteran.

Upon receipt of the 26-8937 VA will update the COE with the current information and users will be able to obtain the COE via WebLGY.

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

In **SEL-2020-100 and 2021-003**, we announced that U.S. Bank Correspondent and HFA would begin to accept the redesigned URLA starting during the open production timeline with new loan registrations and loan reservations beginning January 1, 2021. Additionally, we also advised that U.S. Bank would continue to accept applications using the current 1003 taken before the Mandated usage date of March 1, 2021.

As a reminder, U.S. Bank requires submissions using the redesigned URLA for applications taken on or after March 1, 2021.

You may also review our **Frequently Asked Questions** document that will be regularly updated with additional items as well as clarifications.

Guide Update: 1160.30: U.S. Bank URLA FAQ

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.