



# Seller Guide Update



SEL-2021-019: Multiple Topics

April 9, 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.



## Properties with Solar Panels - 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 type="checkbox"/>	Conv. (Portfolio)
<input type="checkbox"/>	FHA
<input type="checkbox"/>	VA
<input type="checkbox"/>	Rural Development

**Effective Date:** Immediately

Due to the complexities of the UCC-1 filing, inconsistencies across States/Counties/Municipalities and the GSE's requirement that U.S. Bank be in first lien position, we have made an amendment to the title section of the guidance.

	Solar Power Purchase Agreement (PPA)	Solar Panel Lease	Solar Panels Financed as Personal Property	Solar Panel Financed as a Fixture to Real Estate	Solar Panels Owned Free and Clear
Title	UCC-1 Financing Statement or lease agreement associated with the solar panels recorded in the applicable land records and claiming an interest in the solar panels but not the real estate, a subordination agreement or release of the UCC-1 Financing Statement is required.			UCC-1 Financing Statement recorded against title to the Mortgaged Premises, creating a lien on the real estate itself (i.e., claiming an interest in both the solar panels and the real estate, not just the solar panels); it must be subordinated or released.	There must be no UCC-1 Financing Statement or notice recorded against the Mortgage Premises.  In the event there is a UCC-1 Financing Statement, it must be released.

**Guide Update:** 713.17 Agency - Eligible Properties

## Work Completion Escrow Policy

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

**Effective Date:** Effective immediately for all loans, including those in pipeline

U.S. Bank is making the following changes to our Work Completion Escrow Policy as follows:

### Standard Agency Dollar Amount Requirements

Work completion escrow guidelines currently limit the escrow to be the lesser of a specific dollar amount or the cost to complete the incomplete items so as not to exceed 10% of the 'as completed' value of the Mortgaged Premises. We are eliminating the dollar amount cap for Agency loans

- **Agency Maximum:** The cost to complete the incomplete items must not exceed 10% of the 'as completed' value of the Mortgaged Premises.

**Guide Updates:** 713.25 Agency – Work Completion Escrow Policy

## Correspondent Agency Overlay Matrix

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 type="checkbox"/>	HFA Delegated
<input 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

## Questions

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The **Correspondent Consolidated Agency Overlay Matrix** has been updated as follows:

- Clarified the header on page 1 to more clearly identify the overlays in that section that apply and do not apply to loans delivered through Mandatory delivery.

**Guide Updates:** 1400.01: Agency Overlays applicable to Delegated Correspondent Lending



**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.

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**U.S. Bank Consolidated Agency Overlays applicable to Delegated Correspondent Lending (as of 04/09/2021)**

To mitigate the risk on the loans we purchase, U.S. Bank Home Mortgage has overlays to Agency guidelines (i.e., Fannie Mae and Freddie Mac).

- **Note:** Unless outlined below as a U.S. Bank Credit Overlay, Delegated Lenders can follow Agency Underwriting Guidelines and their own interpretation and application of those guidelines. Underwriting and Loan Eligibility compliance is backed by the Lender's Reps & Warrants as a Seller to U.S. Bank Home Mortgage. U.S. Bank Home Mortgage publishes on AllRegs our underwriting guidelines, practices, and clarifications that we follow when we underwrite a loan based on our own assessment of risk. Delegated Lenders are encouraged but not required to use these guidelines and clarifications when underwriting a loan to be sold to U.S. Bank.
- An "X" in the investor column indicates that the overlay applies to loans submitted under a lender's delegated underwriting authority. Mandatory overlays that do not apply to EZD product do not have to be followed by Lenders using Easy D delivery for Freddie Mac loans. Easy D Lenders can utilize the EZD product column only to determine applicable overlays.
- The Overlay Descriptions are summarized alphabetically by subject in each section.
- References are not all-inclusive and this document should be used in conjunction with the Correspondent Seller Guide. For complete product guidelines, refer to the applicable product and underwriting guidelines within our seller guide.
- Items added, removed or modified are referenced in the Seller Guide Update that are released along with the most recent version of the Matrix.
- If there are conflicts between the Overlay Matrix and the Underwriting and/or Product Guidelines, follow the Underwriting and/or Product Guidelines.

Section	Overlay Description	Freddie Mac	Fannie Mae
<p align="center"><b>Underwriting Guideline Overlays applicable to Delegated Underwriting Authority</b>  <b>These overlays DO NOT apply to loans purchased by U.S. Bank through EZD Delivery</b>  <b>These overlays DO NOT apply to loans purchased by U.S. Bank through Mandatory Delivery where noted</b></p>			
<a href="#">713.07 Effective Income</a>	Income Commencing After Note Date/Effective Income (does not apply to Mandatory)  Freddie Mac: Future income (Option 2) not allowed due to delivery complexities.  Fannie Mae: Future income (Option 1) not allowed due to delivery complexities.	X	X
<a href="#">713.08 Funds for Closing</a>	Sweat Equity (does not apply to Mandatory)  Sweat equity is NOT an acceptable source of funds.	X	X
<a href="#">713.09 Credit/Debt Underwriting</a>	Non-Traditional Credit (does not apply to Mandatory)  Non-traditional credit not allowed with exception of erroneous or inaccurate credit. If non-traditional credit is used with a manual underwrite: Maximum 36% Debt-to-income ratio and Minimum two months PITIA reserves after closing (or per product guide if greater).	X	X
<a href="#">713.09 Credit/Debt Underwriting</a>	Credit/Debt Underwriting (does not apply to Mandatory)  At least one borrower must have a FICO Score	X	X
<a href="#">713.11 Secondary/Subordinate Financing and Other Financing Agreements</a>	Seller Seconds  Seller seconds maximum TLTV is 90%.	X	X
<a href="#">713.11 Secondary/Subordinate Financing and Other Financing Agreements</a>	PACE Funding  Not allowed.	X	X
<a href="#">713.11 Secondary/Subordinate Financing and Other Financing Agreements</a>	Down Payment and Closing Assistance  Eligibility varies by product and specific loan criteria as outlined by product guidelines 1. Shared appreciation is not allowed 2. Non delegated correspondents must use U.S. Bank Approved Community Seconds List as provided in the Seller Guide.	X	X
<a href="#">713.17 Eligible Properties</a>	Property with a Manufactured Home accessory unit  U.S. Bank will not allow properties with a manufactured home as an accessory dwelling to be eligible property.	X	X
<a href="#">713.17 Eligible Properties</a>	Non-Traditional Types of Properties  Due to the risk nature of not being able to fully comply with the appraisal requirements for these types of properties, U.S. Bank Home Mortgage will not make or purchase loans that are non-traditional types of properties.	X	
<a href="#">713.17 Eligible Properties</a>	Co-ops  Not eligible.	X	X
<a href="#">713.17 Eligible Properties</a>	Second Home Seasonal Properties  U.S. Bank Home Mortgage will require that second homes be habitable and accessible year-round.	X	
<a href="#">713.19 Manufactured Housing</a>	Manufactured Housing  Not allowed.		X

Section	Overlay Description	EZD Product	Fannie Mae and Freddie Mac Delegated (Mandatory / Best Effort)
<b>Specific to Mortgage Program/Product Guidelines of Seller Guide including Product Code (Section 500)</b>			
<a href="#">Cash Out Transactions</a>	Minimum Credit score 720		X
<a href="#">Cash Out Transactions</a>	Must be Primary 1-2 unit property type	X	X
<a href="#">Debt to Income (DTI)</a>	Maximum DTI 50%	X	X
<a href="#">Debt to Income (DTI)</a>	Maximum DTI 36% for any Self-Employed borrower who uses business assets for down payment/closing costs/reserves. (does not apply to Mandatory)		X
<a href="#">Investment Properties</a>	Max LTV/TLTV/HTLTV 80% with Minimum FICO of 720 and maximum DTI of 45%	X	X
<a href="#">LTV/TLTV &gt;95%</a>	<ol style="list-style-type: none"> <li>1. Minimum credit score of 680</li> <li>2. Maximum DTI of 45%</li> <li>3. Purchase Transactions only</li> <li>4. If subordinate financing, the borrower must have a minimum of \$1,000 personal funds into the transaction to be used towards down payment, closing cost, prepaids, or reserves</li> <li>5. Subordinate financing must be Community Second loan program, Shared appreciation is Not allowed, and must be listed on U.S. Bank Approved Community Seconds List for Non-Delegated Clients.</li> <li>6. Max LTV 95% when TLTV is &gt;97%</li> </ol>		X
<a href="#">Manual Underwriting</a>	No loans with manual underwriting allowed under delegated authority		X
<a href="#">Minimum FICO</a>	At least one borrower must have a minimum FICO score of 680 for loans with DTI > 45% to a maximum of 50% DTI (specific criteria may require higher FICO as listed in product guidelines)		X
<a href="#">Minimum FICO</a>	EZD: No loans with a FICO < 620 and at least one borrower must have a FICO score Delegated/Mandatory: No loans with a FICO < 640 and at least one borrower must have a FICO score	X	X
<a href="#">Property</a>	Each borrower individually, and all borrowers collectively may not be obligated on more than six (6), 1-4 unit financed properties (including principal residence) if the loan is secured by second home or investment property.		X
<a href="#">Property</a>	Co-ops are not allowed	X	X
<a href="#">Temporary Buydown Options</a>	No Borrower Paid Option	X	X
<a href="#">TX 50(a)(6)</a>	Loans cannot be closed in the name of a trust or with the use of a Power of Attorney		X
<b>Fannie Mae</b>			
<a href="#">Fannie Mae</a>	Manufactured Housing is not allowed		X
<a href="#">HomeReady 3519</a>	<ol style="list-style-type: none"> <li>1. No manual underwriting permitted</li> <li>2. 3-4 units are not allowed.</li> <li>3. Full URAR required regardless of AUS findings (does not apply to EZD)</li> </ol>	X	X
<b>Freddie Mac</b>			
<a href="#">HomePossible 3687</a>	<ol style="list-style-type: none"> <li>1. Manufactured Homes require a Maximum of 80% LTV/CLTV with Minimum FICO of 680 and maximum DTI of 45%</li> <li>2. Full URAR required regardless of AUS findings (does not apply to EZD)</li> </ol>	X	X
<a href="#">Manufactured Housing 3666 3667 3668</a>	<ol style="list-style-type: none"> <li>1. Maximum of 80% LTV/CLTV with Minimum FICO of 680 and maximum DTI of 45%</li> <li>2. No cash out transactions permitted.</li> <li>3. Desktop Underwriting (DU) not allowed.</li> <li>4. Full URAR required regardless of AUS findings (does not apply to EZD)</li> </ol>	X	X
<a href="#">Rate/Term Refinance 3601 3602 3604 3619 3626 3627 3666 3667 3668 3684 3685 3686 3687 3691</a>	Cash back to the borrower is limited to an amount no more than the lesser of 2% of the balance of the new refinance mortgage or \$2,000.		X
<a href="#">Super Conforming 3626 3627</a>	Full URAR required regardless of AUS findings		X



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