

U.S. Bank Consolidated Agency Overlays applicable to Non-Delegated Housing Finance Agency Lending Division (as of 06/11/2021)

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).

- An "X" in the investor column indicates that the overlay applies to loans submitted under a lender's non-delegated underwriting authority.
- 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
Underwriting Guideline Overlays applicable to Non-Delegated Underwriting Authority			
000 COVID-19 Resources	Appraisals -Drive-By/Exterior-Only (For applications taken before June 1, 2021) Drive-by/Exterior-only appraisals are not acceptable for any loan type.	X	X
500 Product Guidelines	Appraisal Waivers Appraisal waivers (PIW/ACE) are not accepted regardless of AUS findings.	X	X
500 Product Guidelines	Debt-to-Income (DTI) Maximum DTI requirements are stated within the HFA specific product guides	X	X
500 Product Guidelines	FICO Minimum FICO score requirements are stated within the HFA specific product guides Section 500	X	X
500 Product Guidelines	Manufactured Housing See HFA specific Product Guide for Manufactured Housing Product Type, LTVs, DTIs and FICO score requirements.		X
500 Product Guidelines	Texas Home Equity Loans Acreages exceeding 10 acres not allowed.	X	X
713.02 Underwriting Documentation	Debt-to-Income (DTI) For non-delegated loans underwritten by U.S. Bank, Underwriters should comment on the 1008 and/or another underwriting loan summary form on their assessment of the sufficiency of borrower's income to repay the loan for DTIs > 43%.	X	X
713.02 Underwriting Documentation	Form 1077 Alternative USBHM will require the Fannie Mae Form 1008/Freddie Mac Form 1077 on all loan files and will not accept alternative forms.	X	X
713.05 Eligible Borrowers	Ineligible Borrowers Life Estates, guardianships, and conservatorships are not eligible.	X	X
713.05 Eligible Borrowers	Non-Permanent Resident Aliens <ul style="list-style-type: none"> • Meets documentation requirements. Refer to 713.5.1 Most Common Documentation to Demonstrate the Right to Live and Work in the United States for a NPRA. For assistance. • Purchase and Rate Term Refinances only. Cash Out Refinances not allowed • SSN required (Tax ID Numbers will not be accepted) • Must have an AUS Approval – No manual underwrites allowed • Standard Agency requirements for Credit, Employment and Income apply • Refer to 713.8 Funds for Closing for additional requirements. 	X	X
713.05 Eligible Borrowers	Trusts <ol style="list-style-type: none"> 1. Refer to the specific HFA's Guideline 2. If the property is currently in the name of the borrowers Trust the loan may close in the trust as long as the trust meets all U.S. Bank requirements. 3. To close in the borrower's name, the property title must be in the borrower's name prior to final approval. 4. Attorney Opinion Letter Required for those states that a completed Certification of Revocable Trust is not allowed. 	X	X

Section	Overlay Description	Freddie Mac	Fannie Mae
713.07 Effective Income	Asset Dissipation Asset dissipation (Retirement or Non-Retirement) cannot be used as a form of income to qualify the Borrower.	X	X
713.07 Effective Income	Extended Absence Borrowers who were out of the work force due to unemployment for a period of 6 months or longer must be on the current job 6 months or longer to utilize their income for qualifying.	X	X
713.07 Effective Income	Foreign Income Income from High Risk Countries will be accepted on the all transactions except the following: • Cash-Out Refinances • 2nd Homes • Investment Properties • Loans requiring Gift Funds sourced from a High-Risk Country U.S. Bank Home Mortgage will require any loan with assets or income from a High-Risk Country to be underwritten by U.S. Bank.	X	X
713.07 Effective Income	Gross Up Rate The percentage non-taxable income can be grossed up in an amount equal to the tax rate, if borrower is required to file tax returns. If the borrower is not required to file a Federal income tax return, the tax rate of 25 percent should be used.		X
713.07 Effective Income	Gross Up Rate U.S. Bank will not allow gross up without documentation. U.S. Bank will continue to follow Fannie Mae policy and only allow Social Security income to use a gross-up factor of 25%	X	
713.07 Effective Income	Trust Income Income from trusts may be used with a minimum twelve (12) months history of trust income distribution to borrower.	X	X
713.08 Funds for Closing	Foreign Assets Assets from High Risk Countries will be accepted on the all transactions except the following: • Cash-Out Refinances • 2nd Homes • Investment Properties • Loans requiring Gift Funds sourced from a High-Risk Country U.S. Bank Home Mortgage will require any loan with assets or income from a High-Risk Country to be underwritten by U.S. Bank.	X	X
713.08 Funds for Closing	Gift Funds 1. Sellers must provide evidence of one of the following: Transfer of funds from the donor's account in a financial institution to the Borrower's account. For example, copies of bank statements from both the donor and the Borrower's accounts, a copy of a canceled gift check or a copy of a donor's withdrawal slip and the Borrower's deposit slip, or 2. Transfer of the funds from the donor's account in a financial institution to the settlement or closing agent. For example, a copy of a cashier's check or wire transfer confirmation. 3. Funds transferred using a third-party money transfer application or service are acceptable only when the documentation included in the Mortgage file evidences that the funds were transferred using the application or service directly from the donor's bank account to the Borrower's bank account or to the settlement or closing agent.		X
713.09 Credit/Debt Underwriting	Collection & Non-Mortgage Charge Off Accounts For manually underwritten loans, collection accounts and charge-offs on non-mortgage accounts do not have to be paid off at or prior to closing if the balance of an individual account is less than \$250 or the total balance of all accounts is \$1,000 or less. Collection accounts and charge-offs on non-mortgage accounts that exceed these limits do not have to be paid off at or prior to closing, provided the file has documented compensating factors as referenced in the business line exception process.	X	
713.09 Credit/Debt Underwriting; 500 Product Guidelines	Manual Underwriting 1. Minimum two months PITIA reserves after closing (or per product guide if greater) 2. No manufactured homes 3. See specific HFA Product Guide as additional restrictions may apply.	X	X
713.09.1 Credit/Debt Underwriting	Recovery Time Periods Short Sale time frame is from date of title transfer to application date regardless of AUS response.	X	X
713.11 Secondary/Subordinate Financing and Other Financing Agreements	PACE Funding Not allowed.	X	X
713.14 Monthly Payment Escrows	Full Monthly Housing Payment Special Levied Assessments - U.S. Bank requires these monthly assessment amounts be added to the qualifying PITIA.	X	X
713.15 Anti-Flipping Policy	Anti-Flipping Policy 1.If the seller acquired the property 90- or fewer days prior to the date of the sales contract and the current sales price exceeds 10% of the seller's acquisition, a second review of the appraisal must be completed by U.S. Bank Home Mortgage Collateral Review Department (refer to selling guide for additional information). 2.Properties acquired by the seller over 90-days, but less than 180-days prior to the date of the sales contract (and the current sales price exceeds 20% of the seller's acquisition) requires a second review of the appraisal completed by U.S. Bank Home Mortgage Collateral Review Department (refer to selling guide for additional information).	X	X
713.17 Eligible Properties	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	

Section	Overlay Description	Freddie Mac	Fannie Mae
713.17 Eligible Properties	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
713.19 Manufactured Housing	Manufactured Housing U.S. Bank Home Mortgage will not make or purchase loans that are single-wide manufactured homes.		X
713.25 Funding Documentation Requirements	Escrow Holdback Timeframe requirements are 90 days for exterior improvements (weather permitting) and 30 days for interior improvements.	X	X
713.31 Refinance Loans	Refinance Documentation Maximum principal curtailment \$2,500	X	X
900.D Escrow Information	Levied Special Assessments All levied special assessments must be included in the PITIA for proper DTI and reserve calculations.	X	X
900.H Manufactured Housing Requirements	Manufactured Housing ALTA 7.1 needed on manufactured homes. Manufactured Home Limited Power of Attorney is required for loans where Title has not already been surrendered.	X	
900.M Final Documentation	Survey Exceptions ALTA 9 required if there are survey exceptions.	X	X



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