



Seller Guide Update



SEL-2021-028: HFA Overlay Enhancements and Updates

May 21, 2021

- Correspondent Lending
- Housing Finance Agency (HFA)

Background

Underwriting/Delivery	
<input type="checkbox"/>	Corr. Delegated
<input type="checkbox"/>	Corr. Non-Delegated
<input type="checkbox"/>	Corr. EZD
<input 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 checked="" type="checkbox"/>	FHA
<input checked="" type="checkbox"/>	VA
<input checked="" type="checkbox"/>	Rural Development

Based on a recent review of overall market and industry guidelines, U.S. Bank is pleased to announce enhancements and updates to our HFA Overlay Matrix which are **effective with new loan reservations on and after May 21, 2021**.

In addition to various updates based on credit and product offerings, we have also taken this opportunity to review the current format of the matrix with an emphasis on simplifying how we do business with our valued HFA lenders.

And finally, you will also notice that we have now linked the ‘Section’ column to the appropriate section of the HFA Lending Guide including product and underwriting guidelines.

Updates to the HFA Overlay Matrix include:

- **Presentation and Delivery Type Enhancements** – We have created separate matrices for the following categories:
 - **Delegated Underwriting**
 - Applicable to Fannie Mae/Freddie Mac, and
 - Applicable to Government (FHA, VA and USDA)
 - **Non-Delegated Underwriting**
 - Applicable to Fannie Mae/Freddie Mac
 - Applicable to Government (VA only)
- **Highlights of credit and product overlay updates including removals and additions and overall impact of changes for delegated lenders:**
 - Thirty-five “soft” underwriting overlays are no longer applicable (these are not in product guidelines and are referenced in our underwriting section of the HFA Lending Guide).
 - Two product overlays are no longer applicable to Government product guidelines.
- **Refer to the attached documents that outlines the overall impact of the updates to the existing overlay matrix:**
 - U.S. Bank Summary of Agency Overlays Changes for Delegated HFA Lending
 - U.S. Bank Summary of Government Overlays Changes for Delegated HFA Lending



Reference Materials

You will find the following additional reference materials attached and linked within this announcement:

- Updated HFA Overlay Matrices effective May 21, 2021:
 - **Delegated Underwriting**
 - 1400.01: Agency (Fannie Mae/Freddie Mac)
 - 1400.02: Government (FHA, VA and USDA)
 - **Non-Delegated Underwriting**
 - 1400.03: Agency (Fannie Mae/Freddie Mac)
 - 1400.04: Government (VA only)
- **Summary of Changes Documents** - outlining the overall impact of the updates to the existing overlay matrix.
 - U.S. Bank Summary of Agency Overlays Changes for Delegated HFA Lending
 - U.S. Bank Summary of Government Overlays Changes for Delegated HFA Lending
- **Updated U.S. Bank COVID-19 Frequently Asked Questions**

Questions



HFA: Please contact the Housing Finance Agency Hotline at 800.562.5165, option 1 for the HFA Customer Care Team.



U.S. Bank Consolidated Agency Overlays applicable to Delegated Housing Finance Agency Lending Division (as of 05/21/2021)

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.
- 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 HFA Lending 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 Delegated Underwriting Authority			
000 COVID-19 Resources	Appraisals -Drive-By/Exterior-Only Drive-by/Exterior-only appraisals are not acceptable for any loan type.	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	Texas Home Equity Loans Acreages exceeding 10 acres not allowed.	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	FICO Minimum FICO score requirements are stated within the HFA specific product guides Section 500	X	X
500 Product Guidelines	Appraisal Waivers Appraisal waivers (PIW/ACE) are not accepted regardless of AUS findings.	X	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
713.11 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
713.17 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
713.17 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	
713.19 Manufactured Housing	Manufactured Housing U.S. Bank Home Mortgage will not make or purchase loans that are single-wide manufactured homes.		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	X
900.M Final Documentation	Survey Exceptions ALTA 9 required if there are survey exceptions.	X	X



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U.S. Bank Consolidated Government Overlays applicable to Delegated Housing Finance Agency Lending Division (as of 05/21/2021)

To mitigate the risk on the loans we purchase, U.S. Bank Home Mortgage has overlays to Government guidelines (i.e. FHA, VA and USDAR/D).

- Note: Unless outlined above/below as a U.S. Bank Credit Overlay, Delegated Lenders can follow Government 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 or delivery channel.
- 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 HFA Lending 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	FHA	VA	USDAR/D
Underwriting Guideline Overlays applicable to Delegated Underwriting Authority				
000 COVID-19 Resources	203K U.S. Bank will not allow any temporary flexibility allowed by FHA to continue administering the Rehabilitation Escrow Account, including the approval of extension requests and release of funds, which will allow the project to continue for mortgages where the Borrower is in forbearance due to the impacts of COVID-19.	X		
000 COVID-19 Resources	Re-Verification of Employment for VA IRRRL Only (For applications taken before April 1, 2021) U.S. Bank requires reverification of employment for all loan types: Written VOE: U.S. Bank permits the lender to obtain a written VOE confirming the borrower's current employment status within the same timeframe as the verbal VOE requirements. An email directly from the employer's work email address that identifies the name and title of the verifier and the borrower's name and current employment status may be used in lieu of a verbal VOE; or Paystub: The lender may obtain a year-to-date paystub from the most recent pay period that immediately precedes the note date. Continue to follow the income requirements and guidance in the Agency guides; or Bank statements: The lender can provide bank statements (or other alternative documentation) evidencing the payroll deposit from the most recent pay period that immediately precedes the note date.		X	
500 Product Guidelines	FICO Minimum FICO score requirements are stated within the HFA specific product guides Section 500	X	X	X
500 Product Guidelines	Condominium Single Unit Approval Any Delegated Client utilizing their own DE may use the Single Unit Approval review however, any loan utilizing the Single Unit Approval will have a maximum LTV of 90% LTV (including MIP). (Refer to 815.06)	X		
500 Product Guidelines	Debt-to-Income (DTI) Maximum DTI requirements are stated within the HFA specific product guides	X	X	X
500 Product Guidelines	Manufactured Housing Not allowed. For possible exception, see specific HFA Product Guide.	X	X	X
711.07 Credit/Debt Underwriting; 500 Product Guidelines	Manual Underwriting Not allowed; For possible exception, see specific HFA Product Guide.	X		
711.08 Monthly Payment Escrows	Monthly Housing Payment Special Levied Assessments - U.S. Bank requires these monthly assessment amounts be added to the qualifying PITIA.	X		
712.09 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	
712.10 Monthly Payment Escrows	Monthly Housing Payment Special Levied Assessments - U.S. Bank requires these monthly assessment amounts be added to the qualifying PITIA.		X	
712.12 VA Refinance Loans	VA IRRRL (Not Serviced by U.S. Bank) 1. Tri-merged credit report required. 2. No Investment or Second Homes permitted. 3. 0x30 days delinquent in most recent 12-months. 4. VVOE/VVOB is required (No income documentation is required)		X	
712.24 Secondary/Subordinate Financing	PACE Funding Not allowed.		X	
715.06 Secondary/Subordinate Financing	PACE Funding Not allowed.			X

Section	Overlay Description	FHA	VA	USDA/RD
715.07 Credit/Debt Underwriting	Federal and State Tax Repayment Plans All Federal and State Tax repayment plans must be paid in full			X
715.07 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
715.08 Monthly Payment Escrows	Monthly Housing Payment Special Levied Assessments - U.S. Bank requires these monthly assessment amounts be added to the qualifying PITIA.			X
715.09 Exception Policy	Credit or Debt Waivers U.S Bank Home Mortgage does not allow any credit or debt waivers for Rural Development loans.			X
715.17 Water Systems	Individual Water Systems in Hawaii Individual Water Systems including Rain Catchment Systems in Hawaii will not be allowed			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	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	X	X
900.M Final Documentation	Survey Exceptions ALTA 9 required if there are survey exceptions.	X	X	X



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U.S. Bank Consolidated Agency Overlays applicable to Non-Delegated Housing Finance Agency Lending Division (as of 05/21/2021)

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.
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- 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 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
713.17 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	
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

Section	Overlay Description	Freddie Mac	Fannie Mae
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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U.S. Bank Consolidated Government Overlays applicable to Non-Delegated Housing Finance Agency Lending Division (as of 05/21/2021)

To mitigate the risk on the loans we purchase, U.S. Bank Home Mortgage has overlays to Government guidelines (i.e. FHA, VA and USDA/RD). Currently, U.S. Bank does not provide any Non-Delegated products for FHA and USDA/RD

- 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.
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- 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	VA
Underwriting Guideline Overlays applicable to Non-Delegated Underwriting Authority		
000 COVID-19 Resources	NOV Conditions (For applications taken before April 1, 2021) Any additional items that need to be met on the NOV to comply with VA requirements must be met and completed in 60 days from the date of the NOV issuance.	X
000 COVID-19 Resources	Re-Verification of Employment (For VA applications taken before April 1, 2021) U.S. Bank requires reverification of employment for all loan types: Written VOE: U.S. Bank permits the lender to obtain a written VOE confirming the borrower’s current employment status within the same timeframe as the verbal VOE requirements. An email directly from the employer’s work email address that identifies the name and title of the verifier and the borrower’s name and current employment status may be used in lieu of a verbal VOE; or Paystub: The lender may obtain a year-to-date paystub from the most recent pay period that immediately precedes the note date. Continue to follow the income requirements and guidance in the Agency guides; or Bank statements: The lender can provide bank statements (or other alternative documentation) evidencing the payroll deposit from the most recent pay period that immediately precedes the note date.	X
000 COVID-19 Resources	Re-Verification of Employment for VA IRRRL Only (For applications taken before April 1, 2021) U.S. Bank requires reverification of employment for all loan types: Written VOE: U.S. Bank permits the lender to obtain a written VOE confirming the borrower’s current employment status within the same timeframe as the verbal VOE requirements. An email directly from the employer’s work email address that identifies the name and title of the verifier and the borrower’s name and current employment status may be used in lieu of a verbal VOE; or Paystub: The lender may obtain a year-to-date paystub from the most recent pay period that immediately precedes the note date. Continue to follow the income requirements and guidance in the Agency guides; or Bank statements: The lender can provide bank statements (or other alternative documentation) evidencing the payroll deposit from the most recent pay period that immediately precedes the note date.	X
000 COVID-19 Resources	Self-Employed Borrowers See Verification of Business for additional requirements	X
000 COVID-19 Resources	Termite Inspections (For VA applications taken before April 1, 2021) Termite Inspection report for properties located in an area on the Termite Infestation Probability Map of “very heavy” or moderate to heavy” will still be required.	X
000 COVID-19 Resources	Verification of Business U.S. Bank requires a VOB for all self-employed borrowers for all loan types: For self-employed borrowers, operations should verify the borrower’s business is operational closer to the note date rather than rely on current Guide requirements (within 10 calendar days instead of 120 days requirement). If the business is currently closed, the income may not be used to qualify.	X
000 COVID-19 Resources	Verification of Employment (For applications taken before April 1, 2021) If the required VOE documentation cannot be obtained U.S. Bank and its lenders will not follow guidance allowing the borrowers to close with 2 months cash reserves. The loan will not be approved or purchased without VOE documentation.	X
500 Product Guidelines	Debt-to-Income (DTI) Maximum DTI requirements are stated within the HFA specific product guides	X
500 Product Guidelines	FICO Minimum FICO score requirements are stated within the HFA specific product guides Section 500	X
500 Product Guidelines	Manufactured Housing Not allowed. For possible exception, see specific HFA Product Guide.	X
712.02 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

Section	Overlay Description	VA
712.05 Eligible Borrowers	Trusts 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
712.06 Effective Income	Foreign Income Income from High Risk Countries will be accepted on the all transactions except the following: <ul style="list-style-type: none"> • 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
712.08 Funds for Closing	Foreign Assets Assets from High Risk Countries will be accepted on the all transactions except the following: <ul style="list-style-type: none"> • 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
712.08 Funds for Closing	Large Deposit Defined Any deposit in any one month that is greater than 1% of Sales Price must be verified and sourced.	X
712.08 Funds for Closing	Seller paying borrower debts and property gifts Not allowed.	X
712.09 Credit/Debt Underwriting	Adverse Credit/ Recovery Time Periods Deed-in-lieu or short sale require a two-year period from transfer of title to new application.	X
712.09 Credit/Debt Underwriting	Delinquent Credit All judgements are required to be paid off; Credit with collections requires a downgrade.	X
712.09 Credit/Debt Underwriting	Non-Borrowing Spouse Debt The underwriter must count all debt for non-borrowing spouse in Community Property States regardless if they volunteer income information.	X
712.09 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
712.09.1 Recovery Time Periods for Reestablishment of Credit after Bankruptcy, Foreclosure, Short Sale	Recovery Time Periods for Reestablishment of Credit Financial Mismanagement Deed-in-lieu or short sale require a two-year period from transfer of title to new application.	X
712.10 Monthly Payment Escrows	Monthly Housing Payment Special Levied Assessments - U.S. Bank requires these monthly assessment amounts be added to the qualifying PITIA.	X
712.12 VA Refinance Loans	VA IRRRL (Not Serviced by U.S. Bank) 1. Tri-merged credit report required. 2. No Investment or Second Homes permitted. 3. 0x30 days delinquent in most recent 12-months. 4. VVOE/VVOB is required (No income documentation is required)	X
712.15 Anti-Flipping Policy	Purchase Transactions If the Seller must have taken title to the subject property more than 90 days prior to the contract date on the sale of the property to the applicant. Resales occurring between 91-180 days with a resale price increase of 100% or more over the price the seller acquired the property will require a second appraisal. This does not have to be a VA, FHA, or USDA appraisal.	X
712.24 Secondary/Subordinate Financing	PACE Funding Not allowed.	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
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



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Section	Overlay Description	Freddie Mac	Fannie Mae
Summary of Underwriting Overlays Removed for Delegated Underwriting Authority			
000 COVID-19 Resources	Rental Income Rental income for qualifying purposes will only be considered stable provided the lease is at least 12 months in duration. If the lease has expired and has gone month to month, proof the rental is still rented (lease extension, proof of rent received, etc). Leases must be provided.	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	
713.05 Eligible Borrowers	Ineligible Borrowers Life Estates, guardianships, and conservatorships are not eligible.	X	X
713.05 Eligible Borrowers	Trusts 1. If the property is currently in the name of the borrower Trust the loan may close in the trust as long as the trust meets all USBHM and Agency requirements. To close in the borrower's name, the property title must be in the borrower's name prior to final approval. 2. Attorney Opinion Letter Required for those states that a completed Certification of Revocable Trust is not allowed.	X	X
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 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
713.09.1 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

<p>713.15 Anti-Flipping Policy</p>	<p>Anti-Flipping Policy</p> <p>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).</p> <p>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).</p>	X	X
<p>713.31 Refinance Loans</p>	<p>Refinance Documentation</p> <p>Maximum principal curtailment \$2,500</p>	X	X
<p>900.C Funding Documentation Requirements</p>	<p>Escrow Holdback</p> <p>Timeframe requirements are 90 days for exterior improvements (weather permitting) and 30 days for interior improvements.</p>	X	X



U.S. Bank Summary of Government Overlays Changes for Delegated HFA Lending (as of 05/21/2021)

Section	Overlay Description	FHA	VA	USDAR/D
Summary of Underwriting Overlays Removed for Delegated Underwriting Authority				
000 COVID-19 Resources	<p>NOV Conditions</p> <p>Any additional items that need to be met on the NOV to comply with VA requirements must be met and completed in 60 days from the date of the NOV issuance.</p>		X	
000 COVID-19 Resources	<p>Re-Verification of Employment</p> <p>If a reverification of employment is not able to be obtained within 10 days prior to closing the following items can be obtained as alternative methods of reverification of employment:</p> <p>For all (purchase and refinance) transactions, evidence the Borrower has a minimum of 2 months of Principal, Interest, Taxes and Insurance (PITI) in reserves; and</p> <p>One of the following:</p> <ul style="list-style-type: none"> • A year-to-date paystub for the pay period that immediately precedes the Note date, or • A bank statement showing direct deposit from the Borrower's employment for the pay period that immediately precedes the Note date. 	X		
000 COVID-19 Resources	<p>Re-Verification of Employment</p> <p>U.S. Bank requires reverification of employment for all loan types:</p> <p>Written VOE: U.S. Bank permits the lender to obtain a written VOE confirming the borrower's current employment status within the same timeframe as the verbal VOE requirements. An email directly from the employer's work email address that identifies the name and title of the verifier and the borrower's name and current employment status may be used in lieu of a verbal VOE; or</p> <p>Paystub: The lender may obtain a year-to-date paystub from the most recent pay period that immediately precedes the note date. Continue to follow the income requirements and guidance in the Agency guides; or</p> <p>Bank statements: The lender can provide bank statements (or other alternative documentation) evidencing the payroll deposit from the most recent pay period that immediately precedes the note date.</p>		X	X
000 COVID-19 Resources	<p>Self-Employed Borrowers</p> <p>See Verification of Business for additional requirements</p>		X	X
000 COVID-19 Resources	<p>Termite Inspections</p> <p>Termite Inspection report for properties located in an area on the Termite Infestation Probability Map of "very heavy" or moderate to heavy" will still be required.</p>		X	
000 COVID-19 Resources	<p>Verification of Business</p> <p>U.S. Bank requires a VOB for all self-employed borrowers for all loan types: For self-employed borrowers, operations should verify the borrower's business is operational closer to the note date rather than rely on current Guide requirements (within 10 calendar days instead of 120 days requirement). If the business is currently closed, the income may not be used to qualify.</p>		X	X
000 COVID-19 Resources	<p>Verification of Employment</p> <p>If the required VOE documentation cannot be obtained U.S. Bank and its lenders will not follow guidance allowing the borrowers to close with 2 months cash reserves. The loan will not be approved or purchased without VOE documentation.</p>		X	X

Section	Overlay Description	FHA	VA	USDA/RD
500 Product Guidelines	FICO For loans where one borrower has a FICO score that is less than 660 the following requirements apply: * One month reserves required	X		
500 Product Guidelines	Streamline Refinance Not allowed	X		
711.03 Eligible Borrowers	Ineligible Borrowers Life Estates, guardianships, and conservatorships are not eligible.	X		
711.03 Eligible Borrowers	Properties currently or Formerly in the name of an LLC Any property in the name of the borrower's LLC or has been in the name of the borrower's LLC in the most recent 120 day period, as measured backward from the date of the initial application, it is not eligible for refinancing into the borrower's name.	X		
711.03 Eligible Borrowers	Trusts 1. If the property is currently in the name of the borrower Trust the loan may close in the trust as long as the trust meets all USBHM and Agency requirements. To close in the borrower's name, the property title must be in the borrower's name prior to final approval. 2. Attorney Opinion Letter Required for those states that a completed Certification of Revocable Trust is not allowed.	X		
711.04 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		
711.05 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		
711.07.01 Credit/Debt Underwriting	Adverse Credit/ Recovery Time Periods Must meet all time frame requirements as U.S. Bank Home Mortgage does not allow shorter time frame for extenuating circumstances.	X		
711.10 FHA Refinance Loans	Documentation Requirements Maximum curtailment \$1000	X		
711.12 Eligible Properties	Excess Acreage Parcels exceeding 20 acres will be considered an exception and must follow the FHA exception process. All acreage must be included in value.	X		

Section	Overlay Description	FHA	VA	USDA/RD
712.06 Effective Income	<p>Foreign Income</p> <p>Income from High Risk Countries will be accepted on the all transactions except the following:</p> <ul style="list-style-type: none"> • Cash-Out Refinances • 2nd Homes • Investment Properties • Loans requiring Gift Funds sourced from a High-Risk Country <p>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.</p>		X	
712.08 Funds for Closing	<p>Foreign Assets</p> <p>Assets from High Risk Countries will be accepted on the all transactions except the following:</p> <ul style="list-style-type: none"> • Cash-Out Refinances • 2nd Homes • Investment Properties • Loans requiring Gift Funds sourced from a High-Risk Country <p>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.</p>		X	
712.08 Funds for Closing	<p>Seller paying borrower debts and property gifts</p> <p>Not allowed.</p>		X	
715.03 Eligible Borrowers	<p>Ineligible Borrowers</p> <p>Life Estates, guardianships, and conservatorships are not eligible.</p>			X
715.04 Effective Income	<p>Foreign Income</p> <p>Income from High Risk Countries will be accepted on the all transactions except the following:</p> <ul style="list-style-type: none"> • Cash-Out Refinances • 2nd Homes • Investment Properties • Loans requiring Gift Funds sourced from a High-Risk Country <p>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.</p>			X
715.05 Funds for Closing	<p>Foreign Assets</p> <p>Assets from High Risk Countries will be accepted on the all transactions except the following:</p> <ul style="list-style-type: none"> • Cash-Out Refinances • 2nd Homes • Investment Properties • Loans requiring Gift Funds sourced from a High-Risk Country <p>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.</p>			X
715.07.1 Credit/Debt Underwriting	<p>Recovery Time Periods for Reestablishment of Credit after Bankruptcy, Foreclosure, Short Sale and Deed in Lieu</p> <p>U.S. Bank requires 3 years to have passed from the completion date of the event and the application date.</p>			X