



Seller Guide Update



SEL-2021-031: Multiple Topics

June 4, 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.



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: Effective with new locks and/or reservations on and after June 14, 2021.

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

- Updated requirements permitting the use of future long-term disability income that subsequently converts from short-term disability benefits to qualify the Borrower
- Revised requirements related to prorated real estate tax credits

Future long-term disability income: Previously, newly established long-term disability income was eligible for qualifying the Borrower only when the income was to commence prior to or on the first Mortgage payment due date. Freddie Mac has updated their requirements to permit the use of future long-term disability income that will commence after the first Mortgage payment due date provided that:

- The Borrower is currently receiving short-term disability benefits that will subsequently convert to long-term benefits,
- The Borrower is qualified on the lesser amount of either the long-term or short-term disability payments, and
- The documentation requirements are met

This update aligns with Fannie Mae Policy.

Prorated real estate tax credits: This update aligns with the guidance that U.S. Bank previously clarified in January 2021 and is currently published within [713.8 Agency – Funds for Closing](#). Freddie Mac is updating their Guide requirements related to the treatment of prorated real estate tax credits contributed by the property seller in areas where real estate taxes are paid in arrears:

- Prorated tax credits are not considered interested party contributions and therefore are not subject to financing concession limits, and
- Prorated tax credits cannot be considered when determining if the Borrower has sufficient funds for the Mortgage transaction.

COVID-19 Temporary Appraisal Flexibilities

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

As a reminder, Fannie Mae, Freddie Mac, FHA, VA and Rural Development announced individually the expiration dates for the Temporary Appraisal Flexibilities as outlined below:

Agency	Announcement	Expiration Date
Fannie Mae Freddie Mac	Fannie Mae LL 2021-04 (4/21/21) Freddie Mac Bulletin 2021-15	These flexibilities expired May 31, 2021 .
FHA	FHA ML 2021-06	This flexibility currently expires on June 30, 2021 . Appraisals must be completed on or before this date. Refer to SEL-2021-007.
VA	VA Circular 26-20-13	This flexibility expired with applications taken on or after April 1, 2021 . Refer to SEL-2021-017.
Rural Development	Single Family Housing Guaranteed Loan Program Temporary Exceptions to Interior Inspection Appraisals	This flexibility currently expires on June 30, 2021 . Appraisals must be completed on or before this date. Refer to SEL-2021-007.

Loan applications or appraisals after the expiration date are subject to the standard agency appraisal requirements.

Guide Update: COVID-19 Frequently Asked Questions

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.