



Seller Guide Update



SEL-2021-035: Multiple Topics

June 25, 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.



Texas 50(a)(6) Loan Expansion to Portfolio Product

Underwriting/Delivery	
<input checked="" type="checkbox"/>	Corr. Delegated
<input checked="" type="checkbox"/>	Corr. Non-Delegated
<input type="checkbox"/>	Corr. EZD
<input checked="" type="checkbox"/>	Corr. Mandatory
<input type="checkbox"/>	HFA Delegated
<input type="checkbox"/>	HFA Non-Delegated
Products	
<input type="checkbox"/>	Conv. (Freddie)
<input 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 with new loan registrations on or after June 25, 2021

U.S. Bank will now permit the origination of Texas 50(a)(6) loans under our Portfolio product provided the loan meets the following parameters:

- All loans must be underwritten by U.S. Bank (delegated underwriting not allowed)
- Maximum LTV 80%
- 1-unit properties only
- Loans cannot be closed in the name of a trust or with the use of a Power of Attorney
- Property must be zoned residential with a maximum of 10 acres
- Properties with agricultural exemptions are not allowed
- A new 'as is' appraisal is required
- The spouse of a married borrower must execute all documents
- No additional borrowers are allowed for qualification purposes
- Temporary buydowns are not allowed

Guide Update: Product Guidelines have been updated as well as Section 900 > Section J of the Correspondent Seller Guide

Elimination to Operational COVID Procedures

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

For U.S. Bank loans, many of the COVID-19 credit related restrictions and flexibilities are being eliminated. These restrictions were put in place due to the uncertainty of the impact of the pandemic on economic and housing markets, associated mortgage lending risks as well as to assist in managing operational capacity. As previously communicated, U.S. Bank has taken a phased approach to removing our self-imposed COVID-19 Overlays which includes the following previously published communications:

- **Previously issued Phase 1:**
 - SEL-2021-022 - Agency, Government and Portfolio Flexibility/Overlay removal and updates
- **Previously issued Phase 2:**
 - SEL-2021-027 - Updates to Portfolio COVID-19 Overlays and Flexibilities
 - SEL-2021-028 - Updates to Agency COVID-19 Overlays and Flexibilities
 - SEL-2021-029 - Updates to Government COVID-19 Overlays and Flexibilities

Phase 3 – Operational Procedure Updates

With this update, we are now announcing the following operational procedure updates **effective with new locks taken on and after June 28, 2021 and loans in pipeline.**

- Returning to the pre-COVID requirements as follows:
 - For salary and wage earners underwritten by U.S. Bank, employment must be reverified within 10 business days (10 calendar days for FHA) of the Note date using the standard Verbal Verification of Employment (VVOE).
 - Removing the requirement for a COVID Borrower Attestation be included in all loan files.

Guide Update: COVID-19 Frequently Asked Questions (FAQ)

2-to 4-Unit Condominium Projects

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

2-to 4-Unit Condominium Project Definition

2-to 4-unit Condominium Projects refers to an attached project that is comprised of at least two, but no more than four, one-family dwelling units that are each separately owned with separate legal descriptions.

Projects that are legally phased or are to be built with more than 4 total units in the project will follow the review and approval process for Projects with 5 Units or More.

Agency Requirements

U.S. Bank is not required to warrant condominiums in 2-4 Unit Projects.

Portfolio Requirements

New and Established 2-to 4-unit projects may be eligible for a Streamlined/Limited Review when it meets the following LTV/CLTV/HCLTV Ratios:

Occupancy Type	2-to 4-units
Primary Residence	90%
Second Home	80%
Investment Property	70%

New projects must be at least 50% Primary Residence and Second Homes.

U.S. Bank will limit loan concentration to:

- 1 unit in a 2-unit project
- 2 units in a 3 or 4-unit project

The project review request, along with the required documentation, is submitted to the Project Approval Department using Streamlined/Limited Review Submission Sheet.

Loans not meeting the Streamlined/Limited Review requirements (LTV/CLTV, Resort & Ski Resort Programs, etc.) must be submitted for a Full Project Review. Full Project Review submissions require the legal documents, budget, and evidence of insurance.

Guide Updates:

- Project Approval Department > 811.1 Streamlined/Limited Review
- Project Approval Department > 811.3 Established Project Full Approval Process (Not Streamlined)
- Project Approval Department > 811.4 New Project Full Approval Process – For Projects with 5 Units or More
- Project Approval Department > 811.5 Project Code Requests for Projects that Do Not Require a Project Review by the Project Approval Department

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

As a reminder and as published in SEL-2021-021, 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
FHA	FHA ML 2021-06	This flexibility is set to expire on June 30, 2021 . Appraisals must be completed on or before this date. Refer to SEL-2021-007.
Rural Development	Single Family Housing Guaranteed Loan Program Temporary Exceptions to Interior Inspection Appraisals	This flexibility is set to expire on June 30, 2021 . Appraisals must be completed on or before this date. Refer to SEL-2021-007.
Fannie Mae Freddie Mac	Fannie Mae LL 2021-04 (4/21/21) Freddie Mac Bulletin 2021-15	These flexibilities expired May 31, 2021 .
VA	VA Circular 26-20-13	This flexibility expired with applications taken on or after April 1, 2021 . Refer to SEL-2021-017.

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.