



Seller Guide Update



SEL-2020-080: Multiple Topics

September 18, 2020

- 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.



USDA Guaranteed Rural Housing Funding Update

Underwriting/Delivery	
<input checked="" type="checkbox"/>	Corr. Delegated
<input type="checkbox"/>	Corr. Non-Delegated
<input type="checkbox"/>	Corr. EZD
<input checked="" type="checkbox"/>	Corr. Mandatory
<input checked="" type="checkbox"/>	HFA Delegated
<input type="checkbox"/>	HFA Non-Delegated
Products	
<input type="checkbox"/>	Conv. (Freddie)
<input type="checkbox"/>	Conv. (Fannie)
<input type="checkbox"/>	Conv. (Portfolio)
<input type="checkbox"/>	FHA
<input type="checkbox"/>	VA
<input checked="" type="checkbox"/>	Rural Development

Updated: Eligibility for Sale of Loans in a COVID-19 Forbearance

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

Disaster Area Declarations

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

As announced by USDA, at the beginning of Fiscal Year 2021 (FY 2021), which will begin October 1, 2020, funding for USDA's Single Family Housing Guaranteed Loan Program (SFHGLP) will not be available for a temporary time period.

Temporary Lapse of Funding

During the temporary lapse of funding, Rural Development will issue Conditional Commitments (Form RD 3555-18/18E) "subject to the availability of commitment authority" for purchase and refinance transactions.

U.S. Bank will continue to purchase USDA Rural Housing loans during the temporary lapse with Conditional Commitments "subject to the availability of commitment authority" for purchase and refinance transactions.

Final Documents - Final Conditional Commitment and Loan Note Guaranty

Lenders will be required to provide U.S. Bank the **final Conditional Commitment (RD 3555-18/18E)** and the **Loan Note Guaranty** once they are received from USDA as post-closing documentation requirements. As referenced in the **Correspondent Seller and HFA Division Lending Guides (900: Delivery and Funding > M. Final Documentation)**, lenders are required to provide original loan documents for each loan purchased by U.S. Bank within 90 days from date of purchase.

Note: Loans without a Conditional Commitment are not eligible for purchase.

Due to the current economic disruption and market uncertainty associated with the COVID-19 event, U.S. Bank will continue to update temporary guidelines with changes and clarifications as we align our communications with investor guidance including the following:

The following information is an update to U.S. Bank's SEL-2020-061 from July 31st and SEL-2020-067 published on August 11th:

- **Extension of Temporary Requirements for Purchase of Mortgages in Forbearance**
 - On August 27, 2020, [Freddie Mac \(Bulletin 2020-35\)](#) and [Fannie Mae \(LL-2020-06\)](#) issued updates that aligned and extended the temporary requirements for purchase of mortgages in forbearance, specifically extending the eligible Note date until **September 30, 2020**.

The following counties have been declared as Presidential Disaster Area with Individual Assistance on the [FEMA Disaster Website](#) and re-inspection requirements detailed in our Correspondent Seller's and HFA Division Lending Guide must be met. In some cases, additional counties may have been added. Lenders are responsible for verifying procedures are in place to monitor new and/or updated declarations.

Declaration Date	State	County/Parish
August 28, 2020	LA	Acadia, Allen, Beauregard, Caddo, Calcasieu, Cameron, Grant, Jackson, Jefferson Davis, La Salle, Lincoln, Morehouse, Natchitoches, Ouachita, Rapides, Sabine, St. Landry, Union, Vermilion, Vernon, and Win

Guide Section: 711.20 – Natural Disaster Procedures (VA), 712.21 – Natural Disaster Procedures (FHA), 713.20 – Natural Disaster Procedures (Conventional), 714.1.10 – Appraisal Procedures (Portfolio – Correspondent Only), 715.20: Natural Disaster Procedures (USDA)

Reminder: Requirements and Guidance Related to COVID-19 for Self Employed Borrowers

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

As a reminder, and as was published in **SEL-2020-074**, due to the current economic disruption and market uncertainty associated with the COVID-19 event, U.S. Bank will continue to update temporary guidelines with changes and clarifications as we align our communications with investor guidance.

Overlay Removal: This update removed our previous overlay requirement for Freddie Mac and Fannie Mae as announced in SEL-2020-046 requiring an audited P&L or unaudited P&L with business bank statements to be dated no more than **60** calendar days (previously 30 calendar days) prior to the Note Date.

Determining income stability with additional analysis and documentation: U.S. Bank must comply with the following Agency requirements when assessing income derived from self-employment in order to determine if the Borrower's income is stable and there is a reasonable expectation of continuance. The Mortgage file must include a written analysis of the self-employed income amount and justification of the determination that the income used to qualify the Borrower is stable.

Minimum additional documentation requirements

At a minimum, the following additional documentation must be obtained when assessing income from self-employment:

- An unaudited year-to-date (YTD) profit and loss statement that is signed by the Borrower and reports business revenue (i.e., gross receipts or sales), expenses and net income. The information in the YTD profit and loss statement must cover the most recent month preceding the Application Received Date and be dated no more than 60 calendar days prior to the Note Date, **and**
- Two months business account statements no older than the latest two months represented on the YTD profit and loss statement
 - For example, if the YTD profit and loss statement is through May 31, 2020, the business account statements can be no older than for April and May
 - Personal asset account statements evidencing business deposits and expenses may be used when the Borrower is an owner of a small business and does not have a separate business account, **or**
- An **audited** YTD profit and loss statement reporting business revenue (i.e., gross receipts or sales), expenses and net income. The information in the YTD profit and loss statement must cover the most recent month preceding the Application Received Date and be dated no more than 60 calendar days prior to Note Date.

Note: U.S. Bank may need to obtain additional documentation to supplement the minimum required documentation in order to effectively assess the impact of the pandemic on the business.

Business Assets

- No business assets will be allowed for down payment, closing costs or reserves, regardless of impact to business.
- P&L and Balance Sheet dated within 60 days of note date. YTD is required. Additional P&Ls will be required for any tax years not filed. This documentation requirement cannot be waived, and no exception will be allowed.

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.