



# Seller Guide Update



SEL-2020-085: Multiple Topics

October 16, 2020

- Correspondent Lending
- Housing Finance Agency (HFA)

## Table of Contents

### The following topics are included in this update:

Update to Portfolio Underwriting Guidelines.....	2
Temporary Flexibilities for Re-Inspection Interior Photos in Natural Disaster Areas for FHA.....	3
Appraisal Delivery Certification and Waiver.....	3
Certification of Revocable Trust.....	3
Mortgage Insurance Certification.....	3
Questions.....	3

## 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.



## Update to Portfolio Underwriting Guidelines

Underwriting/Delivery	
<input checked="" type="checkbox"/>	Corr. Delegated
<input checked="" type="checkbox"/>	Corr. Non-Delegated
<input type="checkbox"/>	Corr. EZD
<input 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 immediately, U.S. Bancorp has made recent clarifications to the Portfolio 300-1, 300-2 Underwriting and/or Employment, Income and Debt Policy. This announcement is a notification of the updates published within the U.S. Bank Home Mortgage Underwriting Guidelines. For ease of finding these changes, the updated sections are listed below and updated content in AllRegs is in **green**.

- 714.1.2 – Lending Policy: Minor updates to Ability to Repay
- 714.1.6 – Assets/Funds to Close:
  - Update to Verification of Funds to Close > Gifts from Related Persons to include verification of receipt of gift fund requirements.
  - Minor updates to Interested Party Contributions
- 714.1.7 – Secondary Financing: Minor updates to Restrictions on 2nd Lien Positions
- 714.1.8 – Transaction Documentation: Update to Sales Contract to include that the seller must be the owner of record on title at the time of the execution of the sales contract.
- 714.1.9 – Property: Update to Acceptable Property Types > Condominiums state Home Mortgage is allowed to follow Fannie Mae and Freddie Mac Guidelines for project reviews including Streamlined/Limited Reviews. Previous due diligence requirements have been eliminated. Hyperlink to 810 Project Approval Department requirements added.
- 714.1.10 – Appraisals: Update General Requirements to include that appraisals shall not take into consideration or include comments related to any prohibited basis. (No impact to the Property Eligibility Checklist announced in UW Memo 2020-090)
- 714.1.11 – Taxes and Escrow
  - Update to Taxes and Assessments to state that proceeds of the transaction may not be used to pay past due fees.
  - Update to Homeowner's Hazard Insurance and Condominium Master Policy Requirements > HO6 Requirements state that HO6 may not be waived.
  - Further defined in Flood Zone Certification and Insurance when flood insurance is not required on certain structures
- 714.1.18 – Refinance Documentation: Updates to the Cash/Equity Out and Rate/Term Refinance definitions to include that when a refinance includes a payoff of a HELOC, the HELOC must be closed to be considered a Rate/Term Refinance.
- 714.2.2.2 – Income: Update General Information on Self-Employed Borrowers and Income Analysis to include that if distributions are on an annual schedule, and a distribution has not been received for the current partial year, the ownership percentage must be verified and applied accordingly to the income trend.
- 714.2.2.3 – Non-Employment Related Borrower Income: Update Non-Taxable and Projected Income to include the U.S. Bancorp Grossing up Nontaxable Income Policy
- 714.2.3.1 – Borrower Liabilities Recurring Obligations: Minor updates to Debt-to-Income (DTI) Ratio Computation for Recurring Obligations
- 714.2.3.3 – Borrower Liabilities Projected Obligations: Update Obligations Not Considered Debt to include Debt Consolidation information

## Temporary Flexibilities for Re-Inspection Interior Photos in Natural Disaster Areas for FHA

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

## Appraisal Delivery Certification and Waiver

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

## Certification of Revocable Trust

## Mortgage Insurance Certification

## Questions

**Effective Date:** Immediately for re-inspections/certifications until current FHA COVID-19 Appraisal Flexibilities Expire.

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.

### Waive Requirements for “Interior” Photos

FHA published a temporary policy waiver to its requirements that suspends the standard inspection requirements for “interior” photographs when performing damage re-inspections/certifications on properties with pending mortgage closing or endorsement in Presidentially-Declared Major Disaster Areas (PDMDA).

This waiver of requirements for interior photographs in PDMDAs is now consistent with the temporary inspection guidance allowing for exterior-only or desktop-only inspections due to the COVID-19 National Emergency currently in place.

### “Exterior” Photos

The requirement for exterior photographs will remain in place.

As a point of clarification, the borrower-signed Certification of Appraisal (or Waiver) Delivery must be present in the file and must indicate specifically that the appraisal (or waiver thereof) was received by them no later than 3-business days prior to the loan closing. It is permissible for this document to be signed by the borrower at closing provided it indicates the above.

Alternatively, lenders may provide the following:

- Audit trail documentation, providing it specifically shows borrower receipt of docs 3 or more business days prior to closing

### Guide Section:

- **Correspondent:** 1141.1: Conventional Closed Loan Documentation Delivery Requirements, 1141.2: Government Closed Loan Documentation Delivery Requirements
- **HFA:** Conventional Loan Delivery Checklist, Government Loan Delivery Checklist

We have updated the following documents to reflect an updated revision date of October 2020:

- Correspondent > 1117.1.1 > Certification of Revocable Trust >

As a reminder, lenders must notify the respective Mortgage Insurance (MI) company when a loan closes in order to activate the MI Certification.



**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.