



# Seller Guide Update



SEL-2020-092: Multiple Topics

November 20, 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.



## 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

## Agency Extension of Temporary Flexibilities Related to COVID-19

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

## Address Change: HFA Final Documents

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 checked="" type="checkbox"/>	Conv. (Portfolio)
<input checked="" type="checkbox"/>	FHA
<input checked="" type="checkbox"/>	VA
<input checked="" type="checkbox"/>	Rural Development

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-2020-086 published on October 23, 2020:

- Extension of Temporary Requirements for Purchase of Mortgages in Forbearance**

On October 21, 2020, [Freddie Mac \(Bulletin 2020-44\)](#) 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 **December 31, 2020**.

**Guide Update:** COVID-19 Frequently Asked Questions

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.

### Extension of Temporary Changes from Previous Seller Guide Updates

We are extending the temporary requirements and flexibilities previously announced that were **effective for application received dates through November 30, 2020 to mortgages with application received dates through December 31, 2020 for the following:**

Communication	Topic
SEL-2020-021	<ul style="list-style-type: none"> <li>Correspondent: Temporary Flexibilities for Appraisals</li> <li>HFA: Temporary Flexibilities for Appraisals</li> <li>Temporary Flexibilities for Employment Verifications</li> </ul>
SEL-2020-027	<ul style="list-style-type: none"> <li>Temporary Credit Underwriting Requirements for Agency Loans</li> <li>Temporary Flexibilities for Agency Appraisals on New Construction Properties</li> </ul>
SEL-2020-029	<ul style="list-style-type: none"> <li>Clarification: Temp. Credit Underwriting Requirements for Agency Loans – Investment Properties</li> </ul>

As a reminder, and as previously published, beginning November 13<sup>th</sup>, all **HFA Final Documents** should be delivered to the following address:

Current Address	New Address (beginning 11/13/20)
<p align="center"><b>U.S. Bank</b></p> <p align="center">Centralized Image Capture EP-MN-HMP1 7601 Penn Avenue South, Suite A1 Richfield, MN 55423</p>	<p align="center"><b>U.S. Bank</b></p> <p align="center">Attn: CIC HFA Final Docs EP-MN-X3CI 9380 Excelsior Blvd, 3<sup>rd</sup> Floor Hopkins, MN 55343</p>

**Note:** This change is for HFA only and does not impact Correspondent loans.

**Guide Updates:** U.S. Bank HFA Lending > 900: Delivery and Funding > M. Final Documentation

## New IRS Form 4506-C Requirements

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
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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

In September of this year, the IRS released a new form, 4506-C for requesting IRS Tax Transcripts that replaces the current Form 4506-T. U.S. Bank will begin accepting Requests for Transcripts for Tax Returns completed by the borrower on the new 4506-C in addition to continuing to accept the 4506-T form as outlined below.

- **Effective Date** - The IRS will require all requests for tax transcripts submitted March 1<sup>st</sup>, 2021 or after to utilize the 4506-C form. Because of this, U.S. Bank will begin requiring the 4506-C prior to the date mandated by the IRS; a mandatory date will be announced at a later time.
- **Taxpayer First Act** - The 4506-C form does not replace the Taxpayer First Act Consent to Use of Tax Return Information Form as was outlined in **SEL-2019-065**. This form will still be required to be present in all delegated and non-delegated loan file submissions.
- **IRS Form 4506-T and 4506-C, Line 5a** - Lenders are required to follow the same requirements in regards to completing like 5a outlined in 900: Delivery and Funding - C. Funding Documentation Requirements regardless of if they are using the 4506-T or 4506-C form.
  - IRS form 4506T will be required on all loans purchased unless specifically indicated in U.S. Bank program guidelines as not required. When completing line 5a on IRS Form 4506-T (or 4506-C), it is recommended that our vendor be listed:
    - C/O CoreLogic 10277 Scripps Ranch Blvd San Diego, 92131  
Participant #: 302617 | Mailbox ID: CLGX4506T | Phone: 877-877-6188
    - It is recommended that line 5b is left blank.

**Guide Update:** Multiple sections of the Correspondent Seller and HFA Lending Guide will be updated to reflect the acceptability of the 4506-C requirements.

## Clarification: Sale of Loans Aged Six Months or Less

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

As a point of clarification from **SEL-2020-062**, both Fannie Mae and Freddie Mac have communicated that loans are no longer eligible for sale at the age of six months from closing. There is some variation in the way that they are interpreting the age as outlined below:

- As indicated in [Fannie Mae LL-2020-03](#), Fannie Mae will no longer accept loans after six months from the first payment date of the loan.
- [Freddie Mac Bulletin 2020-14](#) advised that they would no longer accept loans after six months from the Note date of the loan.

As a result, U.S. Bank will be following the new window for loan purchase. As pooling schedules vary, we will also need to account for enough time to get an older loan into a pool when we are making a purchase decision, **therefore loans with Note dates greater than 120 days will not be eligible for purchase.**

**Loans that are not eligible for sale will need to be returned to the originating lender.**

## Clarification: Credit Underwriting Updates

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
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<input type="checkbox"/>	Conv. (Freddie)
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<input checked="" type="checkbox"/>	Conv. (Portfolio)
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<input type="checkbox"/>	Rural Development

In **SEL-2020-004** published on January 27<sup>th</sup>, we announced the following credit underwriting updates; we have also updated Section 714.1.5.1 – Credit of the Correspondent Seller Guide to align as previously announced.

**Debt Counseling Prior to Application:** U.S. Bank allows the practice of borrower counseling prior to application in which reduction of outstanding debt prior to applying for a mortgage may be an outcome.

- U.S. Bank allows the lender to pull a credit report prior to application and to discuss with the borrower how to improve their credit profile.

### Credit Reports at the time of Application

- Once an application is taken and a new credit report obtained, that report will be used for 1003 purposes to qualify the borrower.
- Any change to a credit line will be reviewed with a credit supplement or other acceptable documentation to show the most current credit line information. A credit supplement is sufficient to show a debt has been paid off or closed rather than pulling a full new credit report. Pulling a new credit report is unacceptable.
- U.S. Bank allows additional credit reports or a rapid rescore to be pulled only in those cases of documented erroneous, disputed or inaccurate information or if the credit report obtained at application has expired.
- Additional credit reports or a rapid rescore are not allowed for purposes of trying to obtain higher credit scores. This section is being updated for clarifying purposes only; there is no change to our current policy.
- All credit reports are required to be in the loan record.

Credit reports should not be re-ordered when the existing credit report is not more than 120 calendar days from application and is not expected to expire prior to closing as this creates additional operational and compliance risks (i.e. permission to re-pull credit, associated fees, pricing adjustments, resubmission to underwriting, etc.). To minimize these operational and compliance risks, we recommend that any credit report that is expected to expire before the loan closes or close of escrow should not be re-ordered more than 30 days before the closing date unless there is another business justification (i.e. builder construction loans).

**Guide Update:** 714.1.5.1 - Credit

## 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.