



Seller Guide Update



SEL-2021-038: Multiple Topics

July 9, 2021

- Correspondent Lending
- Housing Finance Agency (HFA)

Table of Contents

The following topics are included in this update:

FHA Student Loan Payment Update.....	2
Conflict of Interest for Trusts and Power of Attorneys.....	2
Questions	2

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.



FHA Student Loan Payment Update

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

Effective Date: Immediately

FHA published [Mortgagee Letter 2021-13](#) announcing calculations for outstanding student loans regardless of payment status.

Lenders must use:

- the payment amount reported on the credit report or the actual documented payment, when the payment amount is above zero; or
- 0.5 percent of the outstanding loan balance, when the monthly payment reported on the Borrower's credit report is zero.

If the payment used for the monthly obligation is less than the monthly payment reported on the Borrower's credit report, the Lender must obtain written documentation of the actual monthly payment, the payment status, and evidence of the outstanding balance and terms from the creditor or student loan servicer.

Lenders may exclude the payment from the Borrower's monthly debt calculation where written documentation from the student loan program, creditor, or student loan servicer indicates that the loan balance has been forgiven, canceled, discharged, or otherwise paid in full.

Guide Updates: 711.7 FHA - Credit/Debt Underwriting, 711.7.2 FHA - Student Loan Debt Calculations

Conflict of Interest for Trusts and Power of Attorneys

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: Effective immediately, including all loans in pipeline

A closing agent or attorney represents the lender at closing, as they are handling the paperwork that is prepared both by and for the lender.

When a closing agent or attorney acts in the capacity of both the lender and the borrower with a Trust or using a Power of Attorney (POA), this can create a conflict of interest, title issues and other legal issues.

Effective immediately for Portfolio loans, U.S. Bank will not allow a closing agent or attorney to act in the capacity of the borrower when the borrower is a Trust or when the borrower utilizes a POA.

For Agency and Government loans, follow the requirements listed in the appropriate Selling Guide/Handbooks which are similar to the policy listed above.

Requirements

- For trusts, if this is a closing taking place in an attorney's office, this office may not also act in the capacity as the Trustee of the Trust or POA for the credit applicant.
- When utilizing a POA, the closing agent or attorney's office closing the transaction may not also act in the capacity as the Trustee of the Trust or POA for the credit applicant.

Guide Updates: 714.1.3 Portfolio – Underwriting Documentation, 714.1.4 Portfolio - Borrower and Occupancy

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.