



Seller Guide Update



SEL-2021-052: Multiple Topics

September 17, 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.



Business/Self Employment Income from Marijuana, Hemp Plants and Cannabis

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

U.S. Bank is clarifying ineligible Business/Self Employment Income from Marijuana/Hemp/Cannabis, including Cannabidiol (CBD).

U.S. Bank's Compliance guidelines address U.S. Bank's requirements for prohibited businesses or activity types including Illegal Drugs and Drug Paraphernalia.

U.S. Bank will not underwrite, or purchase loans made to the owner of any business whose products are classified as illegal under either federal or state laws.

This includes marijuana/cannabis-related businesses, businesses with a primary purpose of selling or making products containing CBD (Cannabidiol), and unlicensed hemp farmers.

Note: Hemp growers with a current license from USDA or a state/tribal government that has a USDA-approved hemp production plan are permissible and must be identified as U.S. Licensed Hemp Grower Special Requirements Customer (SRC). States and tribes with approved plans (status listed as "Approved Plan") are found on the [USDA website](#). Any other status is not considered USDA approved and remains prohibited.

Guide Update: 711.4 FHA – Effective Income, 712.6 VA – Effective Income, 713.7 Agency – Effective Income, 714.2.2.2 Portfolio – Income, 715.4 RD – Effective Income

Fannie Mae DU Credit Score Eligibility Update

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 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

Fannie Mae has announced that they will be making changes to credit score eligibility in DU to support homeownership opportunities for underserved borrowers. For loan case files with more than one borrower, DU will use an average median credit score to determine if the loan casefile meets the minimum eligibility requirements.

- First, DU will determine each borrower's applicable credit score (middle of the three scores received, or the lower of the two when only two scores received).
- Second, DU will average the applicable credit scores for all of the borrowers on the loan casefile to determine if the minimum 620 credit score requirement is met.

At this time, U.S. Bank will not be making any changes to our Correspondent and HFA minimum FICO score requirements to support the DU change. Potential changes are currently being evaluated for system and process impacts and may be made at a later date.

Fannie Mae DU Positive Rent Payment History

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 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

Effective Date: The changes in this release will apply to DU Version 11.0 loan casefiles submitted or resubmitted on or after the weekend of September 18, 2021.

During the weekend of September 18, 2021, Fannie Mae will implement an update to Desktop Underwriter® (DU®) Version 11.0.

Positive Rent Payment History Added to DU Risk Assessment

Fannie Mae has updated the Selling Guide to include recently announced changes to DU to utilize a positive rent payment history. The use of this feature in DU offers an opportunity for applicants who have a credit score, but who may have a limited credit history, to get the benefit of their rent payment history.

This assessment is completed by DU for eligible borrowers.

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

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.

- Agency, Portfolio, VA, and RD loans with subject properties located in counties listed below that have not CLOSED by the Disaster Declaration Date must follow the requirements listed in AllRegs.
- FHA loans with subject properties located in the parishes listed below that have not been ENDORSED as of the Disaster Declaration Date must follow the FHA requirements listed in AllRegs.

Declaration Date	ST	County/Parish
September 5, 2021	NJ	Previously announced: Bergen, Gloucester, Hunterdon, Middlesex, Passaic, Somerset New: Essex, Hudson, Mercer, Morris, Union
September 5, 2021	NY	Previously announced: Bronx, Kings, Queens, Richmond, Westchester New: Nassau, Suffolk
September 8, 2021	NC	Buncombe, Haywood, Transylvania
September 11, 2021	PA	Bucks, Chester, Delaware, Montgomery, Philadelphia, York

Guide Section: 711.20 – Natural Disaster Procedures (FHA), 712.20 – Natural Disaster Procedures (VA), 713.21 – Natural Disaster Procedures (Conventional), 714.1.10 – Appraisal Procedures (Portfolio – Correspondent Only), 715.20: Natural Disaster Procedures (USDA)

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.