



# Best Practices



December 2021 – Top Quality Findings

December 8, 2021

- Correspondent Lending
- Housing Finance Agency (HFA)

## Top Quality Findings

U.S. Bank provides information to help lenders submit complete loan files for purchase. This information provides the most recent Quality Findings and Best Practices to cure.

Rank	Document/Finding	Common Errors	Best Practice
1	HUD – 92900-A	<ul style="list-style-type: none"> <li>• Not signed pre-closing by borrower before underwriting.</li> <li>• Final not signed by the lender, borrower, and underwriter.</li> </ul>	<ul style="list-style-type: none"> <li>• Page 1 and 2 must be signed and dated prior to underwriting.</li> <li>• Page 4 signed by lender post-closing.</li> <li>• Please review the attached Job Aid for correct completion of the new HUD 92900-A.</li> </ul>
2	Payment History	<ul style="list-style-type: none"> <li>• Missing housing payment history documentation for all properties owned.</li> <li>• Missing additional housing payment history to evidence mortgage/mortgages are not in forbearance.</li> </ul>	<ul style="list-style-type: none"> <li>• The borrower(s) housing payment history must meet U.S. Bank and/or Investor guidelines, if applicable including Verification of Rent (VOR), cancelled checks/or equivalent documentation.</li> </ul>
3	Verification of Existence of Business (VOB) or Verbal Verification of Employment (VVOE)	<ul style="list-style-type: none"> <li>• Documentation not present in loan file.</li> <li>• Documentation expired prior to closing.</li> </ul>	<ul style="list-style-type: none"> <li>• Agency: VVOE- within 10 business days prior to Note date, and VOB within 15 days prior to Note date.</li> <li>• Portfolio: VVOE within 5 days prior to Note date, and VOB within 15 days prior to Note date.</li> <li>• Documentation is required per U.S. Bank and/or Agency guidelines.</li> </ul>
4	Docs do not support Income per U.S. Bank Portfolio or Investor Guidelines	<ul style="list-style-type: none"> <li>• Year to date pay stubs.</li> <li>• Required W-2 Form(s).</li> <li>• Variances with above documents and income amount used to qualify.</li> </ul>	<ul style="list-style-type: none"> <li>• Documentation is required per U.S. Bank and/or Agency guidelines.</li> <li>• Self-Employed Income is documented in accordance with U.S. Bank (Portfolio) or Investor guidelines.</li> </ul>
5	Documentation does not support the amount of liquid funds to close	<ul style="list-style-type: none"> <li>• Evidence of gift funds transfer.</li> <li>• Source of large deposits.</li> <li>• Bank statements, reserves.</li> </ul>	<ul style="list-style-type: none"> <li>• Documentation is required per U.S. Bank and/or Agency guidelines.</li> </ul>
6	Omitted Debt and Liabilities <ul style="list-style-type: none"> <li>• Omitted debt not documented</li> <li>• All liabilities from all sources not included in total obligations</li> </ul>	<ul style="list-style-type: none"> <li>• Supporting documentation not provided and is required for any debts omitted on the credit report from qualifying ratios.</li> <li>• Liabilities from all sources has not been included in qualifying DTI.</li> </ul>	<ul style="list-style-type: none"> <li>• Documentation is required per U.S. Bank and/or Agency guidelines.</li> <li>• Omitted debt is any debt excluded from the DTI. Lenders must provide required documentation supporting why the debt was omitted.</li> <li>• Liabilities can be from bank statements, payroll documents, and are to be included in DTI.</li> </ul>

This best practice refers to existing policy in the Correspondent Seller and HFA Lending Guides. Lenders are encouraged to review the **COVID-19 Frequently Asked Questions (FAQ)** for temporary flexibilities.

## Loan Delivery Checklists

U.S. Bank utilizes multiple methods to reduce loan quality findings and eliminate potential delays in purchase including loan delivery and underwriting checklists located in the **Correspondent Seller and HFA Lending Guides** (1100: Exhibits, Forms, & Checklists). Please remember to send a complete loan package, including all credit/underwriting documents, to avoid pre-funding and post-funding deficiencies and quality findings. Lenders may not receive notice of loan deficiencies for all items included on the checklist, however, we do require the credit package along with the full closed loan package.

## Questions



**Correspondent:** Contact your Account Executive or Client Support 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.

