



# Seller Guide Update



SEL-2021-057: Multiple Topics

October 26, 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.



## USDA Guaranteed Rural Housing Funding Update

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

## Income Reverification and IRS Form 4506C Changes

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

As announced by USDA, at the beginning of Fiscal Year 2022 (FY 2022), which began October 1, 2021, funding for USDA's Single Family Housing Guaranteed Loan Program (SFHGLP) was not available for a temporary time period. Effective October 14, 2021, Fiscal Year 2022 funding for Single-Family Guaranteed Housing Loans is now available

### Temporary Lapse of Funding

As announced in **SEL-2021-053**, during the temporary lapse of funding, U.S. Bank **continued to purchase** USDA Rural Housing loans with Conditional Commitments "*subject to the availability of commitment authority*" for purchase and refinance transactions.

### Final Documents - Final Conditional Commitment and Loan Note Guaranty

As a reminder, for loans purchased during the temporary lapse of funding, lenders are required to provide U.S. Bank the **final Conditional Commitment (RD 3555-18/18E)** and the **Loan Note Guaranty** once they are received from USDA as post-closing documentation requirements.

As referenced in the **Correspondent Seller and HFA Division Lending Guides (900: Delivery and Funding > M. Final Documentation)**, lenders are required to provide original loan documents for each loan purchased by U.S. Bank within 90 days from date of purchase.

**Note:** Loans without a Conditional Commitment are not eligible for purchase.

**Effective Date:** Correspondent and HFA loans purchased on and after November 1, 2021.

U.S. Bank is updating our Tax Transcript and Income Reverification policies. U.S. Bank will follow the Agency/Government requirements for income verification regarding tax transcripts as there are other times when transcripts are required by the government for income verification.

Delegated Lenders can use their own process to manage income validation risk for W2 and self-employed borrowers. U.S. Bank does not require pre-funding IRS tax transcripts. For loans underwritten by U.S. Bank, all loan files will require the lender to provide IRS tax transcripts.

### Acceptable documentation includes:

- **Hourly/salaried borrowers** - The most recent available year's IRS W2 Transcript, Tax Transcript 1040 or Record of Account Transcript which is an additional transcript option that provides more detail (only one of these is required).
- **Self-employed borrowers** – require the most recent available one year's 1040/Record of Account tax transcripts.

All loans (delegated and non-delegated) must contain separately signed 4506-C forms corresponding to each IRS tax document contained in the file (W2, 1099, 1040, 1065, 1120). This is a post funding Quality Control requirement. Due to IRS changes, beginning January 1, 2022, one 4506-C form cannot be used to request multiple types of IRS tax transcripts.

**Prefunding and Post Funding Requirements:** U.S. Bank requires the IRS Form 4506 (or an alternate form that authorizes the release of comparable tax information) for pre-funding and post-funding QC purposes. For post-funding QC purposes, the borrower(s) must sign separate 4506-C forms allowing access to each type of tax document contained in the file.

### Example (assuming John and Jane Doe file their 1040 jointly):

Co-borrowers	IRS Tax Document	IRS Form 4506C Requirement
John Doe	W2	Form 4506C – signed by John only
Jane Doe	W2	Form 4506C – signed by Jane only
John Doe	1040	Form 4506C – signed by both John <u>or</u> Jane
Jane Doe	1040	

**Guide Updates:** 711.2.1 FHA - Tax Transcripts/Income Reverification, 712.2.1 VA - Tax Transcripts/Income Reverification, 713.2.1 Agency - Tax Transcripts/Income Reverification, 714.1.3.1 Portfolio - Tax Transcripts/Income Reverification, 715.2.1 RD - Tax Transcripts/Income Reverification

## Reminder: Updates Servicing Transfer Notice Address

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

**Effective Date:** Immediately

As a reminder, and as published in **SEL-2021-056**, U.S. Bank has updated the address for Servicing Transfer Notices as outlined in Correspondent Seller and HFA Lending Guides. This Notice must provide the borrower(s) with an address to send payments to, the name of the new servicer, a mailing address of the new servicer, and toll-free phone number for support that can answer questions from the borrower on the servicing transfer.

**Lenders must use the following for the mailing address and phone number for U.S. Bank on the Notice:**

**U.S. Bank National Association**  
Attn: Customer Service  
PO Box 21948  
Eagan, MN 55121-4201  
Phone: 800-365-7772

**Please note that this does not impact the address for payments to be sent on the Notice:**

**U.S. Bank National Association**  
P.O. Box 790415  
St. Louis, MO 63179-0415

Payments received by the lender from the borrower after the purchase of the loan by U.S. Bank should not be sent to the payment address listed above, see Section 900: L. Funding for the forwarding address.

**Guide Updates:** 900: Delivery and Funding > C. Funding Documentation Requirements

## 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.