



# Seller Guide Update



SEL-2020-050: Multiple Topics

June 19, 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.



## Clarification on Refinancing or Purchase Loans for a Borrower that has any Mortgage Loans in Deferment or Forbearance

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 Date:** Effective for loans locked on or after June 24, 2020

This Seller Guide Update covers **all** Portfolio refinances or purchase loan transactions for a borrower who has/had any existing loan in forbearance.

### Identifying Deferment or Forbearance/Due Diligence

To be eligible for purchase by U.S. Bank, all mortgage loans that the borrower is obligated including second homes, investment and any co-sign mortgage loan, must be current as of the Note date. A borrower with any loan in forbearance or deferment is not eligible unless the borrower has exited the forbearance and made 12 timely payments after exiting forbearance.

Underwriters must review the borrower's credit report to determine the status of all mortgage loans. A mortgage loan in deferment or forbearance will not always be reported on the borrower's current credit report. The credit report may have an indication that the borrower is "currently on a forbearance plan" on the mortgage tradeline.

In addition to reviewing the credit report, underwriters must also apply due diligence for **each mortgage loan (includes 1<sup>st</sup> mortgages and 2<sup>nd</sup> mortgage/HELOC/HEILS)** on which the borrower is obligated, including co-signed mortgage loans and mortgage loans not related to the subject transaction, to determine whether the payments are current as of the note date of the new transaction. **Correspondents are expected to provide documentation of due diligence for each mortgage loan in the purchase file when it is submitted to U.S. Bank.**

This due diligence includes co-signed mortgage loans and mortgage loans not related to the subject transaction, to determine whether the payments are current as of the note date of the new transaction. **All existing loans must be current as of the note date and no later than the last business day of that month.**

### Example: Loan file has evidence of April payment made in the month of April:

- Note Date is June 5; Evidence of May payment made within the month of May must be obtained.
- Note Date is May 30; Evidence of April payment meets requirements.

### Examples of acceptable additional due diligence methods to document the loan file include:

- a loan payment history from the servicer
- third-party verification service confirming Mortgage payment history
- a payoff statement (for mortgages being refinanced)
- the latest mortgage account statement from the borrower
- a verification of mortgage

Loans purchased by U.S. Bank where the borrower is found to be in forbearance or deferment on any loan not related to the subject property prior to purchase by U.S. Bank, are subject to repurchase by the Lender.

**Guide Update:** 714.1.5.1 Portfolio – Credit; COVID-19 Frequently Asked Questions

## 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

## Updated Process for Streamlined / Limited Reviews for Condominiums

Underwriting/Delivery	
<input type="checkbox"/>	Corr. Delegated
<input checked="" type="checkbox"/>	Corr. Non-Delegated
<input checked="" type="checkbox"/>	Corr. EZD
<input checked="" type="checkbox"/>	Corr. Mandatory
<input 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 type="checkbox"/>	FHA
<input type="checkbox"/>	VA
<input 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.

### 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 June 30, 2020 to mortgages with application received dates through July 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>

**Note:** Please refer to each communication listed above for complete details, and the COVID-19 Frequently Asked Questions (FAQ) document.

The Project Approval Department (PAD) continues to improve work flow efficiency to maintain effective service levels. Please see the following updates:

**Streamlined/Limited Review Submission Email Address:** We have added a new email address for the submission of Streamlined / Limited Reviews; [PADLimitedReview@usbank.com](mailto:PADLimitedReview@usbank.com). This email address will be used for the submission of Streamlined / Limited Project Reviews only at this time. We will continue to expand the use of this email box to other expedited reviews in the future. Please begin using this address immediately for all Streamlined/Limited Reviews. This additional email account allows the PAD team to quickly identify these reviews that have a different review path.

**All other review submissions should be continued to be submitted to:**

- Correspondent/HFA Full Review: [projectapprovaldept@usbank.com](mailto:projectapprovaldept@usbank.com)

**Forms Update:** PAD has also revised and updated the Project Approval Request for Streamlined / Limited Review Submission Sheet and the Streamlined / Limited Review Questionnaire. The completed submission sheet and ALL of the required documents must be sent via email to: [PADLimitedReview@usbank.com](mailto:PADLimitedReview@usbank.com). Submissions that are incomplete will be returned to the requestor.

Due to the importance of the revisions, **effective with all review requests submitted to PAD on or after July 1, 2020**, the updated forms will be required. Any project received without the new revised questionnaire will be pended and an email sent requesting the correct form.

**Portfolio Requirements:** We are updating our requirements to align with 714.1.9 Portfolio – Property and removing the requirement to have a statement that addresses the number of units within the project that is more than 60 days delinquent.

**Guide Sections:** Project Approval Department > 810.3 Contact Information, Project Approval Department > 811.1 Streamlined/Limited Review, Project Approval Department > Condominium Forms > Submission Sheets, Project Approval Department > Condominium Forms > Condominium Questionnaires

## Correspondent Approved Assistance Programs

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
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<input type="checkbox"/>	Rural Development

We have updated the Correspondent Seller Guide to reflect the following approved assistance programs for our Correspondent non-delegated lenders. The approved list is updated monthly.

DPA Program	Program Summary
<b>Portland Housing Bureau Homeownership Assistance Program</b>	<ul style="list-style-type: none"> <li>Maximum assistance amount either \$80,000 or \$100,000, based on property location</li> <li>0% interest</li> <li>Forgiven 50% after 15 years, then forgiven 3% per year, years 16-30</li> </ul>
<b>Neighborhood LIFT Assistance Program – Western Pennsylvania</b>	<ul style="list-style-type: none"> <li>Maximum assistance amount \$15,000 for non-first responders, military or teachers (FRMT), or \$17,500 for FRMT</li> <li>0% interest</li> <li>Forgiven over 5 years</li> </ul>
<b>Urban Redevelopment Authority of Pittsburgh Housing Assistance Program</b>	<ul style="list-style-type: none"> <li>Maximum assistance amount \$7,500 for borrowers &lt; 80% AMI, or \$5,000 for borrowers between 80% - 115% AMI</li> <li>0% interest</li> <li>Forgiven after 5 years for \$7,500, or over 10 years for \$5,000</li> </ul>
<b>Loudoun County Public Employee Homeownership Assistance Program</b>	<ul style="list-style-type: none"> <li>Maximum Assistance Amount \$10,000</li> <li>0% interest</li> <li>Forgiven over a five-year period, at a rate of 20% per year</li> </ul>
<b>Hennepin County Housing and Redevelopment Authority Homebuyer Assistance Program:</b>	<ul style="list-style-type: none"> <li>Maximum assistance \$10,000</li> <li>0% interest</li> <li>Forgive after 5 years</li> <li>Available for all Correspondent</li> <li>Fannie/Freddie</li> </ul>

**Guide Section:** 500: Mortgage Programs > Approved Assistance Programs

## 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.