



Seller Guide Update



SEL-2020-098: Multiple Topics

December 18, 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.



Freddie Mac's Home Possible and Portfolio Guideline Updates

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 type="checkbox"/>	HFA Delegated
<input type="checkbox"/>	HFA Non-Delegated
Products	
<input checked="" 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

Executive Order on Providing for the Closing of Executive Departments and Agencies

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

Freddie Mac's Home Possible

Effective with locks on and after January 8, 2021, U.S. Bank will align with the recent changes to Freddie Mac's Home Possible product announced in [Bulletin 2020-45](#), reducing the maximum LTV for 2-4-unit properties from 95% to 85%. The TLTV/HTLTV for these properties will remain at 95%.

- 2-4-unit properties will now have a maximum LTV of 85%.

The complete closed loan package must be delivered by January 22, 2021; loans must be purchased no later than February 1, 2021.

Guide Update: 3687 Home Possible, 3691 Home Possible Manufactured Housing

Portfolio Loans

Effective with locks on and after January 8, 2021, U.S. Bank will also update our portfolio products to limit the LTV/TLTV for 2-unit properties to 85%.

- 2-unit properties will now have a maximum LTV/TLTV of 85%.

Guide Update: 3776 USBHM 30 year, 3784 USBHM 20 year, 3777 USBHM 15 year, 3307 USBHM 3/1 ARM, 3045 USBHM 5/1 ARM, 3309 USBHM 7/1 ARM, 3317 USBHM 10/1 ARM, 3320 USBHM ARM Investor paid MI 85%, 3319 USBHM ARM Investor paid MI 90%, 3783 USBHM Fixed Investor paid MI 85%, 3782 USBHM Fixed Investor paid MI 90%

On December 11, 2020, an [Executive Order on Providing for the Closing of Executive Departments and Agencies of the Federal Government on December 24, 2020](#) was issued.

As a summary, all executive departments and agencies of the Federal Government shall be closed and their employees excused from duty on Thursday, December 24, 2020, the day before Christmas Day.

U.S. Bank has reviewed the order and finds that this is not intended to be a legal federal holiday, and thus no impact to regulatory requirements, e.g. TILA, that exclude legal federal holidays for purposes of determining disclosure timing requirements, rescission, etc.

We encourage lenders to review the information with your compliance partners for any additional applicability to processes.

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)
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<input type="checkbox"/>	FHA
<input type="checkbox"/>	VA
<input type="checkbox"/>	Rural Development

USDA Guaranteed Rural Housing Funding 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
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<input type="checkbox"/>	Conv. (Portfolio)
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<input type="checkbox"/>	VA
<input checked="" 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 December 31, 2020 to mortgages with application received dates through January 31, 2021 for the following:

Communication	Topic
SEL-2020-021	<ul style="list-style-type: none"> Correspondent: Temporary Flexibilities for Appraisals HFA: Temporary Flexibilities for Appraisals Temporary Flexibilities for Employment Verifications
SEL-2020-027	<ul style="list-style-type: none"> Temporary Credit Underwriting Requirements for Agency Loans Temporary Flexibilities for Agency Appraisals on New Construction Properties
SEL-2020-029	<ul style="list-style-type: none"> Clarification: Temp. Credit Underwriting Requirements for Agency Loans – Investment Properties

Lenders are encouraged to review the latest information from USDA Rural Development daily, as the landscape of material changes occur rapidly.

USDA Rural Development issued notice on December 11, 2020 announcing that there is currently a temporary lapse in commitment authority. The agency will continue to issue Conditional Commitments, as outlined below. U.S. Bank will purchase loans in which the Conditional Commitment is subject to the availability of commitment authority.

As of Tuesday, December 15, 2020, funding for Rural Development’s Single-Family Housing Guaranteed Loan Program authorized by the “Further Continuing Appropriations Act, 2021, and Other Extensions Act” ([P.L. 116-215, H.R. 8900](#)) is available. The focus of the Agency is to -process updated Conditional Commitments that were originally issued “subject to the availability of funds” beginning on Friday, December 11, 2020.

This funding will most likely be exhausted prior to the expiration of the Act on Friday, December 18, 2020. Please continue to monitor Agency communications through GovDelivery and the [SFHGLP lender page](https://www.rd.usda.gov/page/sfh-guaranteed-lender) (<https://www.rd.usda.gov/page/sfh-guaranteed-lender>).

Temporary Lapse of Funding: During the temporary lapse of funding, Rural Development will issue Conditional Commitments (Form RD 3555-18/18E) “*subject to the availability of commitment authority*” for purchase and refinance transactions.

U.S. Bank will continue to purchase USDA Rural Housing loans during the temporary lapse with Conditional Commitments “*subject to the availability of commitment authority*” for purchase and refinance transactions.

Final Documents - Final Conditional Commitment and Loan Note Guaranty

Lenders will be 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.

Compliance Updates

Underwriting/Delivery	
<input checked="" type="checkbox"/>	Corr. Delegated
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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.

The following updates have been made to the Compliance sections of the Correspondent Seller and HFA Lending Guides:

- HOEPA/High-Cost Thresholds - updated annual thresholds for 2021.

Guide Update: 400.19: Truth in Lending Act (TILA) and Regulation Z
