



Seller Guide Update



SEL-2020-062: Home Possible/HomeReady Income Limits, Sale of Loans Aged Six Months or Less July 31, 2020

- Correspondent Lending
- Housing Finance Agency (HFA)

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The following topics are included in this update:

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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.



Home Possible and HomeReady 2020 Area Median Income Limits

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

As a reminder, both [Fannie Mae \(Selling Notice – HomeReady Income Limits 2020\)](#) and [Freddie Mac \(Bulletin 2020-26\)](#), have now indicated their own instructions for when to begin using HUD's 2020 tables for Area Median Income (AMI) calculations (rather than the 2019 tables which have been in use since summer of 2019).

- **Fannie Mae** - This calculation will be based on the initial run of the DU. DUs with an initial DU submission date of 6/20/20 or later will use the 2020 AMI values for calculation. Initial DU submission dates of 6/19/20 or earlier will use the 2019 value.
- **Freddie Mac:**

Loan Product Advisor determination of Home Possible eligibility	
IF the Mortgage is submitted as a Home Possible Mortgage on and after July 12, 2020	THEN the following income limits are applied...
For the following resubmissions: <ul style="list-style-type: none"> • The last submission before the effective date was also a Home Possible Mortgage, and • The income limits were met 	The better of the following income limits: <ul style="list-style-type: none"> • 2019 AMI limits at 80% of the AMI OR • 2020 AMI limits at 80% of the AMI
For the following submissions: <ul style="list-style-type: none"> • The Mortgage is submitted for the first time • The Key Number cannot be identified, or • The last submission before the effective date was not submitted as Home Possible and/or did not meet the income eligibility limits 	2020 AMI limits at 80% of the AMI

Sale of Loans Aged Six Months or Less

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

As a reminder, both Fannie Mae and Freddie Mac have communicated that loans are no longer eligible for sale at the age of six months from closing. There is some variation in the way that they are interpreting the age as outlined below:

- As indicated in [Fannie Mae LL-2020-03](#), Fannie Mae will no longer accept loans after six months from the first payment date of the loan.
- [Freddie Mac Bulletin 2020-14](#) advised that they would no longer accept loans after six months from the disbursement date of the loan.

As a result, U.S. Bank will be following the new window for loan purchase. As pooling schedules vary, we will also need to account for enough time to get an older loan into a pool when we are making a purchase decision. Loans that are not eligible for sale will need to be returned to the originating lender.

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.