



# Seller Guide Update



SEL-2022-028: Multiple Topics

June 17, 2022

- 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 because 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.



## Portfolio – Appraisal Clarification

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

## Portfolio Borrower and Occupancy

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

## UCD Critical Edit Transition Phases 3-4 Timeline

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

**Effective Date:** Immediately

U.S. Bank is clarifying when the cost approach is required for appraisals.

### Portfolio Form Definitions – Full Appraisal

The cost approach is required by U.S. Bank when appraising properties that are:

- Proposed Construction Financing
- Refinance of a Construction loan used to construct the home,
- Any property located in a flood zone

When the cost approach to value is developed, the appraiser must make proper adjustments for any items detrimental to stability or marketability, such as physical, functional, and external depreciation that are not typical for the market.

Note: The appraiser must develop and report the result of any approach to value that is applicable and necessary for an appraisal, even if the lender did not request it. The lender may request the appraiser to develop and report the cost approach to value when not required for the transaction.

**Guide Update:** 714.1.10 Portfolio - Appraisals

### Maximum Loan Exposure to Borrower(s)

The Borrower's aggregate exposure to U.S. Bank cannot exceed \$3,000,000 (including all business loans, mortgage, credit cards, etc.) without Corporate Credit Administration (CAD) approval. Mortgages sold to investors but that U.S. Bank continues to service as of the application date (e.g. FHLMC/FNMA/GNMA) do not have to be included in the total exposure calculation.

All transactions must have proper lending authority approval based on aggregate exposure.

When total aggregate exposure exceeds \$3,000,000, the required reserves for transactions will be the higher of:

- Reserve requirements for the proposed mortgage(s) per the product guidelines, or
- Reserves in the amount of 15% of the aggregated USB mortgage loan exposure are required (refer to Eligible Assets).
- Reserve is reduced to 10% of the aggregated U.S. Bank mortgage loan exposure when all reserves are held in a U.S. Bank account (refer to Eligible Assets).

**Guide Updates:** 714.1.4 Borrower and Occupancy

On May 31, 2022, Freddie Mac and Fannie Mae (the GSEs) [published](#) the updated timeline for the Uniform Closing Dataset (UCD) critical edits transition for Phases 3-4.

### Phase 3-4 Timeline

The GSEs stated that they recognized that necessary updates to Qualified Mortgage (QM) data points in the first quarter of 2022 required industry attention that would otherwise have been focused on preparing for Phase 3. They have announced that the new implementation dates as follow:

- Phase 3 is May 1, 2023, and
- Phase 4 transition is on November 6, 2023.

While lenders are able to begin to prepare for the transition now, U.S. Bank will share additional readiness information for phases 3-4 as we get closer to the implementation dates.

**Reminder: Tax Service Fee Change Coming Soon**

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 published in **SEL-2022-021**, effective with new Correspondent loan registrations and/or new HFA loan reservations on or after July 17, 2022, U.S. Bank will increase the **Tax Service Fee** charged on all loans from \$80 to \$84 for all properties located in all states.

Timeline	Tax Service Fee
<b>Current:</b> Loans registered or reserved before July 17 <sup>th</sup>	\$80
<b>Coming Soon:</b> Loans registered or reserved on/after July 17 <sup>th</sup>	\$84

- When the specific program allows for the fee to be charged to the consumer, we will accept placement of the fee in Section B of the Loan Estimate (LE) and Closing Disclosure (CD) paid to CoreLogic Tax Services, or the vendor of the lender’s choice. U.S. Bank does not provide tax monitoring services and will not accept Section B fees disclosed as paid to U.S. Bank. Lenders may also disclose the fee as payable to themselves (the lender). The payee should not be listed as TBD or left blank.
- Lenders are reminded to review specific program guidelines and regulatory requirements on what fees may be charged to the borrower.

Please refer to **SEL-2022-021** for complete details.

**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.