



Seller Guide Update



SEL-2019-003: Reminders and Clarifications

January 22, 2019

- Correspondent Lending
- Housing Finance Agency (HFA)

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Effective Date

Immediately

Communications Reminder



We recently announced our enhanced Correspondent and HFA client communication experience, aimed to clarify and simplify information you receive from us.

The enhancements include:

- Renaming Lender Operations Update (LOU) to Seller Guide Update and introducing two new lender communications to more accurately identify and differentiate content.
- Streamlined communications incorporating icons to help you more easily identify pertinent content.
- Correspondent and HFA business audience check boxes for easy identification.

Just in case you missed it, read the [January 8th announcement from U.S. Bank](#), including our summary of enhanced 2019 lender communications that you are now receiving from U.S. Bank.



Clarifications

eSign Acceptance Enhancements

As a part of our continued focus on making doing business with us easier, and more cost efficient, we recently announced that for lenders that have completed the eSign approval process, U.S. Bank now accepts electronic signatures on all documents, including the consummation Closing Disclosure (CD), with the exception of a handful of documents.

As a point of clarification, the documents ineligible for the eSign Acceptance Enhancements are listed below:

- Notes and Modifications
- Power of Attorney
- Documents creating Revocable Trusts
- Any document requiring Notarization (i.e. security instrument, riders etc.)
- IRS and Social Security Administration documents. Although the IRS accepts an e-signed 4506-T, U.S. Bank is unable to process e-signed forms with the IRS at this time. U.S. Bank will announce when we will be accepting the IRS 4506-T with an e signature.

Please refer to the U.S. Bank HFA Division Lending Guide > 900: Delivery and Funding > [C. Funding Documentation Requirements](#) for complete details.

Third Party Certification of Condominium Approval

As part of the process to request to approve condominium projects, lenders are required to provide condominium certification documentation as outlined in the guide, including, but not limited to the following form, which has been updated for clarity and ease of use:

The *Third-Party Certification of Condominium Approval for Delegated Lenders*, or similar form indicating the project name, type of review completed, and the Freddie Mac or Fannie Mae Lender Warranties, must be completed and placed in each file to which it applies.

VA Loans – Seller paying Borrower Debts and Personal Gifts

VA allows seller concessions to include, but are not limited to, the following:

- Payment of the buyer's VA funding fee
- Prepayment of the buyer's property taxes and insurance
- Gifts such as a television set or microwave oven
- Payment of extra points to provide permanent interest rate buydowns
- Provision of escrowed funds to provide temporary interest rate buydowns, and
- Payoff of credit balances or judgments on behalf of the buyer.

As a reminder, U.S. Bank has a standing overlay that states the seller may not:

- Pay down debt for Veteran
- Provide gifts for any personal property items

Refer to the HFA Division Lending Guide > [Section 1600: Overlay Matrix](#) for details.

Continued on next page

Reminders

Private Mortgage Insurance Disclosures Under HOPA

As a reminder, lenders are required to provide borrowers with private mortgage insurance (PMI) disclosures that satisfy the Homeowners Protection Act (HOPA). HOPA-required PMI documentation and disclosure requirements include, but are not limited to:

- Amortization schedules
- PMI cancellation options
- PMI termination dates

The Act provides a clear description of what information must be disclosed to borrowers depending on the loan and PMI type (e.g., fixed rate, lender-paid, etc.). U.S. Bank verifies that borrowers received the correct PMI disclosure, depending on loan and property type.

Disclosure Information

Highlights of required disclosure information include:

- PMI disclosures on fixed-rate loans must show cancellation and termination dates; these dates must conform to the initial amortization schedule.
- PMI disclosure requirements do not change if the policy is for a single premium rather than a monthly premium, or if the policy is refundable rather than non-refundable. Use the same disclosure for all of these circumstances.
- PMI disclosures for lender-paid mortgage insurance must inform borrowers that their mortgage insurance policy is for the life of the loan.

Some properties are exempt from the HOPA cancellation and termination requirements. PMI disclosures are not required for investment, second home, or two (or more) unit properties. If you still provide a PMI disclosure, it cannot state that cancellation and termination under HOPA are available.

U.S. Bank will not purchase a loan on such properties where a PMI disclosure indicated inaccurate information regarding PMI cancellation and termination.

Errors Requiring Cash to Cure

U.S. Bank also reviews the content of PMI certificates and verifies the information against other loan documents. Some examples of ongoing errors that required cash to cure are:

- Truth in Lending disclosures with inaccurate APRs due to an incorrect mortgage insurance disclosure.
- Omission of state taxes or surcharges from the total due mortgage insurance payment, as disclosed on the initial escrow account disclosure or final CD.
- Mortgage insurance certificates with FICO credit scores that do not match final underwriting documents.

Compliance

This information is not to be considered legal or compliance advice, or interpretation of consumer regulations, rather direction on current U.S. Bank requirements, policies, and procedures. Please review the HFA Division Lending Guide regarding disclosure requirements with your compliance and legal teams for more information.

Questions



HFA: Please contact the Housing Finance Agency Hotline at 800.562.5165, option 1 for the HFA Customer Care Team.

The most trusted choice is a mortgage lender with staying power.

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