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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 otherwise 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.

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. You’ll also find a new grid that outlines the applicable products.

Effective Date

Immediately unless otherwise noted within each section below.
The following updates have been made to the Correspondent Overlay Matrix:

- **Clarified Overlays** – The following overlays have been clarified:
  - Home Ready and Home Possible – the requirement was previously announced and added to the applicable product guide, but not captured on the overlay matrix.
    - Maximum LTV of 95% when the TLTV is >97%

**Guide Section:** Correspondent Seller Guide > 1400: Overlay Matrix > Overlay Matrix.

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**Earnest Money Deposit**

When an Earnest Money Deposit (EMD) for a purchase transaction is used to qualify the borrower for the mortgage transaction, the file must evidence that the EMD check cleared the borrower’s account (e.g., copy of canceled check, asset statement or written statement from EMD holder verifying receipt of the funds).

When the EMD is needed to meet the minimum contribution from borrower personal funds, U.S. Bank requires the following:

- Verify that the source of the EMD is an eligible asset type and documented following standard documentation requirements
- Provide 2 months account statements or direct verification (VOD) that covers the period up to and including the date the EMD funds cleared the account.

The EMD must not be counted twice in the evaluation of the mortgage (i.e., deducted from funds to close and counted as assets).

This guidance does not impact the requirements for Large Deposits or Undisclosed Debt.

**Guide Section:** 711.5 FHA – Funds for Closing, 712.8 VA – Funds for Closing, 713.8 Agency – Funds for Closing, 714.1.6 Portfolio – Assets/Funds to Close, 715.5 RD – Funds for Closing

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**VA - Lenders Handbook Updates**

VA has published updates to the Lenders Handbook for Chapter 7 - Loans Requiring Special Underwriting, Guaranty, and considerations and Chapter 10 - Appraisal Process effective for applications on or after June 9, 2019.

The old and new versions of the chapters are located on [VA Lender page](#). Lenders are encouraged to review the complete updates.
Requirements for Streamlined Review for Condo

Per Fannie Mae and Freddie Mac guidelines, in order to be eligible for Streamlined/Limited Review, a loan must meet the LTV requirements as listed below:

<table>
<thead>
<tr>
<th>Occupancy Type</th>
<th>Projects not located in Florida</th>
<th>Projects located in Florida</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Residence</td>
<td>90%</td>
<td>75%</td>
</tr>
<tr>
<td>Second Home</td>
<td>75%</td>
<td>70%</td>
</tr>
<tr>
<td>Investment Property</td>
<td>75%</td>
<td>70%</td>
</tr>
</tbody>
</table>

Additional information can be found in Section 811.1 of both the Correspondent Seller and HFA Division Lending Guides.

Fannie Mae Condo Project Manager

U.S. Bank Home Mortgage accepts Fannie Mae Condo Project Manager (CPM) for all loan types for our Delegated Lenders. Depending on the product type, there may be LTV restrictions required by the GSE.

<table>
<thead>
<tr>
<th>Item</th>
<th>Freddie Mac</th>
<th>Fannie Mae</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSE Guidelines</td>
<td>5701.9: Reciprocal project</td>
<td>B4-2.2-02, Full Review Process</td>
</tr>
<tr>
<td>Lender Warranty</td>
<td>Reciprocal Review – CPM Review</td>
<td>R - Full Review - New Condo Project</td>
</tr>
<tr>
<td>LTV/HTLTV/CLTV Restriction – Projects</td>
<td>Primary Residence – 75%</td>
<td>No LTV Restrictions</td>
</tr>
<tr>
<td>Located in Florida</td>
<td>Second Home – 70%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Investment – N/A</td>
<td></td>
</tr>
<tr>
<td>LTV/HTLTV/CLTV Restriction – Projects</td>
<td>No LTV Restrictions</td>
<td>No LTV Restrictions</td>
</tr>
<tr>
<td>not Located in Florida</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Per the requirements outlined in 815.6 Specific Guidelines for Delegated Sellers, U.S. Bank requires Sellers to complete and include in the loan file the Third Party Certification of Condominium Approval for Delegated Lenders or a similar form indicated the project name, the type of review completed and the Freddie Mac or Fannie Mae Lender Warranties. If sellers indicate that a project was reviewed using Freddie Mac’s Reciprocal Review – CPM Review on that form and the project is located in the state Florida, the LTV/HTLTV/CLTV will be capped according to Freddie Mac Guidelines.
Disaster Area Declarations

The following counties have been declared as Presidential Disaster Area with Individual Assistance on the FEMA Disaster Website and re-inspection requirements detailed in our Correspondent Seller’s and HFA Division Lending Guide must be met.

<table>
<thead>
<tr>
<th>Declaration Date</th>
<th>State</th>
<th>County</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2, 2019</td>
<td>OK</td>
<td>Muskogee, Tulsa, and Wagoner</td>
</tr>
</tbody>
</table>

Note: Lenders are responsible for verifying proper procedures are in place to monitor new and/or updated disaster declarations.

For more information please see the following guidelines posted on AllRegs: 711.20 – Natural Disaster Procedures (VA), 712.20 – Natural Disaster Procedures (FHA), 713.21 – Natural Disaster Procedures (Conventional), 714.1.10 – Appraisal Procedures (Portfolio – Correspondent Only), 715.20: Natural Disaster Procedures (02/05/19)

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 most trusted choice is a mortgage lender with staying power.

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