

Lender Operations Update



Attn: Correspondent and HFA Lenders

L-2018-076

Government Shutdown Related Business Impacts

December 27, 2018

Correspondent and Housing Finance Agency (HFA)

Update

Summary

U.S. Bank publishes Lender Operations Updates (LOUs) to inform our Correspondent and HFA lenders of Correspondent Seller and HFA Lending Guide updates.

We are committed to providing home mortgages to customers during the current federal government shut down and to providing information and resources to you so that we may continue to efficiently partner through this time. For the short term, the anticipated impact of the government shut down will include the items outlined below **effective immediately**.

Government Shutdown Impacts

Impact - 4506-T IRS Tax Transcripts

The IRS will not issue tax return transcripts ([Form 4506-T](#)). As a short-term alternative solution, we are temporarily ceasing the tax transcript requirement. However, we will require that the form 4506-T still be executed by the borrower(s) and contained in the file for future use. We will re-verify income with the IRS on all files delivered without tax transcripts due to the shutdown. This policy will be strictly adhered to.

Impact - Direct Social Security Number Verification

Direct [Social Security Number \(SSN\) Verification](#) may not be available. If you are not able to establish SSN ownership, we will not be able to move forward until it is available.

Impact - Verification of Employment/Verbal VOE for Government Employees

- **Freddie Mac (FHLMC) and Fannie Mae (FNMA):** If unable to obtain a verbal verification during the shutdown, a verbal VOE can be obtained after closing; however, it must be obtained prior to loan delivery to be eligible for purchase. With respect to the requirements for a written or verbal VOE, verification obtained from a third-party service provider, such as the Work Number is acceptable. For borrowers in the military, a Leave and Earnings Statement dated within 30 calendar days (or 31 days for longer months) prior to the Note Date in lieu of a verbal VOE.
- **FHA:** If you have a VOE you do not need to have a verbal VOE. If you have used alternative W2s and paystubs, you would still need to have a verbal certification. An electronic means such as The Work Number would be acceptable.
- **VA:** VA will allow The Work Number or other employment verification service. A current paystub is not required with an automated employment verification service.

Impact - Rural Housing

USDA's Rural Housing Service has ceased all but essential functions. We are unable to purchase any USDA/ Rural Housing loans without a guarantee and/or Conditional Commitment.

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Impact - HUD/FHA

[The Department of Housing and Urban Development's \(HUD\)](#) operations, specifically the Federal Housing Administration (FHA), should not be significantly impacted as long as the shutdown is brief. In FHA Info #18-52 published on December 26, 2018, HUD indicated:

- Lenders will be able to obtain an FHA case number from the FHA Connection.
- Sponsored Lenders may still utilize our internal processes already established for FHA Connection needs.
- CAIVRS will be available; however, FHA may not be able to ensure that the information contained in the system is up-to-date
- FHA Total Scorecard will be available.
- FHA will be able to endorse single family loans during shutdown.
- FHA will collect the Upfront Mortgage Insurance Premiums (UFMIPs) during a shutdown.
- Lenders are required to submit monthly Mortgage Insurance Premiums (MIPs) to FHA.
- Limited FHA staff will be available to respond to questions/emails.
- If a Lender submits loans for approval, if the lender is in pre-closing, FHA staff will not be available to underwrite and approve loans (test cases).
- We will continue to underwrite FHA loans for our Lenders without FHA Direct Endorsement or Authorized Agent approval.
- FHA staff will not be available to perform Condominium approvals.
- FHA will not recertify or approve new Lenders during the shutdown.

Impact - VA

[The Department of Veterans Affairs \(VA\)](#) will continue to operate which means we will be able to continue accepting VA-guaranteed loans. Both lenders and borrowers will be able to obtain their Certificate of Eligibility (COE) online (webLGY for lenders, and eBenefits for Veterans), and they will still be able to submit applications and follow up on COEs that require more research with the Atlanta Eligibility Center. Remitting funding fees through the Funding Fee Payment System (FFPS) will continue. There may be a delay in appraisal processing due to temporary staff reductions.

Impact - FEMA Flood Insurance

[The National Flood Insurance Program:](#) The ability to obtain flood insurance will be impacted. It is likely that no new flood insurance policies will be issued by FEMA during the shutdown. U.S. Bank will accept private flood insurance policies as an alternative.

Ongoing
Commitment

U.S. Bank will continue to assess and update guidance on the government shutdown. A shutdown lasting a few days may cause slight delays or inconvenience in the ability to underwrite, close/fund and purchase loans; however, a longer period would have more serious impacts. This guidance is automatically rescinded, and standard guidelines reinstated, once the government resumes operations.

Questions

Correspondent: If you have questions regarding this Lender Operations Update, please contact your Account Executive or Client Support.

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

We appreciate your continued partnership.

