



Best Practices



September 2025 – Top Quality Findings

September 26, 2025

☒ Correspondent Lending

☒ Housing Finance Agency (HFA)

Summary

U.S. Bank provides information to help lenders submit complete loan files for purchase. This information provides the most recent Quality Findings and Best Practices to cure.

Common Error(s)	Best Practice
Missing complete and accurate sales contract and all addendums.	Review the sales contract to ensure all addendums and disclosures are provided. Ensure the document is signed, initialed and dated by all parties.
	Seller Property Condition Sales Disclosure is required to be with the sales contract if the contract states that one has been completed and attached to the agreement.
	If addendums are numbered: (1), (2) and (3), please ensure that they are all provided and there are no gaps in the sequence.
	Ensure the sales price and/or seller-paid closing costs in the contract match the final closing disclosure.
	Provide Buyer-Broker Agreement signed by all parties to be consistent with final closing disclosure.
File does not contain documentation supporting AUS data.	For loans underwritten through DU, LPA and GUS, the lender must confirm that all Verification Messages and Approval Conditions that appear in the Findings/Feedback report were satisfactorily resolved and adequately supported by appropriate documentation.
Undisclosed Debts.	Look for automatic withdrawals on asset statements that might indicate a new debt has started repayment.
	Educate borrowers on the importance of disclosing all debts and ask borrowers about new debt with every touchpoint.
	Reconcile all inquiries on the credit report to ensure all inquiries are accounted for.



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Common Error(s)	Best Practice
Income not properly calculated.	The full amount of the net rental income can be used only when documentation in the mortgage file demonstrates that at least one borrower has a minimum of one year of investment property management experience.
	Utilize an Income Calculator and include the worksheet in the loan file.
	All income that is calculated by an averaging method must be reviewed to assess the borrower's history of receipt, frequency of payment, and trend of the amount of income being received.
	Borrowers relying on overtime or bonus income for qualifying purposes must have a history of no less than 12 months to be considered stable.
	Income with hourly workers with fluctuating hours must document the average hours worked if you are using the current rate of pay for qualifying and must be supported by the earnings history.
Missing required income and employment documentation.	Income documentation that was relied upon to make an underwriting decision is required to be in the file at the time the file is submitted for purchase.
	Paystubs must be dated within 30 days of the initial loan application.
	Other sources of income included for qualifying must include a history of receipt, the amount, frequency and duration of the income. In addition, evidence of current receipt must be obtained in compliance with the allowable age of credit documents.
Insufficient assets to close.	Fund for closing must come from an acceptable source, have a sufficient balance and be documented per the AUS response.
AUS conditions to verify funds submitted are not documented. <i>Missing asset documentation</i>	The lender can use any of the following types of documentation to verify that a borrower has sufficient funds for closing, down payment, and/or financial reserves: • Request for Verification of Deposit (Form 1006) • Copies of bank statements or investment portfolio statements. • Copies of retirement account statements. • Asset Documentation Provided by a Third-Party Asset Verification Vendor. A copy of the report must be retained in the file. • Documents to evidence receipt of any down payment assistance funds
Underwriting Conditions	Any conditions of the underwriter must be addressed and/or documentation must be included in the closing package submitted to U.S. Bank for purchase.
Gifts are not properly documented.	Gifts must be evidenced by a letter signed by the donor.
	When the funds are not transferred prior to settlement, the lender must document that the donor gave the closing agent the gift funds in the form of an electronic transfer, certified check, a cashier's check, or other official check.

Top Quality Findings, continued

Common Error(s)	Best Practice
Large deposit not properly documented.	If funds from a large deposit are needed to complete the purchase transaction, document that those funds are from an acceptable source.
Earnest money deposit is not verified.	When the earnest money deposit is being used as part of the borrower's minimum contribution requirement, the lender must verify that the funds are from an acceptable source.
Reconsideration of Value (ROV)	Required on Conventional loans at the time of initial application and when appraisal is delivered.
Appraisal was made 'As-Is' with property defects noted.	When there are incomplete items, physical deficiencies, or items affecting the safety, soundness, or structural integrity of the improvements, the appraisal must be "subject to" completion of the specific repairs or alterations.
	An addendum or correction to the initial appraisal report is required to address deficiencies such as foundation settlement, water seepage, active roof leaks, worn roof shingles, inadequate electrical service or plumbing fixtures, etc.

Loan Delivery Checklists

U.S. Bank utilizes multiple methods to reduce loan quality findings and eliminate potential delays in purchase including loan delivery and underwriting checklists located in the **Correspondent and HFA Lending Guide** (1100: Exhibits, Forms, & Checklists):

- **Correspondent**
 - [1141.1: Conventional Closed Loan Documentation Requirements](#)
 - [1141.2: Government Closed Loan Documentation Requirements](#)
- **HFA**
 - [Conventional Loan Delivery Checklist](#)
 - [Government Loan Delivery Checklist](#)

Please remember to send a complete loan package, including all credit/underwriting documents, to avoid pre-funding and post-funding deficiencies and quality findings. Lenders may not receive notice of loan deficiencies for all items included on the checklist, however, we do require the credit package along with the full closed loan package.

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.