



Seller Guide Update



SEL-2026-011: Agency Underwriting Changes

March 20, 2026

- Correspondent Lending
- Housing Finance Agency (HFA)

Summary

Underwriting/Delivery	
<input checked="" type="checkbox"/>	Corr. Delegated
<input checked="" type="checkbox"/>	Corr. Non-Delegated
	Corr. EZD
<input checked="" type="checkbox"/>	Corr. Mandatory
<input checked="" type="checkbox"/>	HFA Delegated
<input checked="" type="checkbox"/>	HFA Non-Delegated
Products	
	Conv. (Freddie)
<input checked="" type="checkbox"/>	Conv. (Fannie)
	Conv. (Portfolio)
	FHA
	VA
	Rural Development

Effective Date: With the DU Update 12.1 during the weekend of March 21, 2026.

U.S. Bank is announcing the recent updates to Agency Guidelines impacting the following:

- Accessory Dwelling Units
- Rental Income

Accessory Dwelling Units

Fannie Mae amended their rental income policy to allow income from an accessory dwelling unit (ADU) to be considered towards qualifying income when all of the following requirements have been met:

- The property must be a one-unit, principal residence and is limited to purchase and limited cash-out refinance transactions.
- The rental income may only be derived from one ADU.
- The amount of rental income used for qualifying purposes from the ADU is limited to 30% of the borrower's total qualifying income.

DU will be updated to apply the updated requirements, specifically to allow ADU income on one-unit, principal residence, purchase and limited cash-out refinance transactions and to determine if the amount of rental income used for qualifying purposes from the ADU exceeds 30% of the borrower's total qualifying income.

Rental Income

Fannie Mae has updated its Selling Guide to make the documentation requirements for rental income more consistent. These changes apply to loans where rental income is reported on partnership or S-corporation tax returns using Form 8825, aligning them with the rules already used for rental income reported on Schedule E of personal tax returns.

- If a borrower only receives rental income reported on Schedule K-1, lenders must now obtain the most recent one-year federal income tax return that includes rental income reported on Form 8825. This matches the documentation needed when rental income is reported on Schedule E for individual borrowers.
- All rental income reported on Form 8825, whether coming from a partnership or S-corporation, will now be treated as self-employment income, even if the borrower is not personally responsible for the related mortgage.

DU messages will be updated to reflect these new documentation requirements.

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.

