# Seller Guide Update

SEL-2026-028: Multiple Topics

August 14, 2026

☒ Correspondent Lending
☒ Housing Finance Agency (HFA)

## Table of Contents

**The following topics are included in this update:**



## Summary

**U.S. Bank Correspondent Seller and HFA Lending Guides**

The items listed above have recently been updated in the Correspondent Seller and HFA Lending Guides, specific to Loan Delivery, Underwriting and Credit Policy.

- Unless 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 Correspondent Seller and HFA Lending Guides are included in each section. This communication serves to announce changes and updates including an effective date.
- Always review the U.S. Bank Correspondent Seller and HFA Lending Guides for the most current policy.
- Guidelines are updated with the information in this communication and should always be utilized as the source of truth.
- As a reminder, U.S. Bank publishes a monthly summary of all Correspondent and HFA communications published for the previous month. This summary is intended to assist you in making sure your organization received and read all U.S. Bank communications published during the prior month. All documents are published in our Correspondent and HFA Communications libraries in Section 1000 of AllRegs:
    - 1010: Bulletins
    - 1011: Seller Guide Updates
    - 1012: Best Practices
    - 1013: Pricing Flashes

## Underwriting, Delivery, and Product Grids

For overall ease of use, we have enhanced our communications to include underwriting and delivery method checkboxes to each section when applicable.

You'll also find grids that outline the applicable products.

## Effective Date

Immediately unless otherwise noted within each section.

## Construction Loan Refinance Portfolio Definition Updates

| Underwriting/Delivery | |
|---|---|
| X | Corr. Delegated |
| X | Corr. Non-Delegated |
| | Corr. EZD |
| | Corr. Mandatory |
| | HFA Delegated |
| | HFA Non-Delegated |
| **Products** | |
| | Conv. (Freddie) |
| | Conv. (Fannie) |
| X | Conv. (Portfolio) |
| | FHA |
| | VA |
| | Rural Development |

U.S. Bank is adding the following guidance to the refinance definitions:

**Cash/Equity Out**

Cash /Equity Out of a Construction loan requires the following additional documentation:

- Documentation that the final construction draw has been completed.
- Document the construction is complete and Certificate of Occupancy (or equivalent) has been issued.
- Home must be completed for 180 days as evidenced by the Certificate of Occupancy

**Rate/Term Refinance**

Rate/Term Refinance of a Construction loan requires the following additional documentation:

- Documentation that the final construction draw has been completed.
- Document the construction is complete and Certificate of Occupancy (or equivalent) has been issued.

**Guideline Section:** 714.01.18 Portfolio Refinance Loans

## Portfolio Underwriting Guideline Clarifications

| Underwriting/Delivery | |
|---|---|
| X | Corr. Delegated |
| X | Corr. Non-Delegated |
| | Corr. EZD |
| X | Corr. Mandatory |
| | HFA Delegated |
| | HFA Non-Delegated |
| **Products** | |
| | Conv. (Freddie) |
| | Conv. (Fannie) |
| X | Conv. (Portfolio) |
| | FHA |
| | VA |
| | Rural Development |

U.S. Bank is making the following clarifications to the Portfolio Underwriting Guidelines:

**Authorized Users Debt**

This is clarification when the borrower is an authorized user on a credit card account that has been deemed to significantly impact their FICO score, the payment must be included in the debt ratio when documentation is provided that the borrower has been making the payments for the last 12 months.

Refer to Authorized User Guidelines in 714.1.5.1 Credit for the full policy.

**Guideline Section:** 714.1.5.1 Credit

## RD Updated Adjusted Annual Income Deductions

| Underwriting/Delivery | |
|---|---|
| X | Corr. Delegated |
| | Corr. Non-Delegated |
| | Corr. EZD |
| X | Corr. Mandatory |
| X | HFA Delegated |
| | HFA Non-Delegated |
| **Products** | |
| | Conv. (Freddie) |
| | Conv. (Fannie) |
| | Conv. (Portfolio) |
| | FHA |
| | VA |
| X | Rural Development |

Rural Development Single Family Housing Guaranteed Loan Program (SFHGLP) announced on August 4, 2026, that adjusted annual income deductions have increased. Handbook updates reflecting these changes will be released soon. The Guaranteed Underwriting System (GUS) is already applying the new deduction amounts correctly.

**Adjusted Annual Income Deduction**

Handbook 1-3555 allows applicants age 62 or older to receive an elderly family deduction when calculating adjusted annual income. This annual deduction has increased to $550 per household.

Handbook 1-3555 also provides a deduction for each eligible dependent in the household. This deduction has increased to $500 per dependent.

## FHA Waiver to Well Water Distance Requirements

| Underwriting/Delivery | |
|---|---|
| X | Corr. Delegated |
| X | Corr. Non-Delegated |
| | Corr. EZD |
| X | Corr. Mandatory |
| X | HFA Delegated |
| X | HFA Non-Delegated |
| **Products** | |
| | Conv. (Freddie) |
| | Conv. (Fannie) |
| | Conv. (Portfolio) |
| X | FHA |
| | VA |
| | Rural Development |

Federal Housing Administration (FHA) announced in FHA Info 2026-17 that it has issued a broad waiver of the well distance requirements for Individual Water Supply Systems, which are part of FHA's Minimum Property Requirements (MPR) for Existing Construction set forth in Single Family Housing Policy Handbook 4000.1.

**Existing Construction - Individual Water Supply Systems**

FHA is redefining its well water distance requirements that may have been a barrier to affordable housing supply. FHA's well water distance requirements do not universally align with those of many local jurisdictions where local authorities have officially deemed lesser distances safe, compliant with local codes, and acceptable for residential use other than those found in Handbook 4000.1.

This waiver applies only to existing construction when:

- the property meets the distance requirements of the local jurisdiction*; and documentation supporting compliance with local jurisdiction requirements and
- acceptable water testing results must be maintained in the loan file.

*The local jurisdiction refers to the local health authority, environmental agency, or governing municipality who has
inspected, permitted, or grandfathered the private water system in its current configuration.

**New Construction - Individual Water Supply Systems**

This waiver does not apply to FHA's minimum property standards (MPS) for new construction, which is covered under separate regulations.

## Presidentially Declared Natural Disaster for WV

| Underwriting/Delivery | |
|---|---|
| X | Corr. Delegated |
| X | Corr. Non-Delegated |
| X | Corr. EZD |
| X | Corr. Mandatory |
| X | HFA Delegated |
| X | HFA Non-Delegated |
| **Products** | |
| X | Conv. (Freddie) |
| X | Conv. (Fannie) |
| X | Conv. (Portfolio) |
| X | FHA |
| X | VA |
| X | Rural Development |

The following states/counties have been declared Presidential Disaster Areas with Individual Assistance.

- Agency, Portfolio, VA, and RD loans with subject properties located in counties listed below that have not CLOSED by the Disaster Declaration Date must follow the requirements listed in AllRegs.
- FHA loans with subject properties located in the counties listed below that have not been ENDORSED as of the Disaster Declaration Date must follow the FHA requirements listed in AllRegs.

| Declaration Date | State | County |
|---|---|---|
| August 7, 2026 | West Virginia | Pleasants<br>Ritchie |

Guideline Section: 711.20 FHA – Natural Disaster Procedures 712.21 VA - Natural Disaster Procedures 713.20 Agency – Natural Disaster Procedures 714.1.10 Portfolio – Appraisal 715.20 RD - Natural Disaster Procedures 721.12.2 PWM – Natural Disaster Requirements 722.12.2 AD – Natural Disaster Requirements 723.12.2 HE – Natural Disaster 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.