



January 2025

Limited 203(k) Program

Correspondent and HFA Lending

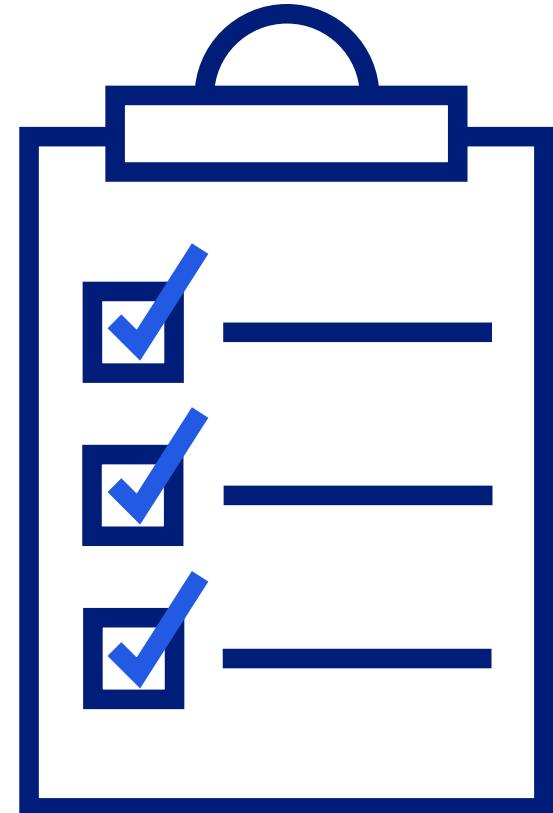


©U.S. Bank | Internal

This information is provided to assist Correspondents and is not a consumer credit advertisement as defined by Regulation Z. This material may not be reproduced without the approval of U.S. Bank and not for Public distribution. Loan approval is subject to credit approval and program guidelines. Interest rate and program terms and conditions are subject to change without notice. Not all loan programs are available in all states for all loan amounts. To learn more about U.S. Bank products and services visit usbank.com. Mortgage and Home Equity products are offered by U.S. Bank National Association. Deposit products are offered by U.S. Bank National Association. Equal Housing lender. Member FDIC. 2025. CR-57056558

Agenda

- Lender approval requirements
- What we accept
- Correspondent responsibilities
- U.S. Bank responsibilities
- Project eligibility
- Program requirements
- 203(k) contacts
- Sample forms
- Closing documents
- Disbursement documents
- Resources

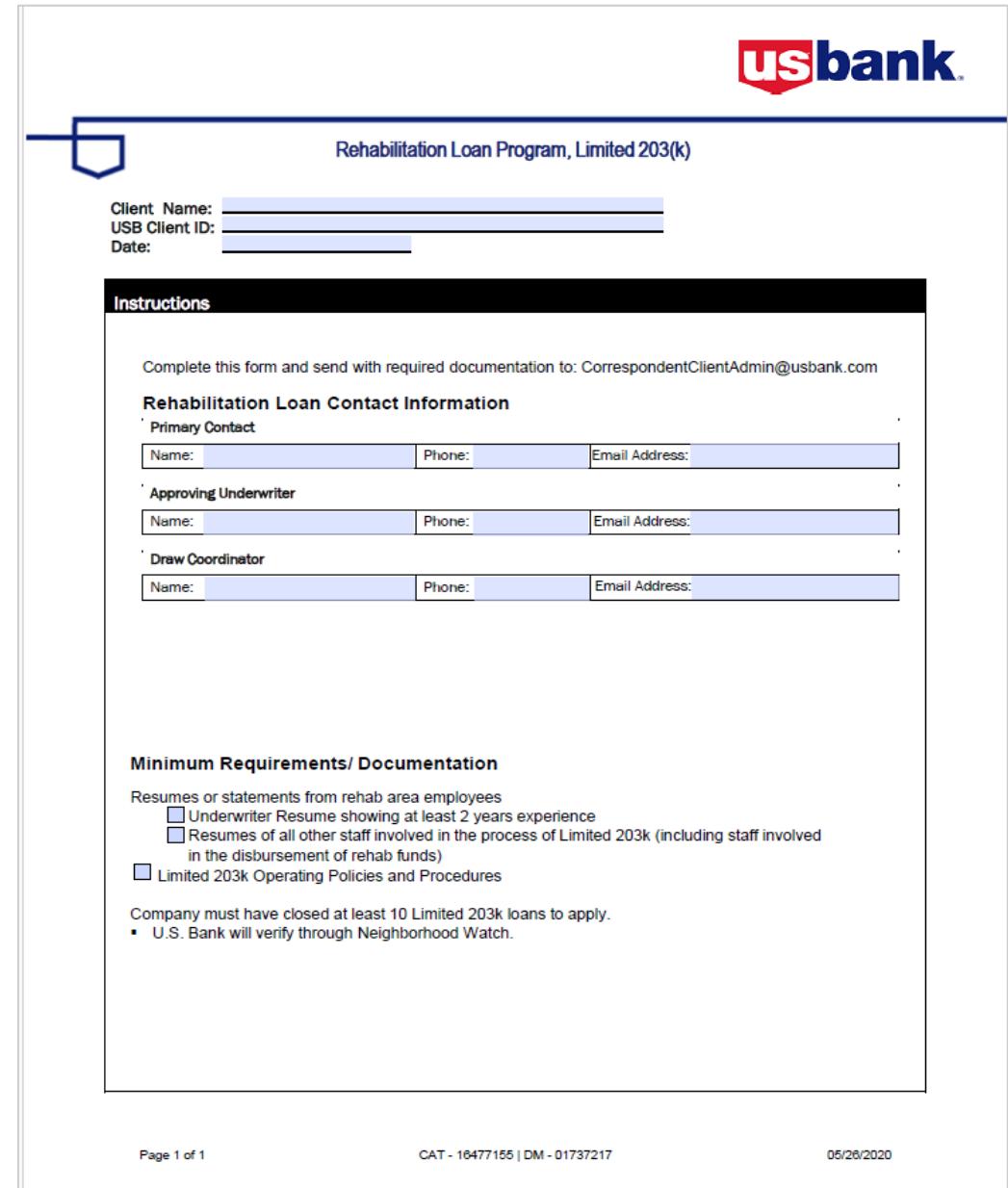


Lender approval requirements

For lenders not already approved to participate in U.S. Bank's *Rehabilitation Loan Program, Limited 203(k)*, a request for approval must be submitted to the Client Administration/Lender Approval Team at U.S. Bank.

Minimum Requirements:

- Underwriter Resume showing two-years 203(k) experience
- Resumes of all staff involved in 203(k) process including the disbursement of funds
- Limited 203(k) Operating Policies and procedures
- Company must have process/closed minimum of 10 Limited 203(k) loans prior to applying for U.S. Bank approval



The image shows a U.S. Bank Rehabilitation Loan Program, Limited 203(k) application form. The form is titled "Rehabilitation Loan Program, Limited 203(k)" and includes a logo of a shield with a cross. It has sections for "Client Name" and "USB Client ID" with a date field. A "Instructions" section provides contact information and documentation requirements. The "Instructions" section includes fields for "Primary Contact", "Approving Underwriter", and "Draw Coordinator" with Name, Phone, and Email Address fields. The "Minimum Requirements/ Documentation" section lists requirements with checkboxes: "Underwriter Resume showing at least 2 years experience", "Resumes of all other staff involved in the process of Limited 203k (including staff involved in the disbursement of rehab funds)", and "Limited 203k Operating Policies and Procedures". It also states that "Company must have closed at least 10 Limited 203k loans to apply." and includes a note about U.S. Bank verifying through Neighborhood Watch. The form is dated 05/26/2020 and page 1 of 1.

Rehabilitation Loan Program, Limited 203(k)

Client Name: _____
USB Client ID: _____
Date: _____

Instructions

Complete this form and send with required documentation to: CorrespondentClientAdmin@usbank.com

Rehabilitation Loan Contact Information

Primary Contact

Name: _____ Phone: _____ Email Address: _____

Approving Underwriter

Name: _____ Phone: _____ Email Address: _____

Draw Coordinator

Name: _____ Phone: _____ Email Address: _____

Minimum Requirements/ Documentation

Resumes or statements from rehab area employees

Underwriter Resume showing at least 2 years experience
 Resumes of all other staff involved in the process of Limited 203k (including staff involved in the disbursement of rehab funds)
 Limited 203k Operating Policies and Procedures

Company must have closed at least 10 Limited 203k loans to apply.

▪ U.S. Bank will verify through Neighborhood Watch.

Page 1 of 1

CAT - 16477155 | DM - 01737217

05/26/2020

What we accept

U.S. Bank will accept FHA Limited 203(k) loans which may only be used for minor remodeling and non-structural repairs.

Total rehabilitation cost cannot exceed:

- \$35,000 for FHA Case Numbers assigned prior to 11/4/2024.
- \$75,000 for FHA Case Numbers assigned on or after 11/4/2024.

U.S. Bank partners with the Lender to ensure the successful and timely completion of the property rehabilitation.

Correspondent (Seller) responsibilities

- Obtain and submit documentation to U.S. Bank for disbursements.
- Maintain contact with the borrower and contractor(s) to verify progress per the HUD timeline of six months.
 - For FHA Case Numbers assigned on or after 11/4/24, the timeline is nine months.
- Obtain documentation and update FHA Connection if an extension is required.
- Update FHA Connection with close out information.
- Assist the borrower with issues that may arise during the repair process.
- Promptly forward the U.S. Bank 203(k) team any update received from the Borrower or Contractor(s) regarding the rehab process.
 - Email: bn203k@usbank.com

U.S. Bank (Servicer) responsibilities

- Withhold 203(k) escrow funds at purchase.
- Maintain rehab funds in an interest-bearing escrow account.
- Administer disbursements.
- Track the progress of repairs and send reminder emails to lender.
 - For FHA Case numbers assigned prior to 11/4/2024, reminders are sent at 90 days, 120 days, and 150 days.
 - For FHA Case Numbers assigned on or after 11/04/2024, reminders are sent at 90 days, 135 days, 210 days, and 240 days.
- Send summary report of all active 203(k) loans monthly.
- Track for servicing issues which would require the rehab project to stop.
 - Issues such as Payment Default, Bankruptcy, or Foreclosure would require the rehab project to stop.
- Promptly share any updates received from the Borrower or Contractor(s) regarding the rehab process with the lender.

Product eligibility

U.S. Bank follows HUD Handbook 4000.1 (effective 9/14/15) Section II, A. 8: Programs and Products 203(k) Rehabilitation Mortgage Insurance Program.

U.S. Bank overlay: Manufactured Homes, Condos, and attached PUDS are not acceptable.

U.S. Bank overlay: a Non-Profit Association or Agency as the Borrower is not acceptable.

Program requirements



Disbursements

If an initial disbursement is reflected on the CD, U.S. Bank requires:

- All documentation including applicable permits be included in the closed loan package.
- Completion of the Initial Disbursement Affidavit (U.S. Bank document - exhibit below).
- Reflects details for initial disbursement and includes a hold harmless statement and a defray statement signed by the Borrower, Contractor, and DE Underwriter.
- There will be a 10% holdback on all disbursements, including the initial draw.
- U.S. Bank requires an inspection by the Appraiser prior to a disbursement, regardless of the Total Repair Cost.
- A Disbursement call will be offered prior to the submission of the first disbursement request to verify all documentation required by U.S. Bank.

Additional Requirements



The Rehab Contractor and Permit Certification form (U.S. Bank document – see exhibits) is required with the closed loan package.



U.S. Bank requires a Contingency Reserve of at least 10% and not to exceed 20% of the Total Repair Cost.

Limited 203(k) Initial Disbursement Affidavit

U.S. Bank Correspondent Seller Guide

500: Mortgage Programs

> Limited 203(k) Manual

> General Requirements

> 203(k) Initial Disbursement Affidavit

U.S. Bank HFA Lending Guide

500: Housing Finance Agency Programs

> 203(k)

> 203(k) Initial Disbursement Affidavit



Limited 203(k) Initial Disbursement Affidavit

Date: _____ U.S. Bank Loan Number: _____

Borrower(s): _____

Property Address: _____

The borrower(s) hereby request an initial release of funds held in escrow by the Lender for materials required for completing the improvements as described in the Homeowner/Contractor Agreement between the Borrower and the Contractor dated ____/____/____ for the above referenced property. I/We hereby authorize the lender to release an advance of up to 50% of the contract amount listed in the referenced agreement for the itemized cost of materials. I/We authorize the release of these funds directly to the Contractor. I/We also hold Department of Housing and Urban Development (HUD), and U.S. Bank Home Mortgage harmless from any repercussions that may arise from the release of the initial disbursement to the Contractor.

The Contractor certifies that they meet all applicable jurisdictional licensing and bonding requirements.

The Contractor certifies that they cannot/or is not willing to defer payment until completion of the project. If requested by the Lender, the Contractor shall provide a list of materials to be purchased, before the funds are released.

The Borrower and the Contractor certify that the amount of this release of funds is acceptable to both parties. The Contractor also certifies that these funds will be used only for materials for the completion of the repairs to the subject property.

*All signatures are required before funds can be released.

Borrower Acknowledgement of above certification

Borrower Signature/ Borrower Signature

Date

Contractor Acknowledgement of above certification

Contractor Signature

Date

DE Underwriter Acknowledgement of above certification

DE Underwriter Signature

Date

Correspondent Name/Branch Name: _____

Telephone Number: _____ Fax Number: _____



CAT - 16477348
Doc Master - 01737214
10/2018

Rehab Contractor and Permit Certification

U.S. Bank Correspondent Seller Guide

500: Mortgage Programs

- > Limited 203(k) Manual
- > General Requirements
- > 203(k) Rehab Contractor/Permit Certification

U.S. Bank HFA Lending Guide

500: Housing Finance Agency Programs

- > 203(k)
- > 203(k) Rehab Contractor/Permit Certification

Rehab Contractor and Permit Certification			
Loan Number:			
Property Address:			
Borrower Name:			
County:			
Contractor Name:	License Verified?	Yes	No
Attach copy of license <input type="checkbox"/> <input type="checkbox"/>			
Contractor Name:	License Verified?	Yes	No
Attach copy of license <input type="checkbox"/> <input type="checkbox"/>			
Contractor Name:	License Verified?	Yes	No
Attach copy of license <input type="checkbox"/> <input type="checkbox"/>			
Contractor Name:	License Verified?	Yes	No
Attach copy of license <input type="checkbox"/> <input type="checkbox"/>			
Permits Required:	Contractor License Required:		
Mechanical	<input type="checkbox"/>	General Contractor	<input type="checkbox"/>
Electrical	<input type="checkbox"/>	Electrical	<input type="checkbox"/>
Plumbing	<input type="checkbox"/>	Plumbing	<input type="checkbox"/>
HVAC	<input type="checkbox"/>	HVAC	<input type="checkbox"/>
Roofing	<input type="checkbox"/>	Lead Paint Certification	<input type="checkbox"/>
Building	<input type="checkbox"/>	Mold Certification	<input type="checkbox"/>
Mold	<input type="checkbox"/>		
Lead Paint	<input type="checkbox"/>		
Information Verified with County / City Building Official:			
Name:			
Title:			
Completed By:			
Comments:			
Department:			
Telephone Number:			
Email Address:			

203(k) Closing Documents

- Security Instrument with Rehab Verbiage
- Rehab Loan Rider to Security Instrument
- 203K Calculator – FHAC electronic form
- Rehabilitation Loan Agreement
- Borrower Identity of Interest Cert
- Homeowner/Contractor Agreement
 - Contractor(s) Profile
 - Contractor(s) License
 - Contractor(s) Liability Insurance
 - Contractor Bid
- Rehab Contractor and Permit Cert
- 203K Borrower Acknowledgement



Additional Closing Documents, as applicable

- If initial disbursements at closing:
 - Initial Disbursement Affidavit – U.S. Bank Document
 - LUTS 92900 with amount and purpose of Initial Draw
 - HUD 9746A, amt is approved section to reflect 10% holdback
 - Partial Lien Waiver – amt must be net amt due borrower on 9746A
- Lead Paint Test
 - If home built prior to 1978 and repairs include painting, door/window replacement, or other repairs that would disturb existing paint
- Contractor Lead Paint Certificate
- Permits
- Termite Report
- Roof Cert
- Sewer/Water/Utility Inspections

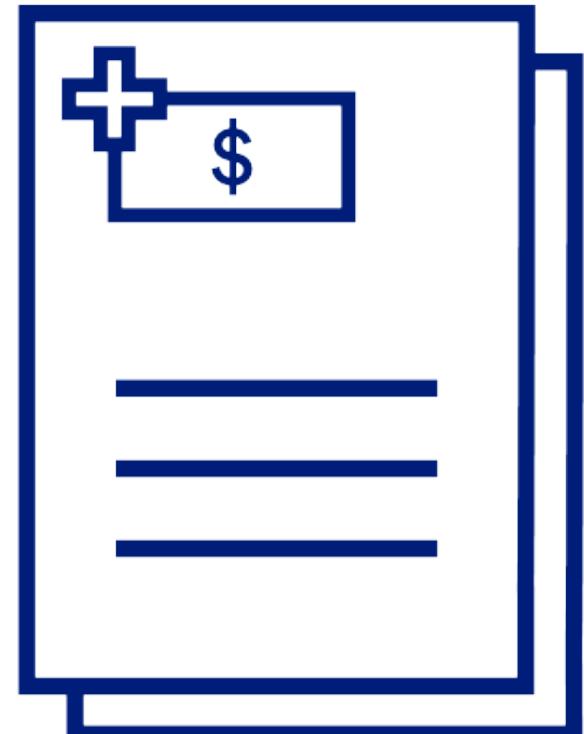
203(k) Disbursement Documents

Initial Draw

- HUD 9746-A Draw Request
- Initial Disbursement Affidavit
- Partial Lien Waiver - Contractor
- Permits

Final Draw

- HUD 9746-A Draw Request
- Final Lien Waiver – Contractor
- Final Inspection and Invoice
- Title Search and Invoice
- Mortgagor Letter of Completion
- Final Release Notice
- FHAC Close Out



Additional Disbursement Documents, as applicable



Change Order



Contingency Release Letter



Permit Inspections



Copies of Checks

Resources

Access the Correspondent Seller Guide or the HFA Lending Guide using Lender Portal



Log in to Lender Portal

- Click **Resources** icon
- Click **Seller Guide** tab
- Click **View** to be directed to the **Seller Guide** (AllRegs) login page
- Complete **Email** and **Confirm Email** fields
- Click **Log In**

203(k) Contacts

Shared Mailbox
for disbursement requests and questions:

USB203kDisbursement@usbank.com

Melissa McIntyre

Melissa.mcintyre@usbank.com

Supervisor

Carla Clancy

Carla.clancy@usbank.com

Manager



