



U.S. Bank Home Mortgage – Correspondent / HFA

COVID- 19 Frequently Asked Questions

Updated November 6, 2020

This document provides answers to frequently asked questions regarding U.S Bank Home Mortgage’s residential mortgage policy updates as they relate to COVID-19. The FAQ document will be dynamic and will continually be edited and updated.

The FAQ provides guidance for temporary relief of policies due to COVID-19. Please continue to reference the U.S. Bank Seller Guide as the primary resource for all U.S. Bank policies.

In addition to this helpful FAQ, we have updated our Correspondent and HFA Overlay Matrices to now include a section devoted specifically to COVID-19 Related Overlays. The new COVID-19 Related Overlays section has been added to the end of the matrix.

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Allonge / NOTE

Will you fund with copy of the NOTE?	No, U.S. Bank requires the original NOTE.
Will U.S. Bank accept electronic signatures on the NOTE?	U.S. Bank currently does not have eNote capability.

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Appraisal

Will U.S. Bank accept a PIW on 2 nd mortgage transactions, when the lender is selling the refinanced 1 st mortgage to U.S. Bank?	At this time, U.S. Bank still requires a full appraisal for all 2 nd lien transactions.
Are interior inspections required?	<p style="text-align: center;"><u>Conventional Agency</u></p> <p>When an interior inspection is not feasible because of COVID-19 concerns, either a desktop appraisal or an exterior-only inspection appraisal in lieu of the interior and exterior inspection appraisal (i.e., traditional appraisal) will be allowed. If a traditional appraisal is not obtained and there is insufficient information about the property for an appraiser to be able to complete an appraisal assignment with a desktop or exterior-only inspection appraisal, the loan will not be eligible for delivery to Fannie Mae or Freddie Mac.</p> <p>Refer to Seller Guide Update 2020-86 and Seller Guide Update 2020-021: Multiple Topics including Temporary Flexibilities for additional details.</p> <p style="text-align: center;"><u>Portfolio</u></p> <p>Currently there are no changes for interior inspections on Portfolio loans.</p> <p style="text-align: center;"><u>VA Only</u></p> <p>When an interior inspection is not obtainable due to COVID-19 pandemic, either a desktop appraisal or an exterior-only inspection appraisal in lieu of the interior and exterior inspection appraisal (i.e., traditional appraisal) will be allowed. We must document why this flexibility was utilized.</p> <p>If a traditional appraisal is not obtained and there is insufficient information about the property for an appraiser to be able to complete an appraisal assignment with a desktop or exterior-only inspection appraisal, the loan will not be eligible for delivery to Ginnie Mae.</p>





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	<p>The flexibilities apply to Purchase transactions loan amounts limited to 1½ times the maximum Agency 2020 conforming loan limits for 1 unit limit for the county or county equivalent area. Purchase loan amounts greater than the conforming 1-unit county limit must have an interior exterior appraisal.</p> <p>Effective immediately, previous policy on flexibility for VA Cash-Out Appraisals, has been updated. Refer to Seller Guide Update 2020-52 and Seller Guide Update 2020-038 for details.</p> <p style="text-align: center;"><u>FHA Only</u></p> <p>When a full interior and exterior appraisal cannot be completed due to COVID 19 concerns by the appraiser or the occupant of the property, the appraiser may amend the scope of work to perform an Exterior-Only (viewing from the street) or Desktop-Only for Purchase Transactions¹. The Exterior-Only and Desktop-Only Appraisal options must continue to be reported on the current FHA approved appraisal forms with amended certifications and scope of work disclosures. U.S. Bank has additional requirements in addition to the FHA requirements for both Desktop-Only option and Exterior-Only option. Of the two options, the Desktop option is preferred for purchase transactions in that the recent MLS listing information, descriptions, and pictures of the property from inside and outside are typically available. For HFA lenders, U.S. Bank will permit Exterior-only, as well as Interior/Exterior for FHA loans.</p> <p style="text-align: center;"><u>Rural Development</u></p> <p>For purchase and non-streamlined refinance transactions, when an appraiser is unable to complete an interior inspection of an existing dwelling due to concerns associated with the COVID-19 pandemic, an “Exterior-Only Inspection Residential Appraisal Report”, (FHLMC 2055/FNMA 2055) will be accepted.</p> <p>Effective immediately, U.S. Bank is aligning our HFA VA and USDA appraisal requirements to allow exterior only appraisals when requested from the appraiser provided certain criteria is met.</p> <p>Refer to Seller Guide Update 2020-066: Updated Temporary Flexibilities for VA and RD Appraisals.</p> <p>Refer to Seller Guide Updates 2020-52 and 2020-022: Multiple Topics including Temporary Flexibilities for additional FHA & Rural Development details.</p>
<p>Will appraisal waivers be accepted?</p>	<p>U.S. Bank will continue to accept an Appraisal Waiver from Fannie Mae and Automated Collateral Evaluation (ACE) from Freddie Mac as an acceptable alternative to appraisals.</p>





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	<p style="text-align: center;"><u>HFA Only</u></p> <p>Appraisal waivers (PIW/ACE) are not acceptable on HFA loan transactions regardless of AUS findings.</p>
Will a desktop appraisal be accepted?	<p>For purchase money transactions when an interior and exterior appraisal is not available, desktop appraisals are preferred rather than an exterior-only appraisal.</p> <p>The minimum scope of work for a desktop appraisal does not include an inspection of the subject property or comparable sales. The appraiser relies on public records, multiple listing service (MLS) information, and other third-party data sources to identify the property characteristics.</p> <p>Refer to Seller Guide Update 2020-86 and Seller Guide Update 2020-021: Multiple Topics including Temporary Flexibilities for additional details.</p> <p style="text-align: center;"><u>VA Only</u></p> <p>For purchase money transactions when an interior and exterior appraisal is not available, desktop appraisals are preferred rather than an exterior-only appraisal.</p> <p>Refer to, Seller Guide Updates 2020-52 and 2020-32: Temp Flexibilities for VA Appraisals, Disasters and Updated Overlays for details.</p> <p style="text-align: center;"><u>FHA Only</u></p> <p>FHA has monitored the Appraisal inspection scope of work usage from ML 2020-05 guidance and the Exterior-Only Appraisal option has demonstrated to be effective in support of initiatives to combat the spread of COVID-19 by limiting face-to-face contact across all eligible program transactions.</p> <p>With the effectiveness of the Exterior-Only option, the Desktop-Only Appraisal option provided in ML 2020-05, for certain purchase transactions without any Appraiser visual observation of the property, is no longer acceptable for appraisals performed on or after November 1, 2020.</p> <p style="text-align: center;"><u>HFA Appraisals for FHA Loans</u></p> <p>For HFA lenders, U.S. Bank will permit Exterior-only, as well as Interior/Exterior for FHA loans.</p> <p>Note: Please refer to the communication listed above for complete details, as well as the COVID-19 Frequently Asked Questions (FAQ) document, the Correspondent Overlay Matrix, and HFA Overlay Matrix.</p>





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	Refer to Seller Guide Update 2020-089 , Seller Guide Updates 2020-52 and 2020-022: Multiple Topics including Temporary Flexibilities for additional FHA & Rural Development for details.
<p>Will U.S. Bank accept an exterior only- 2055 report in lieu of traditional appraisal during this health crisis?</p>	<p style="text-align: center;"><u>Conventional Agency</u></p> <p>An exterior-only inspection appraisal may be obtained in lieu of an interior and exterior inspection appraisal for the following transactions:</p> <ul style="list-style-type: none"> • Purchase money loans • Limited cash-out refinances where the loan being refinanced is a Fannie to Fannie or a Freddie to Freddie. <p>Lenders will not receive value representation and warranty relief under Agency programs for loans with exterior-only appraisals.</p> <p>Refer to Seller Guide Update 2020-86 and Seller Guide Update 2020-021: Multiple Topics including Temporary Flexibilities for additional details.</p> <p style="text-align: center;"><u>HFA Only</u></p> <p>As per current policy, a Drive-by/Exterior Only appraisal is not eligible for HFA loans.</p> <p>Refer to Seller Guide Update 2020-86 and Seller Guide Update 2020-021: Multiple Topics including Temporary Flexibilities for additional details.</p> <p style="text-align: center;"><u>Government Only</u></p> <p>Refer to Seller Guide Update 2020-089, Seller Guide Updates 2020-52 and 2020-022: Multiple Topics including Temporary Flexibilities for additional FHA & Rural Development for details.</p>

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Borrower Attestation

<p>Is a Borrower Attestation form required?</p>	<p>Yes, U.S. Bank will require a COVID-19 Borrower Attestation be included in all loan files beginning with loans closed on and after May 13, 2020.</p> <p>Refer to Seller Guide Update 2020-44 COVID-19 Borrower Attestation for details.</p>
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Closing

Will the Bank accept hybrid closings?	<p>Yes, Lenders wishing to submit loans to U.S. Bank with eligible documentation with electronic signatures MUST first complete the Lender Approval Request.</p> <p>The following documents are ineligible for electronic signature.</p> <p><u>Ineligible Documentation</u></p> <ul style="list-style-type: none">• Notes or Modifications• Power of Attorney• Documents creating Revocable Trusts• Any document requiring Notarization (i.e. Security Instrument, Riders, etc.)• IRS and Social Security Administration documents. As of March 27, 2020, U.S. Bank will accept an electronically signed 4506-T. <p>Refer to the Funding Documentation Requirements in the Delivery and Funding section 900 of the Seller Guide.</p>
Will U.S. Bank accept remote notarization, eNotary?	Under Review

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Early Payment Default

Will waivers be accepted due to COVID-19 on EPDs?	<p>The existing U.S. Bank Correspondent and HFA EPD policy remains effective for loans in forbearance. Delinquent/missed payments may trigger EPD fees, despite a COVID-19 related forbearance.</p> <p>Refer to Seller Guide Update 2020-44, Mortgage Loans in Early Forbearance and Early Payoff and Early Payment Default, section 200 for details.</p>
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Final Documents

Will consideration to delivery timelines for Final Documents due to COVID-19 be updated?	<p>Final Document Delivery Requirement Extended – As a result of the closures of many businesses and county offices across the country, U.S. Bank will implement the following updates to our policy effective immediately:</p>
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	<p>Final Document Delivery – U.S. Bank will require all final documents be received no later than 180 days (vs 90-days) after the date of purchase date.</p> <p>Final Document Billing Notifications – U.S. Bank will only send billing notifications for the month of March for any documents aged more than 180-days old (thus eliminating charges for the new final documents reflecting the 120-day category.)</p> <p>Refer to Seller Guide Update 2020-015: Multiple Topics for additional details.</p>
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Forbearance

<p>Is U.S. Bank offering forbearance programs to support borrowers?</p>	<p>If a borrower is unable to make their mortgage payment, we are offering several customer assistance programs that may allow them to have their mortgage payments suspended for up to 180-days (6-months). Our forbearance program allows for a suspension of payments for up to 180 days. With our customer assistance programs, borrowers will not be charged any late fees and their account be reported as current to the Credit Reporting Agencies.</p> <ul style="list-style-type: none"> • If, after the initial 180 days suspension of payments their hardship has still not been resolved, we will continue to work with them. If they are unable to pay the suspended installments in full, options such as extending the forbearance program up to an additional 180-days, repayment plans, or a loan modification may be available if they meet requirements.
<p>Will U.S. Bank purchase a loan currently in forbearance?</p>	<p>U.S. Bank will not purchase any loan that is currently in deferment or forbearance of their mortgage payment.</p> <p>Refer to Seller Guide Update 2020-86 for details.</p> <p>Prior Forbearance Communications Include:</p> <p>Seller Guide Update 2020-075</p> <p>Seller Guide Update 2020-067: Updated Eligibility for Sale of Loans in a COVID-19 Forbearance for details.</p> <p>Seller Guide Update 2020-50</p> <p>Seller Guide Update 2020-44</p> <p>Seller Guide Update 2020-039 Mortgage Loans in Early Forbearance.</p> <p>For Government eligibility requirements refer to Seller Guide Update 2020-089 and Seller Guide Update 2020-48 for details.</p>





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<p>How will U.S. Bank handle conventional loans entering into forbearance after purchase?</p>	<p>Effective immediately, for conventional Agency purchase or rate and term refinance loans that enter into forbearance after the purchase by U.S. Bank, U.S. Bank will not assess the standard Agency LLPAs of 5% (for first-time homebuyers) or 7% (for all other loans).</p> <p>Refer to Seller Guide Update 2020-86 for details.</p> <p>Prior Forbearance Communications Include:</p> <p>Seller Guide Update 2020-075</p> <p>Seller Guide Update 2020-067: Updated Eligibility for Sale of Loans in a COVID-19 Forbearance for details.</p> <p>Seller Guide Update 2020-50</p> <p>Seller Guide Update 2020-44</p> <p>Seller Guide Update 2020-039 Mortgage Loans in Early Forbearance.</p> <p>A Borrower Attestation will be required for all loan files beginning with loans closed on and after May 13, 2020. Refer to Seller Guide Update 2020-039 Mortgage Loans in Early Forbearance. for details.</p>
<p>What is U.S. Banks policy for portfolio loans, for a borrower that has any mortgage loans in deferment or forbearance?</p>	<p>Secondary Investors have published new guidelines on qualification and documentation regarding any borrower who has any existing mortgage loan currently in forbearance. The existing forbearance must be exited, and specific underwriting guidelines applied before a new mortgage loan can be approved.</p> <p>Refer to Seller Guide Update 2020-86 for specific underwriting guideline details.</p> <p>Prior Forbearance Communications Include:</p> <p>Seller Guide Update 2020-075</p> <p>Seller Guide Update 2020-067: Updated Eligibility for Sale of Loans in a COVID-19 Forbearance for details.</p> <p>Seller Guide Update 2020-50</p> <p>Seller Guide Update 2020-44</p> <p>Seller Guide Update 2020-039 Mortgage Loans in Early Forbearance.</p>

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Inspections

<p>Carbon Monoxide and smoke inspections: The fire department has halted all inspections. Will you allow a purchase loan to close without that?</p>	<p>Lenders are responsible for complying with state and local municipality guidelines.</p>
<p>Are there updated requirement for Certificate of Occupancy?</p>	<p style="text-align: center;">Under Review</p>

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Power of Attorney

Are POA requirements changing?	Refer to Seller Guide Section 900; Delivery and Funding, Funding Documentation for Power of Attorney requirements. As a reminder, a POA is not allowed on cash-out refinance transactions.
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Pricing / Rate Lock

What is U.S. Bank's position on lock extensions during COVID-19?	For loans locked on or before March 27th that, due to COVID-19, require an extension that is outside of U.S. Bank policy, please utilize one of these options for assistance: <ul style="list-style-type: none"> • Submit a request through the UniteUS Communication Panel (Client Support Category), or • Call our Client Support Team 800.200.5881, option 1. Please include the purpose and detail of the delay and the number of extension days needed.
How will U.S. Bank handle repricing or applying penalties to loans when stipulations cannot be met?	Refer to Pricing/ Registration/Fees, section 600 of the Seller Guide.
How do I contact the Mandatory Commitment Desk?	Beginning Wednesday, March 18, 2020, please send all inquiries for the Mandatory Commitment Desk including call-in bids, pair-off requests, or other time sensitive bid related items to the following email address as outlined: <ul style="list-style-type: none"> • Mandatory Commitment Desk Email: SubmitToUS@USBank.com Note: Please indicate **Urgent Request** in the subject line of your email.

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Recording

Is Electronic Recording Allowed?	Yes, U.S. Bank will accept Electronic Recordings where allowed.
Will U.S. Bank allow the use of Gap Insurance due to closure of recording offices?	Yes, as long as U.S. Bank is in 1 st lien position and the title company accepts gap insurance.

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Self-employed Borrowers

Are there special requirements for a self-employed borrower on Agency and Portfolio loans, including any specific requirements for business assets?

U.S. Bank requires specific documentation for self-employed borrowers. Per agency guidelines, either an audited Profit and Loss (P&L) or unaudited P&L with business bank statements are to be obtained for every self-employed borrower applicant. When the unaudited P&L with business bank statements are provided, the cash flow from business bank statements must support the net income used for qualification.

Portfolio: P&L and Balance Sheet is required for all businesses in which the borrower owns 25% or more dated within 60 days of note date. YTD is required. Additional P&Ls will be required for any tax years not filed. This documentation requirement cannot be waived, and no exception will be allowed.

Conv Agency: Balance sheet is not required.

Conv Agency: When a borrower’s primary source of income is W2 wages (non self-employed) and the borrower or spouse has a secondary self-employed business in which income is not being used for qualifying, the additional documentation requirements aren’t needed.

When assessing income derived from self-employment the borrower(s) income must be stable with a reasonable expectation of continuance. The Mortgage file must include a written analysis of the self-employed income amount and justification of the determination that the income used to qualify the Borrower is stable. Refer to [Seller Guide Update 2020-082](#) minimum additional income documentation requirements.

Business Assets

- No business assets will be allowed for down payment, closing costs or reserves, regardless of impact to business.

Refer to [Seller Guide Update 2020-082](#) for self-employed borrower(s) income and use of business assets requirements and Seller Guide Update 2020-084 for information regarding verification of business operation requirements.

If a self-employed borrower took advantage of the SBA Payroll Protection Loan, will it have an impact on their application for a mortgage?

The underwriter must consider the business’s financial strength by analyzing the borrower’s earnings and determine the stability of the net income used by the borrower to repay their mortgage.

Self-Employed Income and Debt Analysis: When analyzing the financial strength, the underwriter would need to account for business obligations which may have a negative impact to the net





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	<p>earnings of the business. When underwriting has knowledge that a business received an SBA Payroll Protection Loan (SBA-PPP), this needs to be accounted for during the analysis of the business’s earnings. This obligation could have a negative impact to the net income of the business. Underwriting will account for this obligation during the analysis of the business’s earnings by:</p> <ol style="list-style-type: none"> 1. Reviewing the current P&L to determine if the new SBA-PPP Loan payment was accounted for. 2. Reduce the business net earnings if the obligation is not clearly accounted for in the P&L. 3. If documentation is provided that the SBA-PPP was forgiven, partially forgiven, returned or paid in full, this would need to be addressed in the income calculation and noted in the loan file. <p>Caution must be used when evaluating any income relied upon in determining the borrower(s) ability to repay. Underwriting is responsible for justifying that the income is stable, effective and likely to continue. Additional documentation maybe needed.</p> <p>Refer to Seller Guide Update 2020-43 for details.</p>
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Tax Returns / Tax Transcripts

<p>With the tax filing date being extended to July 15, 2020, are there any process impacts?</p>	<p>At the time of underwriting, U.S. Bank will require the previous year tax returns after April 15th, if available, otherwise July 15th of the current year unless an extension has been filed with the IRS. A copy of that extension must be documented in the file.</p> <p>Refer to Seller Guide Update 2020-86 and Seller Guide Update 2020-021: Multiple Topics including Temporary Flexibilities for additional details.</p>
<p>How are we handling tax returns/transcripts?</p>	<p>Due to the COVID-19 national emergency, all IRS Tax Transcript Processing Centers are now closed and they have not announced a firm re-open date. The IRS will not issue tax return transcripts. During this time, U.S. Bank will temporarily cease the requirement for obtaining tax transcripts effective immediately.</p> <ul style="list-style-type: none"> • There is no change to the current requirement that the form 4506 T be executed by the borrower(s) and contained in the file so that income can be verified with the IRS at a later date. <p>For 4506T esign requirments, please refer to Delivery and Funding section 900 of the Seller Guide.</p>





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	<ul style="list-style-type: none"> When the borrower is self-employed and tax transcripts are required per Underwriting Guidelines (per Underwriting Documentation), the underwriter must use one the following alternative methods to confirm the borrower(s) income. <ul style="list-style-type: none"> Copy of cancelled check(s) matching amount due the IRS Copy of deposit matching exact amount of any return using bank statement, deposit receipt, or direct bank verification indicating the transaction Electronic filing receipt from IRS indicating the Submission Identification Number (SID), and AGI that matches the return. <p>Refer to Seller Guide Update 2020-031 for additional details.</p>
<p>Will U.S. Bank allow an electronically signed 4506-T Form?</p>	<p>Yes, U.S. Bank is able to process the e-signed 4506T form. U.S. Bank will purchase loans where documents are signed using an electronic signature provided the documents are delivered and signed in compliance with UETA, ESIGN, State law, all U.S. Bank policies and procedures, or agency guidelines as outlined in our guide.</p> <p>Refer to Delivery and Funding section 900 of the Seller Guide for details.</p>

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Verification of Employment

<p>How will U.S. Bank handle employees on furlough? Employer closed, still employed but out of work.</p>	<p>The COVID-19 pandemic has resulted in an increase in furloughed employees. A furlough is a suspension from active employment that does not typically guarantee restoration of an employee’s position when the furlough period ends regardless of whether there is a projected “return to work” date. Therefore, until furloughed employees actually return to work and are able to provide evidence of a stable and reliable flow of employment-related income, they are ineligible for Conventional Agency, Portfolio loans as well as Government loans (FHA, VA, USDA).</p> <p>Refer to Seller Guide Update 2020-43 for details.</p>
<p>With employers closing, what will U.S. Bank accept in lieu of a Verbal Verification of Employment (VVOE)?</p>	<p>U.S. Bank is providing very specific guidance for Verbal Verifications of Employment.</p> <p>Refer to the following Seller Guide updates for details:</p> <ul style="list-style-type: none"> Agency Seller Guide Update 2020-86 and Seller Guide Update 2020-021 Multiple Topics including Temporary Flexibilities





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	<ul style="list-style-type: none">• Government Refer to Seller Guide Updates 2020-52 and 2020-022 Multiple Topics including Temporary Flexibilities• Clarification Update Refer to Seller Guide Updates 2020-52 and 2020-030 Portfolio Credit and Product Guideline Changes
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