



# U.S. Bank Home Mortgage – Correspondent / HFA

## COVID- 19 Frequently Asked Questions

Updated May 5, 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 <sup>nd</sup> mortgage transactions, when the lender is selling the refinanced 1 <sup>st</sup> mortgage to U.S. Bank?	At this time, U.S. Bank still requires a full appraisal for all 2 <sup>nd</sup> lien transactions.
Are interior inspections required?	<p style="text-align: center;"><b><u>Conventional Agency</u></b></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>The above guidance applies to Purchases and Rate/Term Refinances. Cash out refinances require a traditional appraisal.</p> <p>Refer to Seller Guide update <a href="#">SEL-2020-021: Multiple Topics including Temporary Flexibilities</a> for additional details.</p> <p style="text-align: center;"><b><u>Portfolio</u></b></p> <p>Currently there are no changes for interior inspections on Portfolio loans.</p> <p style="text-align: center;"><b><u>VA Only</u></b></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</p>





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inspection appraisal, the loan will not be eligible for delivery to Ginnie Mae.

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 and Cash out loan amounts greater than the conforming 1-unit county limit must have an interior exterior appraisal.

Loan Purpose	Permissible Appraisals (in order of preference)
Purchase equal to or less than the 1½ times the Agency 2020 conforming county loan limits for 1 unit	Traditional appraisal Exterior-only appraisal (excluding HFA)
Purchases up to Agency 2020 conforming county loan limits for 1-unit	Desktop appraisal
Purchases exceeding the 1½ times Agency 2020 conforming county loan limits for 1-unit	Traditional appraisal only
Cash Out Type I and Type II	Traditional appraisal only
IRRRL	No appraisal required

### **HFA Only**

As per current policy, a Drive-by/Exterior Only appraisal is not eligible for HFA loans.

Refer to Seller Guide update [SEL-2020-032 Temporary Flexibilities for VA Appraisals, Updated Overlays and FAQ](#).

### **FHA Only**

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 Transactions. 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 that reason, Exterior-only appraisals are not eligible for Housing Finance Agency loans in that they are more limited in their assessment.

### **Rural Development**

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. Exterior-only appraisals are not





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	<p>eligible for Housing Finance Agency loans in that they are more limited in their assessment.</p> <p>Refer to Seller Guide update <a href="#">SEL-2020-022: Multiple Topics including Temporary Flexibilities for additional FHA &amp; Rural Development</a> details.</p>
<p><b>Will appraisal waivers be accepted?</b></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> <p style="text-align: center;"><b><u>HFA Only</u></b></p> <p>Appraisal waivers (PIW/ACE) are not acceptable on HFA loan transactions regardless of AUS findings.</p>
<p><b>Will a desktop appraisal be accepted?</b></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>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 <a href="#">SEL-2020-021: Multiple Topics including Temporary Flexibilities</a> for additional details.</p> <p style="text-align: center;"><b><u>VA Only</u></b></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 update <a href="#">SEL-2020-32: Temp Flexibilities for VA Appraisals, Disasters and Updated Overlays</a></p> <p style="text-align: center;"><b><u>FHA Only</u></b></p> <p>Each Desktop-Only appraisal report must include the following:</p> <ul style="list-style-type: none"> <li>• a location map indicating the location of the subject and comparable, and</li> <li>• photographs of the subject property. We recognize that it may be challenging in some instances to obtain photographs; however, it is expected that the appraiser utilize available means to obtain relevant pictures of the subject property.</li> </ul> <p>Refer to Seller Guide update <a href="#">SEL-2020-022: Multiple Topics including Temporary Flexibilities for additional FHA &amp; Rural Development</a> for details.</p>





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<p><b>Will U.S. Bank accept an exterior only- 2055 report in lieu of traditional appraisal during this health crisis?</b></p>	<p style="text-align: center;"><b><u>Conventional Agency</u></b></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"> <li>• Purchase money loans</li> <li>• Limited cash-out refinances where the loan being refinanced is a Fannie to Fannie or a Freddie to Freddie.</li> </ul> <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 <a href="#">SEL-2020-021: Multiple Topics including Temporary Flexibilities</a> for additional details.</p> <p style="text-align: center;"><b><u>HFA Only</u></b></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 <a href="#">SEL-2020-021: Multiple Topics including Temporary Flexibilities</a> for additional details.</p> <p style="text-align: center;"><b><u>Government Only</u></b></p> <p>Refer to Seller Guide update <a href="#">SEL-2020-022: Multiple Topics including Temporary Flexibilities for additional FHA &amp; Rural Development</a> for details.</p>
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## Borrower Attestation

<p><b>Is a Borrower Attestation form required?</b></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 SEL-2020-37 COVID-19 Borrower Attestation, Updated FAQ for details.</p>
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## Closing

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

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## Early Payment Default

<b>Will waivers be accepted due to COVID-19 on EPDs?</b>	<p>Should any Mortgage Loan underwritten by Seller become delinquent during the first three (3) scheduled monthly payments that are payable to U.S. Bank and the Mortgage Loan not be brought current by the borrower within 90 days of such delinquency, Seller shall refund to U.S. Bank the SRP received by Seller from U.S. Bank with respect to that Mortgage Loan. Additionally, a processing fee of \$1,000 on Conventional Loans and \$2,500 on Government Loans shall be due from the Seller and payable to U.S. Bank.</p> <p>Refer to Early Payoff and Early Payment Default, section 200 of the Seller Guide.</p>
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## Final Documents

<b>Will consideration to delivery time lines for Final Documents due to COVID-19 be updated?</b>	<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> <p><b>Final Document Delivery</b> – 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><b>Final Document Billing Notifications</b> – 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>
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	Refer to Seller Guide update <a href="#">SEL-2020-015: Multiple Topics</a> for additional details.
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## Forbearance

<p><b>Is U.S. Bank offering forbearance programs to support borrowers?</b></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"> <li>• 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.</li> </ul>
<p><b>Will U.S. Bank purchase a loan currently in forbearance?</b></p>	<p>Effective with loans purchased on or after April 27, 2020, U.S. Bank will align with Fannie Mae Lender Letter LL-2020-06 and Freddie Mac Bulletin 2020-12 specific to selling loans in forbearance due to COVID-19 as follows:</p> <ul style="list-style-type: none"> <li>• Conventional Purchase or Rate/Term Refinance Transactions: If a loan enters into forbearance after purchase by U.S. Bank, but prior to the loan being sold to the Agency, the loan will be assessed a standard agency Loan Level Price Adjuster (LLPAs) as published by Fannie Mae and Freddie Mac as follows:</li> <li>• LPA Category LPA Fee First Time Homebuyers 5% All other loans 7% Note:             <ul style="list-style-type: none"> <li>○ This is in addition to all other LLPAs applicable to the loan and is not subject to the LPA cap</li> </ul> </li> <li>• Conventional Cash-out Transactions: Ineligible and remain subject to repurchase if the loan enters forbearance after purchase by U.S. Bank.</li> <li>• Portfolio Purchase Transactions: If a Portfolio loan enters forbearance prior to the first payment date after U.S. Bank purchases the loan, U.S. Bank will assess a 3% fee</li> </ul> <p>Refer to Seller Guide Update <a href="#">SEL-2020-34, Mortgage Loans in Early Forbearance</a> for details.</p> <p><b>A Borrower Attestation will be required for all loan files beginning with loans close don and after May 13, 2020. Refer to</b></p>





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[Seller Guide Update SEL-2020-37 for details.](#)

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## Inspections

**Carbon Monoxide and smoke inspections: The fire department has halted all inspections. Will you allow a purchase loan to close without that?**

Lenders are responsible for complying with state and local municipality guidelines.

**Are there updated requirement for Certificate of Occupancy?**

**Under Review**

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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 27<sup>th</sup>** that, due to COVID-19, require an extension that is outside of U.S. Bank policy, please utilize one of these options for assistance:

- 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:

- **Mandatory Commitment Desk Email:**  
[SubmitToUS@USBank.com](mailto:SubmitToUS@USBank.com)





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	<b>Note:</b> Please indicate <b>**Urgent Request**</b> in the subject line of your email.
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## Recording

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

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## Self-employed Borrowers

<b>Are there special requirements for a self-employed borrower on Agency and Portfolio loans?</b>	<p>U.S. Bank requires following for self-employed borrowers for ALL product types:</p> <ul style="list-style-type: none"> <li>No business assets will be allowed for down payment, closing costs or reserves, regardless of impact to business.</li> <li>Profit and Loss (P/L) and Balance Sheet must be dated within 30-days of Note date. Year-to Date (YTD) is required. Additional P/L will be required for any tax years not filed (follow government requirements where applicable.) This documentation requirement cannot be waived, and no exceptions will be allowed.</li> </ul> <p>Refer to the following Seller Guide Update for details: Portfolio and Agency SEL-2020-036 Agency and Portfolio Cash Out Credit and Product Guideline Changes.</p>
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## Tax Returns / Tax Transcripts

<b>With the tax filing date being extended to July 15, 2020, are there any process impacts?</b>	<p>At the time of underwriting, U.S. Bank will require the previous year tax returns after April 15<sup>th</sup>, if available, otherwise July 15<sup>th</sup> 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 <a href="#">SEL-2020-021: Multiple Topics including Temporary Flexibilities</a> for additional details.</p>
<b>How are we handling tax returns/transcripts?</b>	Due to the COVID-19 national emergency, all IRS Tax Transcript Processing Centers are now closed and they have not announced a





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	<p>firm re-open date. The IRS will not issue tax return transcripts. <b>During this time, U.S. Bank will temporarily cease the requirement for obtaining tax transcripts effective immediately.</b></p> <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p>For 4506T esign requiremets, please refer to Delivery and Funding section 900 of the Seller Guide.</p> <ul style="list-style-type: none"> <li>• 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"> <li>○ Copy of cancelled check(s) matching a amount due the IRS</li> <li>○ Copy of deposit matching exact a amount of any return using bank statement, deposit receipt, or direct bank verification indicating the transaction</li> </ul> </li> <li>• Electronic filing receipt from IRS indicating the Submission Identification Number (SID), and AGI that matches the return.</li> </ul> <p>Refer to Seller Guide update <a href="#">SEL-2020-031</a> for additional details.</p>
<p><b>Will U.S. Bank allow an electronically signed 4506-T Form?</b></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><b>How will U.S. Bank handle employees on furlough? Employer closed, still employed but out of work.</b></p>	<p style="text-align: center;"><b><u>Conventional Agency Only</u></b></p> <p>If the borrower is on temporary leave at the time of closing and the income is needed to qualify for the loan, we must determine the allow income and confirm employment per the Agency guidelines.</p> <ul style="list-style-type: none"> <li>• Fannie Mae: Refer to the requirements in the <a href="#">Selling Guide B3-3.1-09, Other Sources of Income</a>.</li> </ul>
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	<ul style="list-style-type: none"><li>• Freddie Mac: Refer to the requirements in the <a href="#">Selling Guide 5303.5: Income while on temporary leave</a>.</li></ul>
<b>With employers closing, what will U.S. Bank accept in lieu of a Verbal Verification of Employment (VVOE)?</b>	U.S. Bank is providing very specific guidance for Verbal Verifications of Employment. Refer to the following Seller Guide updates for details: <ul style="list-style-type: none"><li>• Agency <a href="#">SEL-2020-021 Multiple Topics including Temporary Flexibilities</a></li><li>• Government <a href="#">SEL 2020-022 Multiple Topics including Temporary Flexibilities</a></li><li>• Clarification Update <a href="#">SEL-2020-030 Portfolio Credit and Product Guideline Changes</a></li></ul>

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