



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

## COVID- 19 Frequently Asked Questions

Updated February 15, 2022

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.

*As U.S. Bank and the Agencies (e.g. Fannie Mae, Freddie Mac, FHA, VA and Rural Development) continue to remove the COVID-19 restrictions and flexibilities, only topics and the applicable products are noted within this document. If the topic you are looking for is not listed, please follow U.S. Bank and Agency guidelines as currently published.*

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## Appraisals

<p><b>Are interior inspections required?</b></p>	<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 style="color: red;">These flexibilities expired on May 31, 2021.</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 inspection appraisal, the loan will not be eligible for delivery to Ginnie Mae.</p> <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 style="color: red;">This flexibility expired with applications taken on or after April 1, 2021. Refer to <a href="#">Seller Guide Update 2021-017</a> for additional details.</p> <p style="text-align: center;"><b><u>FHA Only</u></b></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) for Purchase Transactions<sup>1</sup>. The Exterior-Only Appraisal options must continue to</p>
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	<p>be reported on the current FHA approved appraisal forms with amended certifications and scope of work disclosures. For loans underwritten by U.S. Bank, U.S. Bank has additional requirements in addition to the FHA requirements for the Desktop-Only appraisal.</p> <p><b>This is flexibility expired on June 30, 2021. Appraisals must be completed on or before this date.</b></p> <p style="text-align: center;"><b><u>Rural Development</u></b></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. For loans underwritten by U.S. Bank, U.S. Bank has additional requirements in addition to the RD requirements for the Desktop-only appraisal.</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><b>This flexibility expired: June 30, 2021. Appraisals must be completed on or before this date.</b></p>
<p><b>Will a desktop appraisal be accepted?</b></p>	<p style="text-align: center;"><b><u>Conventional Agency</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>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><b>These flexibilities expired: May 31, 2021.</b></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><b>This flexibility expired with applications taken on or after April 1, 2021. Refer to <u><a href="#">Seller Guide Update 2021-017</a></u> for additional details.</b></p> <p style="text-align: center;"><b><u>FHA Only</u></b></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</p>





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	<p>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>Refer to, <a href="#">Refer to Seller Guide Update 2021-007</a>;</p> <p style="text-align: center;"><b><u>HFA Appraisals for FHA Loans</u></b></p> <p>For HFA lenders, U.S. Bank will permit Exterior-only, as well as Interior/Exterior for FHA loans.</p> <p>Refer to <a href="#">Seller Guide Update 2021-007</a>; <a href="#">Seller Guide Update 2020-089</a>, <a href="#">Seller Guide Updates 2020-52</a> and <a href="#">2020-022: Multiple Topics including Temporary Flexibilities for additional FHA &amp; Rural Development</a> for details.</p>
<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><b>These flexibilities expired on May 31, 2021.</b></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 <a href="#">Seller Guide Update 2020-86</a> and <a href="#">Seller Guide Update 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>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><b>This flexibility expired on June 30, 2021. Appraisals must be completed on or before this date.</b></p>





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## Borrower Attestation

<p><b>Is a Borrower Attestation form required?</b></p>	<p>Effective with new locks taken on and after June 28, 2021 and loans in the pipeline U.S. Bank is removing the requirement for a COVID Borrower Attestation to be included in all files.</p> <p>Refer to <a href="#">Seller Guide Update 2020-35 Multiple Topics</a> 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><u>Ineligible Documentation</u></p> <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.</li> </ul> <p>Refer to the Funding Documentation Requirements in the Delivery and Funding section 900 of the Seller Guide.</p>
<p><b>Will U.S. Bank accept remote notarization, eNotary?</b></p>	<p style="text-align: center;"><b>Under Review</b></p>

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## Final Documents

<p><b>Will consideration to delivery timelines for Final Documents due to COVID-19 be updated?</b></p>	<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><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> <p>Refer to <a href="#">Seller Guide Update 2020-015: Multiple Topics</a> for additional details.</p>
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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>U.S. Bank will not purchase any loan that is currently in deferment or forbearance of their mortgage payment.</p> <p>Refer to <a href="#">Seller Guide Update 2020-092</a> and <a href="#">Seller Guide Update 2020-86</a> for details.</p> <p><b>Prior Forbearance Communications Include:</b></p> <p><a href="#">Seller Guide Update 2020-075</a></p> <p><a href="#">Seller Guide Update 2020-067: Updated Eligibility for Sale of Loans in a COVID-19 Forbearance for details.</a></p> <p><a href="#">Seller Guide Update 2020-50</a></p> <p><a href="#">Seller Guide Update 2020-44</a></p> <p><a href="#">Seller Guide Update 2020-039 Mortgage Loans in Early Forbearance.</a></p> <p>For Government eligibility requirements refer to <a href="#">Seller Guide Update 2021-016</a>, and <a href="#">Seller Guide Update 2020-48</a> for details.</p>





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<p><b>How will U.S. Bank handle conventional loans that enter into forbearance after purchase?</b></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 <b>not</b> assess the standard Agency LLPAs of 5% (for first-time homebuyers) or 7% (for all other loans).</p> <p>Refer to <a href="#">Seller Guide Update 2020-092</a> and <a href="#">Seller Guide Update 2020-86</a> for details.</p> <p><b>Prior Forbearance Communications Include:</b></p> <p><a href="#">Seller Guide Update 2020-075</a></p> <p><a href="#">Seller Guide Update 2020-067: Updated Eligibility for Sale of Loans in a COVID-19 Forbearance for details.</a></p> <p><a href="#">Seller Guide Update 2020-50</a></p> <p><a href="#">Seller Guide Update 2020-44</a></p> <p><a href="#">Seller Guide Update 2020-039 Mortgage Loans in Early Forbearance.</a></p>
<p><b>What is U.S. Banks policy for portfolio loans, for a borrower that has any mortgage loans in deferment or forbearance?</b></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 <a href="#">Seller Guide Update 2020-092</a> and <a href="#">Seller Guide Update 2020-86</a> for specific underwriting guideline details.</p> <p><b>Prior Forbearance Communications Include:</b></p> <p><a href="#">Seller Guide Update 2020-075</a></p> <p><a href="#">Seller Guide Update 2020-067: Updated Eligibility for Sale of Loans in a COVID-19 Forbearance for details.</a></p> <p><a href="#">Seller Guide Update 2020-50</a></p> <p><a href="#">Seller Guide Update 2020-44</a></p> <p><a href="#">Seller Guide Update 2020-039 Mortgage Loans in Early Forbearance.</a></p>

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### Self-employed Borrowers

<p><b>Are there special requirements for a self-employed borrower on Agency and Portfolio loans, including any specific requirements for business assets?</b></p>	<p style="text-align: center;"><b><u>Conventional Agency</u></b></p> <p>U.S. Bank requires specific documentation for self-employed borrowers.</p> <p>The loan 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.</p> <p><b>Additionally, U.S. Bank has specific documentation requirements for borrowers who own more than one business.</b></p>
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	<p>Refer to <a href="#">Seller Guide Update 2022-007: Multiple Topics</a> for details.</p> <p style="text-align: center;"><b><u>Portfolio Only</u></b></p> <p>Effective for locks before April 30, 2021 refer to <a href="#">Seller Guide Update 2020-95: Multiple Topics</a></p> <p>Effective for locks on or after April 30, 2021 refer to the applicable underwriting guidelines.</p>
<p><b>If a self-employed borrower took advantage of the SBA Payroll Protection Loan, will it have an impact on their application for a mortgage?</b></p>	<p>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.</p> <p>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 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"> <li>1. Reviewing the current P&amp;L to determine if the new SBA-PPP Loan payment was accounted for.</li> <li>2. Reduce the business net earnings if the obligation is not clearly accounted for in the P&amp;L.</li> <li>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.</li> </ol> <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 <a href="#">Seller Guide Update 2020-43</a> for details.</p>
<p><b>What are U.S. Bank’s requirements for Verification of Business?</b></p>	<p>The underwriter must verify two items for a self-employed borrower:</p> <ol style="list-style-type: none"> <li>1. Existence of Business through the use of Secretary of State or Business Licensees</li> <li>2. Business is currently open, operating and generating revenue</li> </ol> <p>Refer to <a href="#">Seller Guide 2020-84</a> for details.</p>







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<b>When does U.S. Bank have to verify the borrower’s business is open and operating?</b>	When a borrower is using self-employment income to qualify, the U.S. Bank must verify the borrower’s business is operating and generating income prior to the note date as follows:					
		Agency	Portfolio	FHA	VA <sup>1</sup>	RD <sup>1</sup>
	Requirement Expires	Until Rescinded	Rescinded	Rescinded	Until Rescinded	Until Rescinded
	# of Days	20 Business	10 Business	10 Calendar	10 Calendar	10 Calendar
<sup>1</sup> For loans underwritten by U.S. Bank Refer to <a href="#">Seller Guide 2020-84</a> for details.						

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## Verification of Employment

<b>How will U.S. Bank handle employees on furlough? Employer closed, still employed but out of work.</b>	<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 <a href="#">Seller Guide Update 2020-43</a> for details.</p>
<b>With employers closing, what will U.S. Bank accept in lieu of a Verbal Verification of Employment (VVOE)?</b>	<p>Effective with new locks taken on and after June 28, 2021 and for loans in the pipeline U.S. Bank is returning to pre-COVID requirements as follows:</p> <p>For salary and wage earners underwritten by U.S. Bank, employment must be reverified within 10 business days (10 calendar days for FHA) of the Note date using the standard Verbal Verification of Employment (VVOE).</p> <p>Refer to <a href="#">Seller Guide Update 2020-35 Multiple Topics</a> for details.</p>

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