

Wednesday, November 6, 2019

Bulletin #2019-AC-026

NOTICE TO ALL CUSTOMERS

Important Credit Policy Updates

Gold Jumbo

Based on current market conditions, FLCBank is updating the Gold Jumbo Market Classification and Metropolitan Statistical Area Median Home Price (MSA MHP) list. The updates are effective with loans "Finaled" to FLCBank on November 18, 2019.

Premier and Select Jumbo

Please be advised that FLCBANK does not allow for the deferment of property taxes under these two products regardless of it being permissible in the county where the property is located. All property taxes must be paid in full when due.

Freddie Mac

Automated Collateral Evaluation (ACE)

Freddie Mae updated the guidelines regarding Automated Collateral Evaluation (ACE) eligibility waiver to state that the lender may not accept the appraisal waiver offer if the lender is aware of conditions that warrant an appraisal being obtained. Previously, Freddie Mac stated "the lender may not accept the Automated Collateral Evaluation (ACE) eligibility waivers if the lender is aware of conditions that it believes warrant an appraisal being obtained".

Environmental Hazard Disclosure to the Borrower

Per Bulletin 2019-9 and subsequent changes and revisions made via Bulletin 2019-16, Freddie Mac requires the lender to disclose on purchase transactions information regarding environmental hazards that directly impact the subject property and have not been mitigated or remediated if such information is made available to the lender prior to loan closing.

To comply with this requirement, FLCBANK considers providing a copy of the appraisal to the borrower as required per Regulation B 12 CFR § 1002.14 to meet this requirement.

Recent Employment Gap

The Borrower is not required to provide a letter of explanation for recent employment gaps, but the lender remains responsible for establishing that the Borrower's employment is stable; therefore, FLCBANK has updated its policy to require an explanation letter for employment gaps greater than 30 days only when required by the Underwriter if deemed necessary to determine stable employment and income.

Student Loans

Effective with loans finalized to FLCBANK on November 15, 2019; the lender may exclude the monthly payment of the student loan if:

- Remaining Term: The student loan has 10 or less monthly payments remaining until the full balance is forgiven, canceled, discharged or paid by an employment-contingent repayment program, **or**
- Payment: The monthly payment is deferred or in forbearance and the full balance will be forgiven, canceled, discharged or paid by an employment-contingent repayment program at the end of the deferment or forbearance period.

Documentation: There must be documentation in the file from the student loan program or the employer as applicable indicating that the Borrower is eligible or approved for the student loan forgiveness, cancellation, discharge, or employment-contingent repayment program.

VA

VA Portal Changes

As previously announced via Bulletin 2019-AC-024 published October 8, 2019, The Department of Veterans Affairs announced via Circular 26-19-25 of the transition VA's Loan Guaranty Service (WEBLGY) migrating from the VA Information Portal (VIP) to the LGY Hub to provide users greater flexibility and access to many VA applications in one main hub located at <https://lgy.va.gov>

- Current users: Loan Originators and Processors who currently access the VA portal, must now be registered in the new LGY Hub account.
- New VIP users: Must be registered in the LGY Hub portal

Updates to the Lenders Handbook in Effect Now

- Updates for acceptability of Power of Attorney and Alive and Well Certification which includes the acceptance of digital signatures on the POA as defined by the Electronic Signatures in Global and National Commerce Act, commonly referred to as the E-sign Act.
- Added language stating that the Escape Clause must be contained in the sales contract for all VA guaranteed loans and the lender must ensure that such paragraph is included in the sales contract prior to loan closing. In the event the clause is not in the sales contract, VA may not guaranty the loan.
- Properties subject to regular flooding are not eligible for loan guarantee based on the appraiser's knowledge of the market area, this applies whether or not the area has been designated to be a Special Flood Hazard Area (SFHA)
- The builder must certify on proposed and new construction properties that radon resistant construction techniques were used for properties located in Radon Zone 1 as designated by the EPA at the following link: <https://geopub.epa.gov/Radon/> and certify that the construction meets any local or state building codes for radon control.

The Product Guidelines will be updated in the next few days, in the meantime, use the policy in this bulletin. Updated guides will be posted on the FLCBANK website at www.FLCBankmtg.com. Changes will be noted in blue font for easy reference.