

Thursday, March 26, 2020

Bulletin #2020-AC-010

NOTICE TO ALL CUSTOMERS

Temporary Underwriting Requirements

This announcement provides FLCBank's Temporary Policy requirements on **all Mortgage Products** and temporary appraisal flexibilities on Conventional Mortgage transactions during the current Coronavirus (COVID-19) situation in relation to verification of employment, continued income and alternative appraisal products. **These changes are effective now until May 17, 2020.**

Verification of Employment (All Mortgage Products)

- FLCBank will require the lender to obtain within 3-business days prior to the loan closing a written, or a verbal VOE from the borrower's direct supervisor/manager or employer's Human Resources Department.
- FLCBank will re-verify the employment information the day of loan closing on all TPO transactions.
- FLCBank will not accept any other alternative documentation such as Year-to-Date (YTD) paystub or Bank Statements in lieu of a written or verbal VOE.

Important: The above requirements apply even if employment has been validated by the DU validation service, Day 1 Certainty. Refer to Attachment "A" and "B" for additional details.

Continuance of Income (All Mortgage Products)

Additional due diligence must be performed by Lenders regarding the borrower's ability to repay the mortgage given the impact on the economy and certain industries across the country which include but is not limited to restaurants, hotels, airlines, travel services, among other industries. In specific, an employer may consider the borrower to be "currently employed" yet the borrower may not be receiving paid benefits/paid leave, or may be subject to unpaid leave/unpaid furlough after loan closing, thus impacting borrower's ability to repay the mortgage. Continuance of income due diligence will be performed by FLCBank through final loan approval.

Refer to Attachments "A" and "B".

Temporary Appraisal Flexibilities (Conventional Mortgages ONLY)

If the appraiser is unable to perform the interior inspection on a traditional full URAR appraisal because of concerns related to the Coronavirus (COVID-19), FLCBank is allowing alternative appraisal inspections such as a Desktop Appraisal, or an Exterior-Only Inspection Appraisal Report.

Refer to Attachment "C".

Temporary Requirement for Completion Reports From 1004D (Conventional Mortgages ONLY)

FLCBank continues to require the Appraisal Update and/or Completion Report (Form 1004D) to evidence completion of repairs when the appraisal report has been completed "subject to" on all transactions; however, if due to issues related to COVID-19 the completion certification is not available and the property is not "new construction", FLCBank will allow:

- A certificate of completion from a contractor accompanied with photographs of the completed work and evidence of payment made by the borrow to contractor via cancelled check, or
- Other substantially similar documentation.

Title Insurance (ALL Mortgages)

As a reminder, FLCBank Title Policy requirements and instructions remain unchanged:

- The title insurance policy must meet applicable requirements, be in full force and remain in full force
- The mortgage must be properly recorded as a valid first lien
- FLCBank requires a 2006 ALTA form to include gap coverage or gap language without any exceptions related to COVID-19 when the property or the loan is closing in an area where the recorder's office are impacted

At this time there are no alternatives for government loans. However FHA streamline refinances and VA IRRRL transactions can utilize the same flexibilities as conventional loans to meet the VVOE requirement.

See [Attachment "A"](#) for details and instructions regarding temporary policy for verification of employment and continued income

See [Attachment "B"](#) for Employment Certification to be completed by the employer

See [Attachment "C"](#) for Temporary Appraisal Process

See [Attachment "D"](#) for Employment and Income certification to be completed by the borrower