

Tuesday, March 31, 2020

Bulletin #2020-AC-016

## NOTICE TO ALL CUSTOMERS

### Changes to Credit Guidelines and IRS Transcripts

The present pandemic is evolving daily, impacting the mortgage industry in many significant ways. Consequently, because of the rapidly changing circumstances from the Coronavirus and economic disruptions, FLCBank desires to keep its customers informed regarding product and policy updates as timely as possible. We appreciate your partnership and thank you for your business.

### Updated Credit Scores and DTI Requirements (FHA/USDA/VA)

FLCBank is updating the minimum credit score and DTI requirements on FHA, USDA and VA loan programs effective with new loan submissions/registered loans/unlocked loans as of today, **Tuesday, March 31, 2020**.

- The minimum acceptable Credit Score is 660 (this is an increase to lower credit scores required under certain loan amounts and AUS risk assessment)
- The maximum DTI on TOTAL Scorecard Accept loans is limited to 50%
- The maximum DTI on Total Scorecard Refer/Manually Downgraded loans is 43%

Locked loans in the pipeline are not being affected by this announcement and remain eligible through the date of the lock expiration; however, as stated above unlocked, or loans with expired rate locks, are subject to the updated credit score and debt-to-income (DTI) requirements.

Note: FLCBank's minimum credit scores required under High Balance loan amounts/AUS Refer/Manual Downgrade loan programs are higher than 660 and remain unchanged.

### Additional Credit Requirements (Conventional/FHA/USDA/VA)

FLCBank is adding additional overlays on Conventional, FHA, USDA and VA loan programs in addition to the requirements announced in Bulletins #2020-AC-10, #2020-AC-12, #2020-AC-13, and #2020-AC-15 effective with new loan submissions/registered loans/unlocked loans as of today, **Tuesday, March 31, 2020**.

- Salaried/Wage Earner/Hourly Borrowers: The borrowers must have 3 months reserves of PITIA from own funds in addition to any reserve required by the program.
- Programs allowing Employment and Income Commencing after the Note Date: Borrower must have started the new employment prior to loan closing and all the temporary requirements regarding employment and continuation of income must be met.
- FHA Streamline and IRRRL Refinance Transactions: A paystub showing YTD wages from the pay-period preceding the loan closing date must be provided and the loan must meet the temporary requirements regarding certification of employment and continuation of income.

## IRS Transcripts

The IRS announced on March 23, the temporary closure of the Fresno, CA facility and on March 26, 2020, the temporary closure of the Kansas City IRS-Campus until April 8, 2020 creating a processing-returns delay of at least two weeks. All requests orders received are being delayed, so lenders should expect a delay in the processing of transcript request for at least two weeks.

### W-2 Transcripts:

FLC Bank is temporary suspending the requirement for W-2 transcripts on Conventional, FHA, USDA and VA Programs.

### Tax Transcripts:

USDA Temporary Guidance on Tax Transcripts:

- USDA-RD requires lenders to continue to provide tax transcripts; therefore, FLC Bank will accept tax transcripts obtained by the borrowers directly from the IRS at [Get Transcripts-IRS](#)

Self-Employed Borrowers:

- Temporary policy described below applies to all Loan Programs where the borrower is Self-Employed, or relying on Rental Income, Notes Receivable, Interest and Dividends, etc.
  - FLC Bank will accept tax transcripts obtained by the borrowers directly from the IRS at [Get Transcripts-IRS](#)

This temporary policy aligns with our requirement to validate qualifying income