

Thursday, April 02, 2020

Bulletin #2020-AC-018

NOTICE TO ALL CUSTOMERS

Updated Income and Asset Requirements - COVID-19

FLC Bank continues to monitor and act accordingly in response to the ongoing situation affecting the country while supporting Homeownership Financing needs to qualified borrowers. Effective with loan applications "Finalized" on or after **Monday, April, 6, 2020**:

Updating the Age of Income and Assets documentation (All Mortgage Products)

All income and asset documentation must be dated no more than 60 days prior to the date of loan closing instead of 120 days, this includes electronic Third-Party income verification obtained from third-party verification service providers where the information reflected on the third-party verification must now be dated no more than 60 days prior to loan closing.

There are no changes to the age of documentation requirements (120 days) in the following instances:

- Military income documented using a Leave and Earnings Statement
- Survivor and dependent benefit income
- Social Security Supplemental Security Income (SSI)
- Retirement income
- Long-term disability
- Foster care
- Trust Income
- Royalty payments

Updating requirements for Investment Stocks, Bonds, Mutual Funds, Stock Options (All Mortgage Products)

When Assets are used for Closing/Reserves

If the borrower is using stocks, stock options, or mutual funds for down payment, or closing costs:

- The lender must obtain evidence of liquidation/sale of the assets and the borrower's receipt of funds

If the borrower is using stocks, stock options, or mutual funds for funds reserves:

- Only 50% of the value of the asset may be considered to meet the reserves requirements

When using Assets as Source of Income

If the borrower is using Interest and Dividends, Capital Gains, and/or Distributions as a source of income for the repayment of the mortgage:

- The most recent asset statement dated within 60 days of loan closing must be evaluated and the assets discounted by 50% for qualifying purposes

Updating Requirements for Verification of Self-Employment (All Mortgage Products)

If using self-employment income to qualify, the lender must now document and verify the existence of the borrower's business within 10-business days prior to the date of loan closing (this represents a change from the 15-business days prior to closing requirement announced last week).