

Thursday, April 30, 2020

Bulletin #2020-AC-024

NOTICE TO ALL CUSTOMERS

Mortgages in Forbearance - COVID-19 Updates

Effective immediately, due to the ongoing impact from the COVID-19 pandemic resulting in job loss, income reduction or other issues affecting borrower and businesses, FLCBank is updating its Temporary Policies Related to COVID-19.

Mortgages in Forbearance

- Borrowers in forbearance on any mortgage or rent payments are ineligible for financing at FLCBank, this includes mortgages on the subject property and non-subject properties. If a verification of rent is required per the AUS or the loan program, the VOR, or a landlord letter must confirm the rental payments are current and not in forbearance.
- If the borrower is in forbearance, documentation must be provided evidencing all missed mortgage/rental payments have been brought current, and the mortgage/rental has been removed from forbearance. To document this, a verification of mortgage/rent, or a letter from the loan servicer/landlord must be provided (a credit supplement is not acceptable to document mortgage/rent has been removed from forbearance).

Refinance Transactions

A mortgage currently in forbearance is not eligible for refinance. Documentation confirming the mortgage payment is current and not in forbearance must be provided:

- The credit report must not reflect \$0 monthly payment on an active mortgage with an outstanding balance.
- Mortgage tradelines referencing property affected by natural disaster may be a reference of forbearance (additional documentation will be required from the loan servicer confirming the borrower is not in forbearance).
- Payoff Statements must be carefully reviewed to ensure there are no references to forbearance (a closing package will not be issued by FLCBank without the receipt of a payoff statement).
- Prior to the clear to close (CTC), documentation must be provided by Loan Originator from the loan servicer or a credit supplement verifying mortgage payments are current and loan is not in forbearance. The document must be dated within 3-business days of the loan being cleared-to-close and 7-business days prior to loan closing.
- Prior to releasing closing package and loan closing, FLCBank will confirm that the documentation confirming the mortgage is current and not in forbearance is dated within 7 business days of loan closing.

Important on NDC-DDP transactions: Documentation dated within 7 business days of loan closing serving as evidence that the mortgage payment was current and not in forbearance must be provided to the correspondent team for review prior to loan purchase.

To access the updated document and other important attachments, please [click here](#).