

## NOTICE TO ALL CUSTOMERS

### Updated COVID-19 Temporary Policies

#### FHA/USDA Streamline and IRRRL Refinance Transactions

Borrowers who are retired or receiving social security income must provide evidence of retirement/social security income being received. This is effective immediately on all loans (new and loans currently in the pipeline).

#### Self-Employment Income (All Mortgage Products)

In addition to regular self-employed tax return requirements, one of the additional documentation options below must be obtained:

##### Option 1:

- An unaudited YTD Profit and Loss (P&L) statement signed by the borrower reporting business revenue, expenses and net income. The information on the YTD P & L must cover the most recent month preceding the loan application date and be dated no more than 60 calendar days prior to the note date, AND
- Two (2) months' business account statements no older than the latest two (2) months represented on the YTD P & L. Example: if the YTD P & L is through 5/31/2020, the business account statements can be no older than for April and May. Personal asset account statements evidencing business deposits and expenses may be used when the borrower is the owner of a small business and does not have a separate business account.

##### Option 2:

- An audited YTD Profit and Loss (P&L) statement reporting business revenue, expenses and net income. The information in the YTD P & L must cover the most recent month preceding the application received date and be dated no more than 60 calendar days prior to the note date.

Regardless of the option selected above, be advised that additional documentation may be necessary to supplement the minimum required documentation in order to effectively assess the impact of the pandemic on the business.

The Underwriter must perform a business income assessment in order to establish stable monthly income:

- Income Not Changed or Increasing: Use the historical avg. business income calculated using the appropriate cash flow analysis form.
- Income Declining but stable and less than 35%: Reduce the amount of historical business income avg. calculated using the cash flow analysis form to no more than the current level of stable business income from the YTD P&L statements, business account statements, and supplemental documentation, as applicable.
- Income Declining, not stable and 35% or greater: Not eligible for use in qualifying.

#### Purchase and Refinance Eligibility for Borrowers in Forbearance (Conventional Mortgages)

- Borrowers who were in forbearance but have reinstated their mortgage payments are eligible with specific requirements.
- Borrowers in a loss mitigation solution such as a repayment plan, payment deferral or subject to another loss mitigation plan are not eligible for financing at FLCBank until 6 months of consecutive satisfactory mortgage payments are documented, or have successfully completed the plan.
- Borrowers who have successfully completed a loan modification Trial Period Plan must wait 3 months after the completion of the plan in order to be eligible.

The policy regarding eligibility for Borrowers in forbearance for FHA/VA/USDA and Jumbo Products remains unchanged.

Please access the updated Temporary Policies Related to COVID-19 for complete requirements click [here](#).