

Friday, May 28, 2021

Bulletin #2021-AC-024

NOTICE TO ALL CUSTOMERS

Conventional Appraisal Flexibilities Ending and Other Credit Policy Updates

Reminder for Conventional Appraisal Flexibilities Coming to an End

- Fannie Mae and Freddie Mac's appraisal inspection reports and repair inspection report flexibilities are ending effective with loan applications dated on or before May 31, 2021. After this date, customers must provide FLCBank a Full URAR 1004/1073 Appraisal Report (Interior and exterior inspection appraisal).
Important: TPO Broker is responsible for selecting the appropriate Full URAR 1004 Appraisal Report in Mortgagebot on all conventional loan applications dated on or after June 1, 2021.

Note:

- FHA remains in effect through appraisals with an effective date on or before June 30, 2021.
- USDA remains in effect through loans closing on or before June 30, 2021.

COVID-19 Updates

Self Employed Reserves After Closing: The 3 months reserve requirement to be documented on S/E borrowers is being reduced to 2 months to be effective on June 1, 2021.

Rental Income Reserve Requirement Clarification: Borrowers relying on the continued receipt of rental income to offset mortgage payments on the subject property or other REO will not be acceptable unless there are documented reserve of no less than six (6) months of full PITIA on each property generating rental income to qualify.

Freddie Mac Policy Updates

- No Cash Out Refinance Seasoning Requirements: The mortgage being paid off must have a Note date no less than 30 days prior to the Note date of the new loan.
The seasoning requirement will apply to loan applications "finalized" on or after June 1, 2021; loan in the pipeline that do not meet the new seasoning requirement must close on or before July 31, 2021.
- Cash Out Refinance: Freddie Mac is providing greater flexibility when the property title has been held by a limited liability company (LLC) or limited partnership (LP):
If the property has been owned by an LLC or Limited Partnership that is majority owned or controlled by at least one borrower since the date the property was acquired, the time it was held by the LLC or Limited Partnership may be counted towards the six-month ownership requirement. This flexibility is effective immediately.
Note: The title of the subject property must be transferred into the borrower's name prior to the Note date of the new loan.

USDA 2021 Income Limits:

USDA published the 2021 Income Limits for Borrower Eligibility on May 12, 2021. GUS and the [Income Eligibility Calculator](#) on USDA's Eligibility website are now updated.

To access our most recently updated Temporary Policies Related to COVID-19 (version 38) please [click here](#).