

Friday, June 24, 2022

Bulletin #2022-AC-012

NOTICE TO ALL Customers

Conventional Product Updates

FLC Bank would like to inform you of various credit updates recently published by Freddie Mac and Fannie Mae.

Freddie Mac Updates

LPA Accessory Dwelling Unit (ADU) Property Eligibility Expansion

Freddie Mac announced their policy expansion to now accept Accessory Dwelling Units (ADUs) on 2- or 3-Unit Properties, in addition to their acceptance for 1-unit properties with an ADU.

Specific Comparable Requirements must be followed:

- At least one comparable sale with an ADU, when available, to demonstrate the property's conformity and marketability to its market area. If a recent comparable sale with an ADU is not available in the subject neighborhood, the Appraiser can use an older sale with an ADU from the subject neighborhood or a sale with an ADU from a competing neighborhood as a comparable sale or as supporting market data. The Appraiser may always use more than three comparable sales, including contract sales (pending sales) and/or current listings, to justify and support their adjustments and opinion of market value, if at least three are actually closed (settled) sales.
- If a comparable sale with an ADU is not available, the Appraiser can use a comparable sale in the subject neighborhood without an ADU if the appraiser can justify and support such use in the appraisal report. The Appraiser must develop an accurate opinion of the market value for the property.

ADU Zoning:

2- or 3-unit properties with an ADU that do not comply with the zoning and land use requirements (illegal zoning) are not eligible.

Ineligibility Property Types with ADUs:

- 2- or 3-unit property with an ADU that does not comply with zoning and land use requirements (illegal zoning)
- 1-, 2-, or 3-unit property with two or more ADUs
- 4-unit property with an ADU

Note: The ADU expansion and related policies are effective immediately.

Also, FLC Bank is NOT offering the acceptance of rental income on 1-Unit Properties with an ADU.

New Desktop Appraisal Report Restriction

Effective with new loan submissions received on Monday, June 27, 2022, Desktop Appraisal Reports cannot be utilized when the loan involves:

- Non-Arm's length transactions
- Purchases when the Seller of the property is a lender or a government entity

BULLETIN



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AMI Limits Updates

Loan Product Advisor (LPA) was updated on June 5, 2022, to reflect the new 2022 Area Median Income (AMI) limits utilized in Home Possible® loans and Refi Possible transactions.

The Freddie Mac's [Home Possible Income and Property Eligibility Tool](#) was updated on June 2 with the 2022 AMI limits

Loan Product Advisor will apply the updated AMI limits for Home Possible and Refi Possible mortgages as follows:

Home Possible® Loans	
If the loan is submitted as Home Possible on and after June 5, 2022	Then the following income limits apply
For the following resubmissions: <ul style="list-style-type: none">The last submission before effective date was also a Home Possible loan, andThe income limits were met	The better of the following income limits: <ul style="list-style-type: none">2021 AMI limits at 80% of the AMI OR <ul style="list-style-type: none">2022 AMI limits at 80% of the AMI
For the following submissions: <ul style="list-style-type: none">The loan is submitted for the first timeThe LPA key number cannot be identified, orThe last submission before the effective date was not submitted as Home Possible and/or did not meet the income eligibility limits	<ul style="list-style-type: none">2022 AMI limits at 80% of the AMI

Refi Possible Loans	
If the loan is submitted or resubmitted as a Refi Possible loan on and after June 5, 2022	Then, the 2022 AMI limits apply at 100% of the AMI

Fannie Mae AMI Limits Updates

Desktop Underwriter (DU) will be updated with the new 2022 Area Median Income (AMI) limits utilized in HomeReady® loans and RefiNow™ transactions today, June 24, 2022.

The Fannie Mae [AMI Lookup Tool](#) will be updated with the 2022 limits and the end of July 2022

HomeReady® and RefiNow™ Loans	
DU Loan created before June 24, 2022	New DU Loans created on or after June 24, 2022
DU will continue to apply the 2021 AMI limits	DU will apply the 2022 AMI limits

To access our most recently updated Temporary Policies Related to COVID-19 (**version 46**) please [click here](#).

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