

Wednesday, November 23, 2022

Bulletin #2022-AC-029

**NOTICE TO ALL CUSTOMERS**
**Important Preferred Jumbo Guideline Updates**
**Effective on all loans locked after today, November 23, 2022.**

Florida Capital Bank would like to inform all customers of several significant credit policy changes made to the Preferred Jumbo Product that go into **effect on loans locked after today November 23, 2022.**

Below is a summary of the changes to the program, customers must refer to the updated guidelines for additional information. **All updates are noted in blue font.**

Topic	Old Policy	New Policy
Qualifying Rate on Interest Only Product	<ul style="list-style-type: none"> <li>5/1 ARM – Interest Only: The qualifying payment is the greater of either:                             <ul style="list-style-type: none"> <li>The Note Rate + 2% amortized over 300 months, or</li> <li>The Fully Indexed Rate amortized over 300 months.</li> </ul> </li> <li>7/1 ARM – Interest Only: The qualifying payment is based on the greater of either:                             <ul style="list-style-type: none"> <li>The Note Rate amortized over 276 months, or</li> <li>The Fully Indexed Rate amortized over 276 months.</li> </ul> </li> <li>10/1 ARM – Interest Only: The qualifying payment is based on the greater of either:                             <ul style="list-style-type: none"> <li>The Note Rate amortized over 240 months, or</li> <li>The Fully Indexed Rate amortized over 240 months</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>5/1 ARM – Interest Only: The qualifying payment is the greater of:                             <ul style="list-style-type: none"> <li><b>The Note Rate, or the Fully Indexed Rate amortized over 300 months.</b></li> </ul> </li> <li>7/1 ARM – Interest Only: The qualifying payment is based on the greater of:                             <ul style="list-style-type: none"> <li><b>The Note Rate, or the Fully Indexed Rate amortized over 276 months.</b></li> </ul> </li> <li>10/1 ARM – Interest Only: The qualifying payment is based on the greater of:                             <ul style="list-style-type: none"> <li><b>The Note Rate, or the Fully Indexed Rate amortized over 240 months.</b></li> </ul> </li> </ul>
Payment Shock First Time Homebuyer	Housing payment shock: <ul style="list-style-type: none"> <li>The new housing payment is limited to 1.5 times of current rental housing payment.</li> <li>2.0 times payment shock may be considered at a variance.</li> </ul>	Housing payment shock: <ul style="list-style-type: none"> <li>The new housing payment is limited to <b>1.5 times</b> of current rental housing payment.</li> </ul>
Non-Permanent Resident Alien Eligible Visas	Only H1B visa is acceptable	Eligibles visas: H1B, <b>E-1, E-2, E-3, L-1, O-1A, O-1B, Canadian and Mexican NAFTA Visa.</b>
Leasehold Estates	Not Eligible for financing	<b>Leasehold Estate Properties are now Eligible Property type</b>
Maximum number of Properties Financed	More than 3 but no more than 5 were allowed as an exception	<b>Standard Policy allows up to 5 financed properties</b>

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Added restriction when the Seller Acquired Property within 180 days	N/A	<ul style="list-style-type: none"> <li>The resale of the subject property within ninety (90) days of seller acquisition is not allowed except when seller is a relocation company, a bank that foreclosed the property, or when the seller inherited the property.</li> <li>For resale between 91 days and 180 days from the date of the contract of sale:             <ul style="list-style-type: none"> <li>The seller's purchase price will be used for LTV purposes, unless major improvements (with paid receipts) can be documented.</li> </ul> </li> </ul>
Front Ratio	Housing Ratio limited to 33%	Housing Ratio is now 38%
Back-end Ratio	Total Debt-Ratio 38% allowed up to 41% on an exception basis	Standard Policy for Total Debt-Ratio 41%
Added section for Delayed Financing (Technical Refinance)	Considered as Rate and Term Refinances	Added section specifying LTV calculation being based on the lower of the current appraised value or verified purchase price paid in cash by the borrower.
Rate and Term Refinance	Incidental cash to the borrower not to exceed \$2,000	Incidental cash to the borrower not to exceed the lesser of 2% or \$2,000
Texas 50(f)(2) Refinances (Rate and Term Refinances)	N/A	The refinance of a Texas 50(a)(6) into a Texas 50(f)(2) Refinance a/k/a non-Texas 50(a)(6), is permitted so long it meets all requirements concerning Texas Administrative Statute defined by Section 50(f)(2), Article XVI
Cash Out Refinances	<ul style="list-style-type: none"> <li>The property must have been purchased (or acquired) by at least one borrower for no less than <b>six months</b>. Note date to note date is used to calculate the six months.</li> <li>Properties <b>inherited</b> within the past 60 months are <b>not eligible</b>.</li> <li>More than one cash out refinance within 5 years of property acquisition is permitted; however, if more than one cash out occurs during the first five years since acquisition the maximum LTV permitted will be adjusted downward by 10% (please refer to matrix). If there has been a cash out refinance within three years of property acquisition, the loan amount may not exceed the original purchase price.</li> </ul>	<ul style="list-style-type: none"> <li>The property must have been purchased (or acquired) by at least one borrower for no less than <b>twelve months</b> prior to the disbursement date of the new mortgage.</li> <li>Title transfer on <b>inherited</b> properties must be seasoned a minimum of <b>60 days</b>.</li> <li>If the last transaction on the property was a cash out refinance within the last:             <ul style="list-style-type: none"> <li>Six (6) months (fully amortizing ARM loan), or</li> <li>Sixty (60) months (Interest Only ARM loan);</li> </ul>             The new refinance must be treated as a cash out refinance. The Note date of the existing loan to the Note date of the new loan is what is used to calculate the six or sixty months.           </li> </ul>

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Continuity of Income derived from Retirement Income from 401K/IRA/KEOG	Income is expected to continue for at least <b>three years</b>	If the income is dependent on the depletion of an asset account, continued receipt of income must be documented for at least <b>15 years</b>
Power of Attorney	If <b>no other borrower</b> executes the loan documents in person in the presence of a notary public, the named POA must be <b>a relative</b> , or a person who is a fiancé, fiancée, or in a legally recognized mutual relationship with the borrower.	<b>One borrower on the transaction must be present at the loan closing.</b>
Income and Employment	<ul style="list-style-type: none"> <li>• Three (3) years of employment history with 3 years tax transcripts (All Income Type)</li> <li>• Wage/Salary Borrower: 3 years W-2s</li> <li>• Self Employed Borrowers: 2 years tax personal and business tax returns</li> </ul>	<ul style="list-style-type: none"> <li>• Three (3) years of employment history with 3 years tax transcripts (All Income Type)</li> <li>• Wage/Salary Borrower: 3 years W-2s</li> <li>• Self Employed Borrowers: <b>3 years</b> tax personal and business tax returns</li> </ul>
Rental Income	In order to use rental income, there must be a two (2) years history of receipt of this type of income documented with two (2) years tax returns	In order to use rental income, there must be a <b>three (3) years</b> history of receipt of this type of income documented with <b>three (3) years</b> tax returns <b>and documentation the rental properties are actively leased</b>

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