

NOTICE TO ALL CUSTOMERS

Important Updates: Blue Jumbo, Conventional and USDA

FLC Bank is providing updates on the following Loan Programs:

Blue Jumbo

The Blue Jumbo Program is being simplified from two (2) underwriting options into one, while still offering 15 and 30 years fixed rate and 5/6, 7/6 & 10/6 adjustable rate term mortgages with loan amounts up to \$3MM on primary residences and second home mortgages.

The updates are effective immediately. Please check out the updated guides posted in the resource center.

Conventional

Fannie Mae announced via [bulletin SEL-5023-08](#), updates to credit guidelines on the following topics:

- Gifts and Gifts of Equity: Gift funds from the seller who is also an acceptable donor and not affiliated with any other interested party to the transaction are allowed. The donor of a gift of equity is not considered an interested party in the transaction.
- Trust Income: Added requirements that funds used from a trust for down payment, closing costs, or reserves must be subtracted from the total funds available to determine if the income meets the requirements in the continuity of this type of income. Furthermore, the documentation and use of trust income depends on the manner by which this type of income is received:
 - Variable trust payments require a minimum 24-month history of receipt and must be documented with two years of tax returns.
 - Fixed trust payments require a minimum 12-month history of receipt (unless certain conditions apply). If the borrower is unable to document a 12-month history, the trust documentation must reflect:
 - Fixed payments,
 - The borrower is not the grantor of the trust, and
 - At least one payment must be received prior to loan closing.
 - In either case, proof of current receipt of the income is required and must be documented with a current bank statement or equivalent documentation.
 - When eligible employment-related assets are liquidated and placed in a trust within 12 months of the loan's application date, the lender must comply with the policies in Employment-Related Assets as Qualifying Income.

The changes are effective with new loan submissions finalized to FLC Bank on and after October 1, 2023.

USDA Changes to the Eligibility of Certain Rural Areas

Effective October 1, 2023, the new ineligible area maps for the Rural Development Single Family Housing (SFH) will be updated to the USDA Income and Property Eligibility Site at <https://eligibility.sc.egov.usda.gov>

All properties for new applications dated October 1, must be located in an eligible rural area based on the new eligibility maps. However, a property that is located in an area being changed from rural to non-rural may be approved if all of the following conditions are met:

1. The application is dated and received by the lender prior to October 1, 2023, and the Loan Estimate was issued by the lender within 3 days of application receipt.
2. The applicant has a signed/ratified sales contract on a property that is dated prior to October 1, 2023.
3. The applicant meets all other loan eligibility requirements.

If the property is located in an area being changed from rural to non-rural, lenders must provide Rural Development all of the following information in addition to all other required documentation.

For loans submitted via the Guaranteed Underwriting System (GUS), the documentation must be uploaded into the system.

- Copy of the signed/ratified and dated sales contract.
- Copy of the Loan Estimate issued to the applicant.
- Verification that the property was located in an eligible rural area prior to October 1, 2023. Note: Maps of the "Previous Eligible Areas" (eligibility maps prior to October 1, 2023) will be available on the Eligibility site beginning October 1, 2023. A printout of the map indicating the property address was previously eligible is acceptable.

GUS underwriting recommendations will display an INELIGIBLE property determination for the property that is no longer located in an eligible rural area.

Important: In the event of a government shutdown, the Rural Housing Program would be unable to issue conditional commitments affecting loan applications from closing. FLCBank is monitoring this situation and will provide updates as deemed necessary.

If you have any questions, please contact your [Account Executive or Client Relations Representative](#).