

Thursday, October 30, 2025

Bulletin #2025-C-001

NOTICE TO: Delegated Correspondents

Government Shutdown Temporary Policies

FLCBank is providing guidance to Correspondent Customers regarding its requirements for Correspondent Loan Purchase during the Government Shutdown; this guidance will automatically expire when the federal government resumes full operations.

Correspondent Customers are to provide:

- A verbal verification of employment (VVOE) dated within 3 days prior to loan purchase for federally employed borrowers on Conventional loans.

Note: If the VVOE dated within 3 days prior to loan purchase cannot be obtained due to the shutdown, the VVOE requirement may be waived if a written statement is in the file describing the following:

- the steps the lender took to obtain the verbal VOE, and
- that the requirement could not be met as a direct result of the shutdown.

Correspondents must Rep and Warrant that the borrower is employed at the time the loan is delivered to and purchased by FLCBank, unless employment has been validated by DU Validation Service or LPA's AIM, and the Correspondent Customer has no knowledge the borrower will not return to work after the shutdown ends.

- Federal employees remain ineligible for loan purchase on FHA loans unless confirmation of continued uninterrupted income during the Government Shutdown and a verbal verification of employment (VVOE) dated within 3 days prior to loan purchase is provided.

- A verbal verification of employment (VVOE) dated within 3 days prior to loan purchase for federally employed borrowers on VA loans (does not apply to active duty servicemembers, as correspondents are responsible for obtaining the certification of continuous active duty as of date of note).

Note: If the VVOE dated within 3 days prior to loan purchase cannot be obtained due to the shutdown, the VVOE requirement may be waived if a written statement is in the file describing the following:

- the steps the lender took to obtain the verbal VOE, and
- that the requirement could not be met as a direct result of the shutdown.

Correspondents must Rep and Warrant that the borrower is employed at the time the loan is delivered to and purchased by FLCBank, and the Correspondent Customer has no knowledge the borrower will not return to work after the shutdown ends.

If the Government shutdown extends beyond October 31, FLCBank will require additional reserves for federally employed borrowers with loan applications dated on or after November 3, 2025. This requirement applies to all agency loan products (Conventional, FHA and VA). This is in addition to the VVOE dated within 3 days prior to loan purchase. The additional reserves required must be the greater of:

- Two months of documented reserves, or
- The amount of reserves required by the applicable loan product.

Flood Insurance Guidance

Conventional Loans

Purchase Transactions

- Private flood insurance is required in Special Flood Hazard Areas (SFHAs),
- An acceptable existing flood insurance policy must be transferred from the property seller to the purchaser.

Refinance Transactions

- Evidence of an active and acceptable flood policy (which may be an NFIP policy) with an expiration date that extends 30 days beyond the estimated closing date is required.
- If the borrower has a NFIP policy that expires within 30 days of closing or expires greater than 30 days beyond the closing date, but the coverage amount is not sufficient based upon the new refinance transaction, the borrower must obtain a private flood insurance policy.

Government Loans (FHA and VA)

Correspondent Customers remain responsible for ensuring that properties located in SFHAs must have an active flood policy and remain responsible for adhering to all FHA and VA guidelines.

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