

Thursday, July 16, 2020

Bulletin #2020-AC-034

NOTICE TO ALL CUSTOMERS

Updates to COVID-19 Temporary Policies

The agencies continue to provide lenders with temporary guidance in relation to the COVID-19 pandemic and have extended the temporary flexibilities related to COVID-19 through August 31, 2020:

- **Conventional and Jumbo:** The effective date of these temporary policies is extended for loan applications dated on or before August 31, 2020.
- **FHA:** The effective date of FHA's temporary policies is extended for loans closing on or before August 31, 2020 except for the temporary guidance for appraisal inspections report which will be in effect for inspections completed on or before August 31, 2020.
- **USDA:** The effective dates of these temporary policies are extended to Conditional Commitments issued on or before August 31, 2020.

Furthermore, FLCBank is announcing the modification/reduction of some COVID-19 overlays as we continue to actively monitor the pandemic effects to homeowners, homebuyers, businesses and the industry as a whole, while maintaining prudent policies to ensure sustainable homeownership. Overlay removals include:

Reserve Requirement

- Salaried/Wage Earner Borrower: **Reduced from 3 months reserves** of PITI to **1 month** reserve of the PITI on **Purchase** transactions (**removed** the reserve requirement on **refinance** transactions).
- Self-Employed Borrower: **Reduced from 6 months reserves** to pay the new monthly housing expense and all other monthly liabilities to **3 months reserves** to pay the new monthly housing expense and all other monthly liabilities.

VVOE within 5-Business days prior to Loan Closing

- Removed the requirement for the Employment Certification Form (Attachment B) be the standard documentation to be provided to confirm within 3 business days of loan closing that the borrower's income/employment has not changed. The new requirement will be for a standard Verbal VOE to be obtained that is dated within 5 business days prior to loan closing. Note that the Loan Originator **must** still provide the Employment Certification Form (Attachment B) completed by the Borrower's employer (direct supervisor/manager or HR) during the Underwriting stage.

Discounted assets (stocks/bonds/mutual funds/401K)

- We have relaxed the percentage of assets being discounted when used for Reserves or as a Source of Income from 50% to 70% of the value of the asset.

The Eligibility for Borrowers in Forbearance for a new Purchase and Refinance has been updated for Preferred Jumbo, VA and USDA Mortgages.

Please access the updated Temporary Policies Related to COVID-19 for complete requirements [click here](#).