

Thursday, December 10, 2020

Bulletin #2020-AC-064

## TO ALL CUSTOMERS

### Important Updates – Various Topics

#### Electronic Signature Policy Update

Evidence of compliance with Electronic Signature requirements must be provided by the Loan Originator/Lender on all products which includes:

Evidence of Electronic Consent: Consent on audit trail and electronic acceptance on e-consent disclosure that contains at a minimum: Borrower's Name, date of Consent, IP address of the individual providing consent.

Proof of receipt: When documents are provided electronically and signature on the document is not required by federal, state, and local laws, rules, and regulations, or by FLCBank requirements, you must provide proof of the following:

- Electronic consent and proof of receipt using one of the following:
  - Electronic signature and date on the disclosure or document
  - Audit tracking details, or other similar system generated document containing at minimum: Borrower's name, Document name, Date document was viewed or received by the borrower

Proof of signature: When documents are provided electronically and signature on the document is required by federal, state, and local laws, rules, and regulations, or by FLCBank requirements, you must provide proof of the following:

- Electronic consent
- Electronic signature and date on the disclosure or document
- Audit tracking details or other similar system generated document containing at minimum: Borrower's name, Document name, Date document was viewed or received by the borrower

As a reminder: Originators/Lenders choosing to use electronic signatures must fully comply with Electronic Signatures in Global and National Commerce Act ("E-Sign Act") Compliance and Technology relating to disclosures, consent, intent to sign, presentation, delivery, and retention and may only use electronic signature providers listed on FLCBank's approved e-signature vendor list that is posted in the resource center.

#### IRS New Form 4506-C for Transcript Request

The IRS announced the mandatory use of the new transcript request Form 4506-C to be used by third party vendors requesting Transcript for W-2 or Tax Returns effective on March 1, 2021.

In preparation for the mandatory use of the new form, FLCBank is requiring Form 4506-C starting on January 1, 2021; FLCBank's initial disclosures and closing documents will contain the new form on this date.

NDC-EPP Customers must ensure they are able to provide the new Form 4506-C accordingly.

## Freddie Mac Updates

Freddie Mac announced via [Bulletin 2020-45](#) various updates addressed below

### Home Possible Program

The maximum LTV for **2-4 Unit** properties is being reduced from 95% to 85% for conforming loan amounts. The maximum TLTV and HLTIV remain unchanged; therefore, effective with loan applications “finalized” to FLCBank on or after January 4, 2021, the maximum LTV for 2-4 Unit properties is being reduced.

Any Home Possible mortgage for a 2-4 Unit property in the pipeline must close on or before February 28, 2021.

Home Possible		
Number of Units	Current Maximum LTV/TLTV/HLTIV Conforming Mortgages	New Maximum LTV/TLTV/HLTIV Conforming Mortgages
One	97%	97%
Two	95%	85%/95%/95%
Three	95%	85%/95%/95%
Four	95%	85%/95%/95%

### Solar Panels

The requirements for properties with solar panels are being updated based on the ownership and finance type including details regarding subordination agreements, appraisal requirements, impacts to debt-to-income ratios, and impacts to the TLTV.

### Power of Attorneys

In order to provide more flexibility in the use of a Power of Attorney (“POA”) when the Borrower is experiencing an emergency preventing him or her from executing documents in person, the revised requirements being implemented include:

- An employee of the title insurer or settlement agent may be the attorney-in-fact

Evidence of the emergency qualifying the use of a POA remains unchanged and must be included in the loan file

## VA Loan Limits

The Department of Veterans Affairs has not yet announced the 2021 loan limits; however based on the Blue Water Navy Vietnam Veterans Act of 2019 where VA removed the conforming loan limit maximum cap for the guaranty on mortgages for Veterans with full entitlement, the maximum total VA loan amount available at FLCBank for Veterans with full entitlement remains at \$1.5 MM.

Veterans with Partial Entitlement: FLCBank will apply the new 2021 loan limit for 1-Unit Property (\$584,250) to calculate the amount of maximum guaranty for Veterans whose entitlement has not been restored for VA loans closing on or after January 1, 2021.

Note: The maximum amount of guaranty entitlement available to the Veteran (for a loan above \$144,000) is 25% of the conforming loan limit reduced by the amount of entitlement previously used (not restored) so a Veteran with partial entitlement may be required to down payment on amounts in excess of the conforming loan limit purchase transactions.

To access our most recently updated Temporary Policies Related to COVID-19 (version 24) please [click here](#).