

## NOTICE TO ALL CUSTOMERS

### Important FHA Credit Guidelines Updates

FLC Bank is notifying customers some of the updates being made to the FHA Single Family Housing Policy Handbook 4000.1 announced via [FHA Info 2024-30](#)

#### Gift Transfer Updates

FHA is expanding and clarifying the requirements for documenting the transfer of gift funds.

Before the loan closing, if gift funds are being transferred to the borrower, the lender must obtain one of the following documents:

1. Donor's bank statement showing the withdrawal and evidence of the deposit into the borrower's account
2. Copy of the donor's canceled check and evidence of deposit into the borrower's account
3. Copy of the donor's withdrawal receipt and evidence of deposit into the borrower's account
4. Evidence of the electronic transfer of funds from the donor's account to the borrower's account.

For gift funds being transferred to the settlement agent at loan closing, the lender must obtain one of the following documents:

- Copy of the electronic wire transfer of funds from the donor's account to the settlement agent. (Note that having the CD reflect gift funds received in a line item does not provide evidence of electronic transfer of funds from the donor to the settlement agent.)
- Copy of a Bank certified, or copy of a Cashier's check, or copy of other official bank check purchased by the donor payable to the settlement agent.

Regardless of when gift funds are made available to a borrower, prior to or at loan closing, FHA requires the lender to make a reasonable determination that the gift funds were not provided by an unacceptable source. Furthermore, a satisfactory gift letter signed and dated by the donor and borrower meeting FHA requirements remains unchanged.

#### Large Deposits Updates

The definition and requirement to source large deposits has been updated where lenders must document large deposits using total Effective Qualifying Income rather than Adjusted Value of the home.

Large deposits are now defined as individual deposits that equal to an amount greater than 50% of the total monthly qualifying income must be documented.

**FLC Bank' is aligning with these changes effectively immediately. Our updated FHA guidelines will be posted in the next few days; in the meantime, please refer to the FHA 4000.1 Handbook for complete requirements.**

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