

## NOTICE TO ALL CUSTOMERS

### Important Update and Notification - Various Topics

#### Updated Implementation Date for Reconsideration of Value

Fannie Mae, Freddie Mac and FHA recently announced their decision to delay the implementation date for lenders to review and respond to a borrower-initiated reconsideration of value (ROV) as more time was needed for lenders to develop and deploy all the elements outlined in the new policy.

Fannie Mae and Freddie Mac new implementation date must be adhered to with loan applications dated on or after October 31, 2024; while FHA's provision announced in [Mortgagee Letter 2024-16](#) must be implemented for FHA Case Numbers assigned on or after October 31, 2024.

#### Real Estate-Broker Buyer Commission

FLC Bank would like to remind customers of the position prescribed by the agencies in relation to Seller-Paid Commissions, namely buyer-real estate/broker charges including commissions and any other broker-related fees.

Fannie Mae and Freddie Mac published their position on April 15, 2024, reminding the mortgage industry that under current policy related to Interested Party Contributions (IPCs), sellers are permitted to make contributions to the borrower's closing costs subject to maximum limits ranging between 2% and 9% of the property value. Typical fees and/or closing costs paid by a seller in accordance with local custom, known as common and customary fees or costs, are not subject to the IPC limits described in each GSE Selling Guide. Further, if a seller or seller's real estate agent continues to pay the buyer's real estate agent commission in accordance with local common and customary practices, these amounts are not required to be counted towards the IPC limits for the transaction. Thus, there is no change in FLC Bank's position.

FHA published [FHA Info 2024-12](#) on March 28, 2024, reminding lenders and stakeholders that under existing FHA policy, if sellers continue to pay buyer-side real estate agent commissions and fees as a matter of state and local law or custom, and if the commissions and fees are reasonable in amount, existing policy would not treat those payments as interested party contributions provided all other requirements are met. Thus, there is no change in FLC Bank's position.

VA published via Circular their temporary local variance in relation to this topic via Circulars [26-24-14](#), [26-24-14 \(Change 1\)](#), and Circular [26-24-15](#). which FLC Bank published specific requirements via [Bulletin AC-018](#) on August 14, 2024, to all customers with specific requirements to be complied with for VA loan guarantee purposes.

It is important to mention that because of the National Association of REALTORS (NAR) settlement which went into effect on August 17, 2024, the National Association of Realtors implemented new rules in certain areas prohibiting the listing real estate brokers from listing offers of compensation on multiple listing services (MLSs) and conversely, buyer real estate brokers will now require the purchaser sign a representation agreement addressing the buyer real estate broker's compensation.

The changes brought by the National Association of REALTORS (NAR) may impact the required cash to close to be verified when the borrower pays the real estate-broker commission. Therefore, FLCBank is requiring the following on all purchase transactions regardless of who pays for the buyer-real estate/broker:

- A complete copy of the Purchase Contract Agreement including the Buyer-Real Estate-Broker agreement, the Seller's payment to the Buyer's Broker agreement and other addendums must be provided. Note that FLCBank expects the loan originator/lender to upload the agreement when requesting an appraisal.
- The Buyer-Real Estate-Broker charges paid or to be paid by the borrower are to be considered when determining whether the borrower has sufficient liquid assets to close the loan.
- The total amount paid, if any, by the Borrower is to be recorded in section H ("Other") of the Closing Disclosure.

Lenders are reminded that this update does not prevent the property seller from paying buyer real estate-broker charges as these continue to be considered customary according to local convention and are not subject to financing concession limits.

## **Acceptable Employment Visa Types and Employment Authorization Document (EAD) Categories Codes for Conventional Loans**

FLCBank is pleased to announce we are updating the list of acceptable work visas and Employment Authorization Document (EAD) codes for Non-Permanent Resident Aliens for Fannie Mae and Freddie Mac Loans.

Acceptable EAD Categories include:

- Added Work Visa Categories: H-1B1, H-1B2, H-1B3, H-1C, and L-1B
- Added EAD Category Code: C16P- Application for Registry/Sec249, Advance Parole,

## **Freddie Mac Rental Income Updates**

On July 3, 2024, Freddie Mac published [Bulletin 2024-9](#) and FLCBank is pleased to announce alignment with the change noted below and will be updating our Freddie Mac guidelines in the next few days as follows.

- Rental income: Updates to provide additional flexibility related to the eligibility of rental income
- Condominium Projects: Project eligibility updates now allow Condominium Projects, and Planned Unit Developments (PUDs)) to own share Amenities

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