



Important Announcement

4/18/2017

This announcement includes notices regarding updates for Flanagan State Bank's Correspondent and Wholesale Accounts.

This will reference:

2016 Tax Transcripts

Mortgagebot Password Resets or New Log In

USDA Loans and HOI

USDA 3555-21 Form

VA Termite Inspections

2016 Tax Transcripts

FSB will make this effective immediately:

In order to use 2016 income to qualify, all borrowers must be able to have their income verified with transcripts from the IRS. In the event 2016 income is not available from the IRS, we require our underwriters to proceed by following the steps below to calculate qualifying income:

- 2016 income must still be provided via unverified tax returns or other documentation necessary to determine business or income continuation
- File must contain proof of 2016 tax returns being filed or proof of an extension
- Examine 2016 income to determine that income is stable or increasing. (see important note below for decreasing income)
- 2014 income as verified by tax returns and IRS tax transcripts will be substituted for 2016 income in order to qualify

FSB generally requires 2 years of tax transcripts as a requirement for all loan products. If 2016 is not available, 2014 and 2015 will be required and used for qualification.

Important note: Significant declining income will likely result in a denial even when the 2016 tax returns cannot be verified with the 4506T. Approval for loans with significant declining income can only be granted once the returns are validated with the IRS and the question of income stability has been satisfied.

Mortgagebot Log In (Reset or New)

A few important things to note with Mortgagebot Log Ins:

- 1) The user must log in at least 1 time every 30 days to keep the User active in the system.
- 2) If a password Reset is needed, please email mtgsupportcenter@flanaganstatebank.com for assistance. Do not click on reset log in through Mortgagebot. The link is not working.
- 3) Any new users needing access to Mortgagebot will need to email mtgsupportcenter@flanaganstatebank.com. New Loan Officers must have an active NMLS for the company that is requesting their access. Processors do not require an NMLS, but if available this should be provided. If access to loans other than the LO's will be needed by a user, please advise so we may set the user up properly.

USDA Home Loans and HOI

HOI on USDA loans is adjusting in the mortgage market. To allow our Loan Officers to stay up to date on the most recent changes, we are advising all USDA users of this development. Effective immediately, the Site Value can no longer be removed from the loan amount to allow lower dwelling coverage amounts. The three options we can accept are:

1. Dwelling Coverage is equal to or exceeds the Total Loan Amount
2. Policy to include "Guaranteed Replacement Cost". In this scenario, we are not worried about the dwelling coverage.
3. If the appraisal has the Total Estimate of Cost – New completed and it is less than the Total Loan Amount, then we can use that to determine the minimum amount of Dwelling Coverage. Please see the screen shot below to see what this would look like.

Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value)				Homes in the subject's market area typically have a land to value ratio of 24% land & 76% improvements. Therefore, 24 percent of the subject's value is allocated to the land. Therefore, \$150,000 X .24 = \$36,000.			
ESTIMATED	REPRODUCTION OR	REPLACEMENT COST NEW	OPINION OF SITE VALUE			= \$	36,000
Source of cost data			DWELLING	Sq.Ft. @ \$		= \$	
Quality rating from cost service	Effective date of cost data			Sq.Ft. @ \$		= \$	
Comments on Cost Approach (gross living area calculations, depreciation, etc.)						= \$	
We considered using the cost approach, but deemed it not necessary for this assignment.			Garage/Carport	Sq.Ft. @ \$		= \$	
			Total Estimate of Cost-New			= \$	
			Less Physical	Functional	External		
			Depreciation			= \$()
			Depreciated Cost of Improvements			= \$	
			"As-is" Value of Site Improvements			= \$	
Estimated Remaining Economic Life (HUD and VA only)	52 Years		INDICATED VALUE BY COST APPROACH			= \$	
INCOME APPROACH TO VALUE (not required by Fannie Mae)							

USDA 3555-21 Form

Important for all USDA Loans. The Household section of this form MUST be completed. If this section is left blank, FSB will assume there are no other occupants and proceed to send the loan to USDA. If this is not the case and other occupants are identified, this will delay delivery to USDA or require the file to go back to USDA for updating.

www.fsbtpo.com under Forms & Tools. It is at the top of the page under General Documents.

VA Termite Inspections

Our website (www.fsbtpo.com) has been updated under Forms & Tools/VA Document Section with a form that identifies VA requirements by state for Termite Inspections. Please use this document for reference on when a termite inspection is required.

If you have any questions regarding this information, please feel free to contact mtgsupportcenter@flanagansatebank.com.

Sincerely,

Flanagan State Bank TPO Division Management