



FLANAGAN State Bank



Important Announcement

9/23/2019

This announcement includes notices regarding updates for Flanagan State Bank.

This will reference:

USDA Student Loan Updates
Underwriting Turn Times
FHA Identity of Interest Update

USDA Student Loan Updates

Effective 9/23/2019, USDA announced their new Student Loan Policy. FSB will begin implementing this policy on USDA loans currently in our system that do not have conditional commitment issued by USDA. The details for this new guidance are:

This change pertains to the required payment to be utilized for Non-Fixed student loan repayment plans.

- Student loans. *Lenders must include the payment as follows:*
 - Fixed payment loans: *A permanent amortized, fixed payment may be used in the debt ratio when the lender retains documentation to verify the payment is fixed, the interest rate is fixed, and the repayment term is fixed.*
 - Non-Fixed payment loans: *Payments for deferred loans, Income Based Repayment (IBR), Graduated, Adjustable, and other types of repayment agreements which are not fixed cannot be used in the total debt ratio calculation. The higher of one half percent (.50%) of the loan balance or the actual payment reflected on the credit report must be used as the monthly payment in the underwriter decision. No additional documentation is required.*

This modification will be permanently incorporated into Chapter 11 of HB-1-3555 in the near future.

Underwriting Turn Times

To check the status of files, please email mtgsupportcenter@flanagansatebank.com.

We are currently working on files submitted (new) on 9/16/2019.

Resubmissions we are working on files resubmitted on 9/20/2019.

FHA Identity of Interest Update

FHA will be requiring a rent analysis to be completed on loans that the borrower is purchasing the home they are living in and are in a tenant/landlord relationship. Per HUD 4000.1, the requirement is to provide confirmation that the rent is not set below normal rent for the area as an inducement to purchase. When ordering an appraisal through our Appraisal Department and the situation is and FHA loan with tenant purchasing the home they are living in, please include in your order the rent analysis form.

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

Sincerely,

Flanagan State Bank TPO Division Management