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Subject: Mortgage Support Update - week of 10/19/2020
Date: Monday, October 19, 2020 4:00:17 PM
Attachments: [image001.png](#)
[image002.png](#)

Happy Monday!!! October is halfway over...and 2020 is winding down. What an interesting year this has been...

I have a few updates for you that are very important and LO's need to know this information (which means LOA's & Processor's need to take notes, too)

FHA Refinances

FHA Refinances must have 12 months seasoning for ownership to refinance AND use appraised value. If the home has not been owned by the current owner for at least 12 months, then the purchase price of the home is what will be used for value. This is showing on findings as the actual guidelines are not very clear on this. The findings provide clarification and soon the guidelines will catch up and have improved clarity. This is measured from the date the mortgage note was signed to Case Number assignment.

Conventional Loans – Self-employed borrowers – P&L's

FNMA & FHLMC are tightening up on their requirements for P&L's. The P&L statement and the corresponding bank statement must make sense. For example if the P&L shows \$100,000 Net Operating Income, but the bank statement only shows \$20,000 average and high \$30,000 for the last 2 months this will be questioned by the investor. The P&L's need to be as accurate as possible to match the Bank Statements. If not we will have issues getting these loans sold. This is part of the COVID requirements that are currently in play. Please understand that if the numbers don't make sense between the bank statements and the P&L our underwriters will have no choice but to reject them.

If you have any questions on these two topics, let me know!

Thank you,

The opinions contained herein are based on a proposed loan scenario presented to us by you. They are non-binding, intended to be informational only, and under no circumstances are to be construed as a commitment to purchase the loan. The Seller/Loan Officer is responsible for the information provided to Mortgage Support/Assisted Correspondent or Scenarios to insure we have the most/best information to provide an accurate response for the situation being discussed. Delegated customers are responsible for making their own credit decision with respect to the loan. All loans submitted to Flanagan State Bank are subject to the terms and conditions of the matrix's published on our website and the Agency guidelines that apply to the loan type.

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