



Important Announcement

12/12/2018

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

This will reference:

Conventional Matrix Update – No Score Borrowers

USDA Manufactured Home Pilot Program

USDA Matrix Updates

97% Matrix Updates

Holiday Schedule

Escrow Repair Holdback – updates on weather related repairs

Prequalification updates – No Score Borrowers

Conventional Matrix Update

The Conventional Matrix has been updated to include No Score borrowers. Please read through this as this is a stricter view than the regular conventional program requirements.

The new matrix is attached and can be found on our website at www.fsbtpo.com

USDA Manufactured Home Pilot Program

We learned recently that this program *WAS* renewed and is currently active for the following states: Colorado, Iowa, Louisiana, Nevada, North Dakota, Ohio, Oregon, Pennsylvania, Texas, Virginia, Washington, Wisconsin and Wyoming. This program allows for existing manufactured homes constructed on or after January 1, 2006 to be financed using this program. Please read through the requirements of this program if you have potential to use this.

USDA Updates

USDA is back to requiring tax transcripts on all household members. Please remember to order these at the beginning of a file! Here is the updated section of our matrix:

Form 4506-T

- Are required for all borrowers
- Tax Transcripts will be required on all adult members of the household

IRS Form 4506T must be completed for each adult member of the household for the previous two years at the time of loan application regardless if the adult household member is a party to the loan transaction. The information received from the IRS is not intended to document income, but to validate the income documentation and disclosures provided by the applicant(s) and adult members of the household.

There are several other minor updates to the matrix that are worth the time to read through this. The matrix is attached! If you do not have an active log in for Partners Credit (our transcript vendor) to request the transcript using our account, please reach out to mtgsupportcenter@flanagansstatebank.com for us to get you a log in activated.

Ordering PMI in Mortgagebot

You may now order your PMI quotes through Mortgagebot! Please follow the attached directions to do so. If you have questions, please contact us.

97% Matrix Update

Freddie has combined the Home Possible and Home Possible Advantage program effective 10/29/2018 into Freddie Mac Home Possible. The matrix has been updated to show the changes made to the program.

Holiday Schedule

Just a quick reminder that Mortgage Operations are closed December 24 & 25 and January 1. Please plan accordingly.

Escrow Repair Holdback – Weather Related

Our matrix's are now updated to show that the following is required on weather related holdbacks:
FHA & USDA:

Weather related repairs will be acceptable but must be completed at the first available opportunity or a penalty may be incurred.

- Weather related repairs will require 2 bids from licensed contractors. If licensing is not required in a state, the bids must be from a professional contractor. Valid insurance may be requested from the contractor.
- The higher bid will be used for the holdback.
- 150% of the higher bid will be used, regardless of who is providing the funds at closing.
- A Final Inspection for the repairs will be required to release funds
- Final Inspection with Final Invoices to be sent to rebeccamoorehead@flanagansstatebank.com for approval to release funds

FHA loans do not allow the repair amounts to be included in the loan amount. All funds must come from the Seller or Buyer or a combination of the two.

VA:

Weather related repairs may be acceptable but must be completed at the first available opportunity or a penalty may be incurred.

- Weather related repairs will require 2 bids from licensed contractors. If licensing is not required in a state, the bids must be from a professional contractor. Valid insurance may be requested from the contractor.
- The higher bid will be used for the holdback.
- 150% of the higher bid will be used, regardless of who is providing the funds at closing.
- A Final Inspection for the repairs will be required to release funds
- Final Inspection with Final Invoices to be sent to rebeccamoorehead@flanagansstatebank.com for approval to release funds
- All VA loans must be locked for enough time to cover the repairs/renovations and release of funds
- Management approval is required to use an escrow repair holdback with a VA loan

VA loans do not allow the repair amounts to be included in the loan amount. All funds must come from the buyer or seller or a combination of the two.

Conventional:

Allowed only with management approval.

Retail Pre-qual's sent through Scenarios or Mortgage Support

Effective immediately, all **No Score borrower loans** must have a prequal in the file prior to submission to underwriting. This is for any program (USDA, FHA, VA and Conventional). Please send 1003, credit and AUS findings (if conventional) to scenarios@flanagansstatebank.com. This is similar to our current policy for 600-619 borrowers for FHA, USDA and VA.

Thank you for your attention to this announcement. If you have any questions on the information provided, please contact mtgsupportcenter@flanagansstatebank.com.

Sincerely,

Flanagan State Bank TPO Division Management