

Shelsie Crawford

From: Toni Pierce
Sent: Tuesday, February 23, 2021 10:57 AM
To: Sales; Mortgage Support Center; Dave Weber; Joshua Heinrich; Justin Yahnig; Rebecca Moorehead; Robert Anderson; Toni Pierce; Wayne Pierce
Subject: Updates for the week of 2/23/2021
Attachments: Conventional Self Employment Documentation Requirements for 2021.pdf; HOI Requirements Memo.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Good morning! A few things worthy of mentioning this morning...

Texas Disaster Policy in effect

For our Texas Branch and anyone that may be originating loans in Texas, FEMA has issued a Disaster Declaration for a large majority of the counties (77 counties total). An official announcement will go out this afternoon for this, but what it means for any loans in these counties listed is:

- 1) If an appraisal has been completed or an appraisal waiver received, a final inspection will be required to ensure the property has not sustained any damage
- 2) If an appraisal has not been completed prior to the event, the appraiser must note that the home did not sustain damage as part of the inspection process

More details on this will be sent in a formal announcement this afternoon.

FHA Lender ID – By Branch

Each Branch now has their own FHA Lender ID. Effective 2/22/2021, all FHA Case Number orders will be completed at the time disclosures are completed by our Junior Compliance Team. Case numbers CANNOT be ordered by the branch moving forward. Please reference the email sent out on 2/22/21 by Wayne Pierce with the Subject FHA Case Numbers (2:03 PM) for the details about appraisal orders and processing. If you have questions, please direct them to your Sales Manager!

Self-Employment Chart (Conventional)

Attached you will find a Chart that will serve as a guide for what exactly is needed for a self employed borrower using a conventional loan product. In general, a 12 month YTD P&L, 3 months business bank statements and 2 years tax returns for business and personal. The chart will provide guidance on the YTD P&L and bank statements needed depending on the years of tax returns that are being used.

Updated Process – Early CD Request and Closing Request Forms

What?!?! We are getting rid of a form!!!! Who knew!?! 😊 Yep, you heard it here first....we are getting rid of a form to help keep the process streamlined. The form that is going away is the Early CD Request Form. There is a new Closing Request Form that will be required to upload to the file when scheduling the closing. What is not going away? COC forms....keep using them to communicate with your processor on any changes that occur to the loan terms or fees. The processors will still trigger the ICD to be completed when all pertinent information is received. LO's and LOA's will now be in charge of uploading the Closing Request form and getting the PTF's they are responsible for to the processor. HOI will be something the LO's and LOA's need to watch as they are scheduling the closing and must make sure the HOI effective date is dated correctly for the closing. The new form is attached!

This will start on Thursday, March 4th! Watch for more info on this as part of our LO Meeting on March 3rd.

Freddie Mac HOI Update

They will allow a deductible not to exceed 5% on conventional loans. They have dropped the lessor of \$5000. Our HOI Requirements have been updated to reflect this!

Encrypting Emails

Our email now has a rule in place that will encrypt any email going to an address outside of our organization. To protect our borrower's information and anyone we work with, follow these instructions:

- 1) To encrypt the email, type "Secure" in the subject line
- 2) The recipient will need to select a one time passcode when they try to open the email
- 3) This passcode will be available for 12 hours for the email they opened only. They do need to check a box on the screen where they enter the passcode to make it active for 12 hours.
- 4) Each email sent will require a passcode to be set up. Try to consolidate information into one email to keep this limited for your borrowers!
- 5) Any information sent to borrower's or recipients that contain information about their loan should be encrypted!

GUS

GUS is switching over on March 1. We received this information today from USDA:

In order to process your file request within our current Legacy GUS system, and before New GUS is initiated, the file must be updated, and re finalized in GUS. Please resubmit your GUS request prior to close of business February 24, 2021 to give the agency ample time to review the corrections. If your loan request has not received a Conditional Commitment by close of business February 26, 2021 the file will need to be resubmitted via New GUS on or after Monday, March 1st.

If your file is not in already, GUS will need to be updated!

LO/LOA/Processor Meeting

March 3 @ 11PM CST is our next big meeting! Please make sure to set time aside for this. Agenda will be sent out soon!

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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Conventional Self Employment Documentation Requirements for 2021

Follow the charts below on what documentation should be provided based on the calendar month. Charts are broken down by 2020 Tax Returns or 2019 Tax Returns. Please note: transcript orders must show ordered for 2018, 2019 & 2020 and proof of order must be included in file for underwriting or transcripts provided with proof of non-filing for 2020 if not using 2020 return.

IF 2020 Tax Returns HAVE NOT been provided – not yet provided or extension filed			
Application Date	The P&L statement must report, at a minimum	When unaudited P&L then business bank statements required:	Tax Returns Required:
January 2021	January through December 2020	October, November, December 2020	2019 & 2018 for two years 2019 for one year
February 2021	November, December 2020 and January 2021	November & December 2020 and January 2021	
March 2021	December 2020 and January & February 2021	December 2020 and January & February 2021	
April 2021	January through March 2021	January, February & March 2021	2019 & 2018 for two years (1) 2019 for one year (1)
May 2021	January through April 2021	February, March & April 2021	2019 & 2018 plus extension for two years 2019 plus extension for one year
June 2021	January through May 2021	March, April & May 2021	
July 2021	January through June 2021	April, May & June 2021	
August 2021	January through July 2021	May, June & July 2021	2019 & 2018 plus extension for two years (2) 2019 plus extension for one year (2)
September 2021	January through August 2021	July, August & September 2021	
October 2021	January through September 2021	July, August & September 2021	2019 and 2020 for two years 2020 for one year
November 2021	January through October 2021	July, August & September 2021	
December 2021	January through November 2021	September, October & November 2021	
(1) 2020 Tax Returns required for loan applications dated on or after 4/15/2021 or extension required			
(2) Extension accepted until applications dated 9/30/2021. On or after 10/1/2021, 2020 tax returns are required			
IF 2020 Tax Returns HAVE been provided with evidence of filing to IRS			
Application Date	The P&L Statement must report, at a minimum:	When unaudited P&L then business bank account statements required:	Tax Returns Required
January 2021	P&L is required October to December 2020	October, November & December 2020	2019 & 2020 for two years 2020 for one year
February 2021	P&L is required, November to January	November, December 2020 & January 2021	
March 2021	January through February 2021	December 2020 and January & February 2021	
April 2021	January through March 2021	January, February & March 2021	
May 2021	January through April 2021	February, March & April 2021	
June 2021	January through May 2021	March, April & May 2021	
July 2021	January through June 2021	April, May & June 2021	
August 2021	January through July 2021	May, June & July 2021	
September 2021	January through August 2021	June, July & August 2021	
October 2021	January through September 2021	July, August & September 2021	
November 2021	January through October 2021	August, September & October 2021	
December 2021	January through November 2021	September, October & November 2021	



HOMEOWNERS INSURANCE REQUIREMENTS

Flanagan State Bank requires the following for Homeowners Insurance Declarations/Binders

- Property address to match appraisal address exactly
- Deductible to be indicated on dec page – cannot exceed 5% of dwelling or \$5000, whichever is less (please note, Freddie Mac loans do not limit the deductible to \$5000. It simply cannot exceed 5% of dwelling)
 - USDA deductible not to exceed the greater of either \$1000 or 1 percent of the policy coverage
- Borrowers names to be spelled correctly
- Mortgagee Clause to read exactly:

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- Dwelling coverage to be indicated. Must cover loan amount OR
 - All programs, including USDA – guaranteed full replacement coverage is acceptable in lieu of dwelling coverage covering loan amount. Coverage must clearly show this is FULL replacement coverage. If the coverage amount is limited in amount or has a cap, this may not be acceptable. Policy must provide verbiage on this for clarification of the amount of coverage.
 - USDA – if the appraisal has the Total Estimate of Cost new completed and it is less than the Total Loan Amount, then we can use this information to determine the minimum amount of Dwelling Coverage needed.
- Effective date to be on or before closing date
- Must have paid receipt or pay premium at closing for 1 year (purchase or refinance)
- Condo – must have HO-6 insurance to cover 20% of appraised value
- Condo insurance must show unit owner name and unit. Must have \$1,000,000 in building coverage and liability coverage.

FLOOD INSURANCE REQUIREMENTS

- Dwelling to cover loan amount. Unless loan amount is over \$250,000. \$250,000 is the max FEMA allows. RD requires total estimated cost new on cost approach section of appraisal.
- Flood zone to be indicated and must match flood zone on appraisal and flood cert.
- Unless a higher maximum amount is required by state law, the maximum allowable deductible is \$5000
- All the other homeowner's insurance requirements apply to flood insurance as well, see above.
- Condos in a Flood Zone will require proof of flood insurance for the HOA and depending on the coverage amounts, may require additional coverage from the borrower.