



first community mortgage

WHOLESALE ANNOUNCEMENT 2020-08

March 24, 2020

Guideline Updates

NON-DELEGATED CORRESPONDENT ONLY

FORBEARANCE:

The COVID-19 epidemic has caused unprecedented disruption to the lives and incomes of many current and prospective mortgage borrowers throughout the country. Effective immediately, First Community Mortgage will be aligning with the direction outlined by Fannie Mae and Freddie Mac.

Effective immediately loans that are in forbearance, or loans for which forbearance has been requested are no longer eligible for purchase by First Community Mortgage.

It is expected that all Sellers have a process in place to actively track and monitor requests for a forbearance plan/mortgage relief option.

IF YOU PREPARE THE CLOSING PACKAGE (NOT FCM) THE FOLLOWING IS ALSO REQUIRED:

Upon delivery to First Community Mortgage a Lender Forbearance Attestation will be required for all loans submitted for purchase as of April 13, 2020, including existing pipeline.

Fannie Mae and Freddie Mac have released additional FAQs regarding eligibility of loans in forbearance. Please see Fannie Mae <https://www.fanniemae.com/portal/covid-19.html> and Freddie Mac <https://sf.freddie.mac.com/about/covid19> for additional information.

First Community Mortgage is providing the temporary guidelines due to the impacts of COVID-19 and the potential impact to a borrower's ability to repay. This guidance is temporary; therefore, First Community Mortgage guidelines will not be updated. These requirements are in effect until further notice and are effective for all loans including Conventional, FHA, VA, USDA and Non-Conforming Jumbo.

EPD/REPURCHASE DEMANDS:

Existing covenants and agreements in the Non-Delegated Correspondent Agreement regarding Early Payment Default provisions remain unchanged and fully enforceable. Any EPD directly related to a borrower request for forbearance under the CARES Act provision will be reviewed and communicated on a case-by-case basis.

BORROWER CERTIFICATIONS:

Be advised First Community Mortgage may communicate with your borrower up to and including the day of closing regarding their ability to pay, employment status, changes in income, knowledge of pending lay-off and outstanding obligations. If a borrower indicates any changes in information used to qualify the loan or indicates an inability to make payments, First Community Mortgage will require the borrower to qualify with the updated information. If the borrower is unable to qualify the closing will be cancelled.



WHOLESALE ANNOUNCEMENT 2020-21

May 4, 2020

Guideline Update

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COVID-19 Temporary Guideline Update

Effective with loans purchased on or after **May 5, 2020**, First Community Mortgage is announcing the following updates regarding loans that enter forbearance after purchase:

- A conventional purchase or rate and term loan that enters into forbearance after purchase but prior to the loan being sold to an Agency will be assessed the standard agency LLPAs of 5% (for first time homebuyers) or 7% (for all other loans) as announced in Fannie Mae Lender Letter 2020-06 and Freddie Mac Bulletin 2020-12. This LLPA is in addition to all other LLPAs applicable to the loan and is not subject to the LLPA cap.
- Conventional cash-out transactions will be subject to repurchase if the loan enters forbearance within 15 days of purchase by First Community Mortgage.

As a reminder, First Community Mortgage will not purchase loans that are currently in forbearance.

A forbearance as defined by Fannie Mae Lender Letter 2020-06:

- A forbearance plan is a workout option for borrowers with a temporary unresolved hardship that provides a period of reduced or suspended payments. For the purpose of this temporary sale flexibility, we define forbearance as beginning when the borrower:
 - attested to or otherwise informed the lender or servicer that, after the note date, he or she has suffered financial hardship caused directly or indirectly by COVID-19 and requested forbearance; or
 - was approved for a forbearance plan based on a COVID-19 related financial hardship that occurred after the note date.

Day 1 Certainty

Effective with new DU casefile IDs today, May 4, 2020, DU will no longer validate employment. This means that DU validation for employment has temporarily been suspended due to COVID-19.