



WHOLESALE ANNOUNCEMENT 2019-27

July 3, 2019

Guideline Update

PRIVATE FLOOD POLICY

FCM has updated our flood policy to include requirements for private flood insurance. Here is the link to the new insurance policy document:

<http://fcmkc.com/wwp/wp-content/uploads/2012/06/Insurance-Policies-and-Requirements.pdf>

CONV

1.11.02 HOMEReadY

FNMA has changed the income limits for all HomeReady loans to not exceed 80% AMI or the property's location (including properties in low-income census tracts). This is effective July 20, 2019.

1.11.06 HOME POSSIBLE

Borrower's qualifying income, converted to an annual basis, must not exceed 80% of the AMI for the location of the Mortgaged Premises. This change will apply to all Home Possible Mortgages, including those secured by properties in low-income census tracts. Loan Product Advisor® and the Home Possible Income & Property Eligibility tool will be updated on July 28, 2019, to reflect the updated Borrower income limits (80% of the AMI), as well as the 2019 AMI limits.

VA

VA has updated Chapters 2 and 12. These changes are effective June 26, 2019. VA has also updated Chapter 5. These changes are effective June 30, 2019. Not all changes caused an update to our guidelines. FCM recommends you review these Chapters in their entirety.

1.03.10 VA Prior Approval Loans:

Two or more unmarried Veterans who are each using the home loan entitlement are not required to be sent to VA for prior approval.

1.03.17 Manufactured Home Requirements and Restrictions:

Minimum square footage for a doublewide is 700 sq ft.



1.04.02 Certificate of Eligibility:

All conditions that could be listed on the COE have been added to the guides along with explanations of what they mean.

1.08.05 Property Evaluation:

Under access to the property, more clarification/direction has been provided around maintenance agreements for private roads and the lack of agreements.

1.08.05.06 Wells and Septic Systems:

The following has been added to the guide:

Conditions Requiring a Veterans Signed Statement

The appraiser must comment in the appraisal and the Veteran must acknowledge awareness in writing when the water to the property is:

- supplied by dug wells, cisterns, or holding tanks used in conjunction with water purchased and hauled to the site,
- provided with a mechanical chlorinator,
- provided through springs, lakes, rivers, sand-point or artesian wells, or
- supplied with a rainwater catchment system

Water Filtration System

If the property has a water filtration system, the Veteran must acknowledge in writing that the water must be continuously treated as required by the local health authority to be considered safe for human consumption and for this to be effective, the system must be inspected and maintained to include filter replacements per the manufacturers' recommendations.

VA Circular 26-19-17 gave new guidance on Funding Fee Exemptions. The guidelines have been updated to reflect these changes. PLEASE review the Funding Fee section in its entirety.

FHA

1.03.15 Repair Escrows:

FCM has updated the guidelines to the following cap:

- For HUD/REO Properties:
Maximum Repair Amount: \$10,000 plus a 10% contingency not to exceed \$11,000 total.