



DELEGATED CORRESPONDENT ANNOUNCEMENT 2020-19

May 4, 2020

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.

Conventional Cash-Out

Effective with new locks May 5, 2020, FCM is temporarily suspending non-delegated underwriting for Conventional Cash-Out loans.

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.

Please contact your Sales Representative with any questions.