



first community mortgage



# WHOLESALE ANNOUNCEMENT 2022-52

October 13, 2022

## FCM Overlay and Matrix Changes

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### Effective Date

Effective immediately

### Overlay Updates:

The following overlays have been removed from FCM Overlays. FCM will now follow agency requirements for each of the following:

- 4506C (*see new Tax Return Transcripts Section*)
- Borrowers not yet divorced/divorce not final
- Collections/Charge-Offs
- Insurance (*see insurance policy*)
- Minimum FICO (*see matrices*)
- Multiple Serviced Loans
- Mortgage Credit Certificates (*MCC's are still not allowed on Housing Products, unless specifically specified*)
- Self-Employed Analysis
- Surveys
- VA 100% Cash-Out
- VVOE

The following FCM overlays have been updated. Overlays removed will now follow agency requirements.

- **Business Assets**
  - **Removed from FCM Overlay:**
    - Letter from CPA confirming that the removal of cash will not have an adverse effect on the business. The letter must include the total amount of cash removed
- **Citizenship**
  - **Removed from FCM Overlay:**
    - For all non-US citizens and Non-Perm Resident Aliens, please submit all citizen status paperwork to [citizenshipdocs@fcmhomeloans.com](mailto:citizenshipdocs@fcmhomeloans.com) for review and approval. VISA, EAD, and/or Social Security Card should be submitted, if applicable
      - This will be added Policy/Procedure guide for all products, coming soon
  - **Added to FCM Overlay:**
    - A copy of Green Card .is now required for all products
- **Manufactured Home Requirements (Conventional)**
  - Transferred general matrix information to the Conventional Matrix
  - **Removed from FCM Overlay:**
    - If property is less than 1 year old, a structural engineer's report meeting HUD guidelines must be provided. Reports must be dated within 12 months of note date
    - Income and Age Based deed restrictions are ineligible

- Appraisal must be able to verify that subject has not been removed from original installation site. Verification of wheels, axles, tongue, and running lights have been removed
    - Must be titled as real property at time of closing
  - **Added to FCM Overlay:**
    - If the manufactured home is de-titled prior to underwriting, nothing further is required
    - If the manufactured home is not de-titled, a copy of the original certificate of title will be required for underwriting approval; the original certificate of title must be delivered to title company on or before the date of closing to de- title the manufactured home. The title company instructions will include collecting the original certificate and de-titling the manufactured home to be classified as real estate except when the loan is in conjunction with a THDA loan. For THDA, the title company will need to send us the original certificate of title so we can send it to THDA for de-titling
- **Manufactured Home Requirements (FHA)**
  - Transferred general matrix information to the FHA Matrix
  - **Removed from FCM Overlay:**
    - Structural engineer report meeting HUD guidelines must be provided prior to closing
    - Appraisal must be able to verify that subject has not been removed from original installation site. Verification of wheels, axles, tongue, and running lights have been removed
- **Manufactured Home Requirements (VA)**
  - Transferred general matrix information to the FHA Matrix
  - **Removed from FCM Overlay:**
    - If moved from original site, an engineer cert is required. Verification of wheels, axles, tongue, and running lights have been removed
- **Power of Attorney**
  - **Removed from FCM Overlay:**
    - POA must be fully executed
    - POA must not be expired on the date of the closing
    - POA must be specific to the transaction with the subject property address and authorization for attorney in fact to be able to execute all documents necessary to purchase or refinance the property/mortgage
    - Grantor's Names must be as they will appear on closing docs
    - A separate POA must be used for each borrower unless borrowers are married
    - The Attorney in Fact cannot have a financial interest in the transaction (i.e. Realtor, Broker, LO, Closing Attorney)
    - When using a POA for closing, the borrower's signature must be on the URLA, the initial disclosures, and the sales contract/purchase agreement
- **Repair Escrow (Conventional)**
  - **Removed from FCM Overlay:**
    - Requires management approval
    - Minor repairs up to \$1500 may be completed by the borrower. Repairs beyond the \$1500 limit can be completed by the borrower with prior underwriting approval
    - Escrow amount will be 150% of the estimated cost to complete the repair. The higher of the Appraiser's estimate and/or profession estimate obtained by borrower will be used
    - A Final inspection is required, and an Inspection Fee must be added
    - Borrower/LO must notify FCM of completed repairs. All receipts must be sent to [escrowhb@fcmpartners.com](mailto:escrowhb@fcmpartners.com). FCM will order a final inspection and pay for that inspection from escrow funds
    - Delegated Correspondent is required to provide FCM a final inspection showing all required repairs have been completed and proof funds have been disbursed appropriately

- **Added to FCM Overlay:**
  - Maximum Repair Amounts above \$5,000 require management approval
- **Repair Escrow (FHA)**
  - **Removed from FCM Overlay:**
    - Requires management approval
    - Removed entire HUD/REO Property Section
    - Removed entire Standard FHA Section
- **Tax Return Transcripts**
  - **Added to FCM Overlay:**
    - IRS 1040 Personal Tax Transcripts are required regardless of AUS Findings; Prior to final approval for the following:
      - All Self-Employed Income Including Schedules C, K1; W-2 where borrower is more than 25% owner
      - Rental Income
      - Capital Gains
      - Dividend Income
    - Complete copies of SIGNED business tax returns are required prior to final approval and a 4506C for each business will be signed by the borrower at closing
    - If Transcripts cannot be obtained or are delayed past closing, the Underwriter may accept the following:
      - Proof of when order was placed from Interthinx & showing not yet returned as of day the file is resubmitted for final condition review.
      - Customer must log into IRS.gov and obtain a copy of their transcripts for review by the Underwriter – Transcripts provided by the borrower must match the returns submitted in the loan file
      - They must be full transcripts – Record of Account only is not acceptable in place of the full transcripts
      - If a balance is due on 2021 returns you need to determine if they have already paid (or have an APPROVED payment arrangement) or deduct assets by the amount owed. If they don't have enough assets to cover this and funds needed for closing then UW may not approve this to proceed. Approved payment plans must be documented and included in DTI
      - Any prior years balance where there is a payment plan in place will also need to be provided and counted in DTI. Additional conditions may apply
      - If there has been an amended return filed we will need the transcript or proof of filing for the amended return
      - Any other forms of documentation other than borrower provided transcripts that are being used to satisfy the transcript condition must be submitted to UW Mgmt for exception approval
      - This option is NOT eligible for consideration for the following products: Jumbo, follow Jumbo investor requirements
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## **Matrix Updates:**

### **Conventional, FHA and VA**

- Manufactured Home bullets added to Important Notes section

**Should you have any questions, please reach out to your Account Executive or Client Manager**