

# Special Announcement



December 21, 2018 | Announcement #SA18-11 | chaseb2b.com

## Potential Federal Government Shutdown and NFIP Expiration – Temporary Changes

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**Overview** In the event of a partial federal government shutdown, Chase will implement temporary changes to underwriting and purchase requirements for loans closed during the shutdown. Temporary procedures apply to all loan types, including Agency, Non-Agency, FHA and VA.

In addition, current authorization for the National Flood Insurance Program (NFIP) expires at midnight on Friday, December 21, 2018. Unless an extension is authorized, as of December 22, 2018, the NFIP does not have the authority to issue new flood policies or renew existing ones.

We will continue to monitor these events, and provide further guidance if necessary.

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**Reason for Change** Chase will implement these temporary changes to support mortgage loan processing in the event of a federal government shutdown.

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**Audience** Please direct this communication to:

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| <input checked="" type="checkbox"/> Loan Origination/Processing | <input checked="" type="checkbox"/> Secondary Marketing/Registration |
| <input checked="" type="checkbox"/> Underwriting                | <input checked="" type="checkbox"/> Closing/Funding                  |
| <input checked="" type="checkbox"/> Shipping/Delivery           | <input checked="" type="checkbox"/> Compliance/Legal                 |
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**Effective Date** If the federal government experiences a shutdown, the temporary changes outlined in this announcement will go into effect with closed loan packages received on or after December 22, 2018, and will be in effect until further notice.

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## Potential Federal Government Shutdown and NFIP Expiration – Temporary Changes, Continued

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### Flood Insurance

When flood insurance is required, Chase must obtain proof either at or prior to funding of a complete current "in-force" flood insurance policy, with content sufficient to be able to determine adequacy of coverage and appropriate dates of coverage that is dated on or before December 21, 2018. If the borrower does not produce acceptable proof of flood insurance coverage for the minimum amount required, Chase will not purchase the loan. Exceptions are not permitted for any reason.

As acceptable evidence of Flood Insurance, Chase will also accept a complete application for flood insurance signed by the insurance agent whose content is sufficient to be able to determine adequacy of coverage and appropriate dates of coverage accompanied by a paid receipt. In instances where the premium is paid at closing, a *Closing Disclosure* that evidences premium payment is an acceptable form of paid receipt. Both the application for the coverage and proof of paid receipt must be dated prior to December 22, 2018.

**Note:** Policies from private insurers are not impacted by the NFIP hiatus and are an acceptable form of flood insurance.

Please review the *Insurance - Flood* topic in the *Online Guide* for complete details.

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### Tax Transcripts

In the event of a federal government shutdown, Chase will temporarily suspend the requirement for IRS Tax or W-2 Transcripts to close a mortgage loan. Additionally, IRS Tax and W-2 Transcripts will not be required for loan delivery to Chase.

Completed 4506-T forms, signed at closing, will continue to be required for loan delivery.

**Note:** Chase will obtain tax transcripts on applicable loans when the federal government shutdown ends. Once tax transcripts are received, Chase will compare the income documents to the transcripts and loans with discrepancies may be subject to repurchase.

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### Verbal Verification of Employment – Government Employees

For borrowers employed by the federal government where a VVOE cannot be obtained prior to closing, Correspondents may obtain the VVOE after closing, but prior to loan delivery to Chase. If the VVOE cannot be obtained prior to delivery, the loan will be ineligible for purchase by Chase.

As a reminder, if the borrower is in the military, a military Leave and Earnings Statement (LES) dated within 30 days of closing is acceptable in lieu of a VVOE.

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## Potential Federal Government Shutdown and NFIP Expiration – Temporary Changes, Continued

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### Mandatory Furlough Reminder

As a reminder, Chase provides the following guidance for Agency and Non-Agency transactions for borrowers on Mandatory Furlough:

- Borrowers on mandatory furlough from their jobs (for example, plant shutdown, temporary layoff, etc.) must return to work prior to closing in order to use the income for qualification purposes
- Additionally, the following documentation is required:
  - Verbal verification from the employer reflecting that the borrower has returned to work under the same terms as prior to the furlough
  - Copy of most recent pay stub verifying that the borrower has returned to work and supporting the qualifying income used for the loan

Refer to FHA and VA Guidelines for government transactions.

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### Questions

For questions or additional information, contact your Operations Relationship Manager (ORM) or Customer Support:

Chase Department	Contact Information
Operations Relationship Team (for files delivered to Chase)	(877) ASK-CHASE, Option 7
Customer Support (for files not delivered to Chase)	<ul style="list-style-type: none"><li>• (877) ASK-CHASE, Option 1</li><li>• <a href="mailto:correspondent.customer.support@chase.com">correspondent.customer.support@chase.com</a></li></ul>

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