



## ANNOUNCEMENT

Announcement: 20-13  
Date: April 7th, 2020  
Subject: Updated Documentation Requirements

In light of recent guideline updates, CenterState Bank will be utilizing the following guidelines for age of documentation, self-employed borrower income validation and verification of market based assets.

These changes go into effect immediately and will continue for applications dated through May 17, 2020. However, we will forgo these requirements for loans that have already been sent to underwriting for final condition review or whose underwriting conditions have been cleared to close.

### **Age of Documentation (effective for all loan programs)**

In order to ensure that the most up-to-date information is being considered to support the borrower's ability to repay, we are updating our age of documentation requirements for all loans (existing and new construction) as follows:

- We are modifying age of document requirements from four months (120 days) to two months (60 days) for most income and asset documentation. If an asset account is reported on a quarterly basis, then the most recently issued quarterly statement must be obtained.
- For employment and income verified directly from a third-party employment verification vendor, we are now requiring that the information in the vendor's database be no more than 60 days old as of the note date.
- There are no changes to the age of documentation requirements for military income documented using a Leave and Earnings Statement, Social Security, retirement income, long-term disability, mortgage credit certificates, public assistance, foster care, or royalty payments, and the lender can continue to apply standard age of document requirements.

### **Verification of Self-Employment (effective for all loan programs)**

When a borrower is using self-employment income to qualify, provide evidence to verify the existence of the borrower's business within 120 calendar days prior to the note date. Due to latency in system updates or recertifications using annual licenses, certifications, or government systems of record, additional steps must be taken to confirm that the borrower's business is open and operating. This confirmation must take place within 10 business days of the note date.

Below are examples of methods used to confirm the borrower's business is currently operating:

- evidence of current work (executed contracts or signed invoices that indicate the business is operating on the day the lender verifies self-employment);
- evidence of current business receipts within 10 days of the note date (payment for services performed);
- lender certification the business is open and operating (lender confirmed through a phone call or other means); or
- business website demonstrating activity supporting current business operations (timely appointments for estimates or service can be scheduled).

### **Market Based Assets - Stocks, Stock Options, and Mutual Funds (effective for Conventional loans)**

In light of current market volatility, we are making the following updates when the borrower is using stocks, stock options, or mutual funds for assets:

- When used for down payment or closing costs, evidence of the borrower's actual receipt of funds realized from the sale or liquidation must be documented in all cases.
- When used for reserves, only 70% of the value of the asset must be considered, and liquidation is not required.

Please contact your Account Executive with any questions.