



To: All Customers **From:** Credit Risk
Date: 10/22/20 - Update 12/10/20 **Memo #:** 20103
Subject: **Government Product Overlays Updates**

Effective for loans locked on or after Friday, October 23, 2020, the following overlays are being implemented for all TPO channels until further notice.

FHA TRANSACTIONS

- Purchase 1-2 units credit score is decreasing to 660
- Rate-Term/Simple Refinance 1-2 units credit score is decreasing to 660
- Cash-Out 1-2 Units credit score is decreasing to 660 and maximum DTI cannot exceed 45%.
- Streamline Refinance 1-2 units credit score is decreasing to 660 and allowing currently serviced Flagstar transactions only.
- Transactions using Gift Funds will follow AUS for maximum DTI and will now allow for family members and close friends only.

VA TRANSACTIONS

- Purchase 1-2 units credit score is decreasing to 660 and the existing overlay will remain in place for Approve/Accept maximum DTI 50%
- Cash-Out 1-2 units (only paying off mortgage debt with no cash back) the minimum credit score is decreasing to 660
- Cash-Out 1-2 units (cash back) the minimum credit score is decreasing to 660 and the existing overlay will remain in place with maximum DTI of 45% plus 3 months reserves is required.
- IRRRL 1-2 units credit score is decreasing to 660 and allowing currently serviced Flagstar transactions only.

USDA TRANSACTIONS

- Purchase 1-unit credit score is decreasing to 660
- Rate-Term 1-unit credit score is decreasing to 660
- Streamline-Assist- 1-unit credit score is decreasing to 660 and allowing currently serviced Flagstar transactions only.

Product descriptions will be updated with these changes in the near future. Please contact your Account Executive if you have any questions about your pipeline.