



To: All Customers **From:** Flagstar Bank
Date: 10/29/20 – Updated 11/05/20 **Memo #:** 20109
Subject: Product Enhancements and Reinstatements

Flagstar Bank is pleased to announce that as part of our ongoing review of the current market and conditions, effective Friday, October 30, 2020 we are reinstating some products that were temporarily suspended earlier this year and making some enhancements to other products.

The product descriptions will be updated to reflect the below reinstatements and enhancements:

PRODUCT REINSTATEMENTS	
<i>FHA 203(k) Rehabilitation Mortgage, Doc. #5814</i>	<ul style="list-style-type: none"> Specifically-approved FHA DE Correspondents only Minimum credit score will be limited to 660 3 and 4-unit properties are not eligible
<i>FHA Limited 203(k) Repair Program, Doc. #5815</i>	<ul style="list-style-type: none"> Specifically-approved FHA DE Correspondents only Minimum credit score will be limited to 660 3 and 4-unit properties are not eligible
<i>FHA 203(H) - Disaster Victims Mortgage, Doc. #5811</i>	<ul style="list-style-type: none"> Minimum credit score will be limited to 660
<i>Fannie Mae Homestyle Renovation, Doc. #5719</i>	<ul style="list-style-type: none"> Primary residence 3 and 4-unit purchase and rate/term refinance transactions will be limited to 70% LTV with a minimum 700 credit score Second home transactions will be limited to 80% LTV with a minimum 700 credit score Investment properties are not eligible ARM products remain suspended <p>Additional criteria, effective November 5, 2020:</p> <ul style="list-style-type: none"> The TPO customer must verify the municipality is open and permitting construction and inspections prior to origination and loan lock; while no documentation is required to register or lock it will remain the responsibility of the TPO customer to retain any documentation used to support Proof permits are ready for pick up will be required at closing and prior to the funding of the loan A contingency reserve equal to at least 10% of the cost of renovations will be required on all transactions and must be included in the cost breakdown Review and approval will now be required when the project exceeds \$40,000; previously a streamline contractor review was allowed up to \$80,000
<i>Fannie Mae HomeReady-HomeStyle, Doc. #5726</i>	<ul style="list-style-type: none"> Primary residence 3 and 4-unit purchase and rate/term refinance transactions will be limited to 70% LTV with a minimum 700 credit score <p>Additional criteria, effective November 5, 2020:</p> <ul style="list-style-type: none"> The TPO customer must verify the municipality is open and permitting construction and inspections prior to origination and loan lock; while no documentation is required to register or lock

	<p>it will remain the responsibility of the TPO customer to retain any documentation used to support</p> <ul style="list-style-type: none"> • Proof permits are ready for pick up will be required at closing and prior to the funding of the loan • A contingency reserve equal to at least 10% of the cost of renovations will be required on all transactions and must be included in the cost breakdown • Review and approval will now be required when the project exceeds \$40,000; previously a streamline contractor review was allowed up to \$80,000
PRODUCT ENHANCEMENTS	
<i>Jumbo Fixed, Doc. #5413</i>	<ul style="list-style-type: none"> • Increase the maximum loan amount for first-time homebuyers from \$1,000,000 to \$1,500,000 • Eligibility for loans that fall under Article XVI, Section 50(a)(6) of the Texas Constitution (Texas Cash-out loans)¹ is also being added
<i>Jumbo 10/6 SOFR ARM, Doc. #5416</i>	<ul style="list-style-type: none"> • Add eligibility for loans that fall under Article XVI, Section 50(a)(6) of the Texas Constitution (Texas Cash-out loans)¹
<i>Home Equity Line of Credit (HELOC), Doc. #5561</i>	<ul style="list-style-type: none"> • The maximum combined loan-to-value (CLTV) is increasing to 89.99% for purchase HELOCs closing concurrently with a Flagstar first lien mortgage loan • 3 to 4-unit properties will remain ineligible

1. Refer to [Non-Agency Underwriting Guidelines](#) for eligibility requirements

CUSTOMER SUPPORT

If you have questions, please email underwritingsupport@flagstar.com or call the underwriting support desk at (866) 945-9872.