



To: All Customers **From:** Flagstar Bank
Date: 01/14/21 **Memo #:** 21009
Subject: **One-Close Construction Reinstatement and Enhancements**

As part of Flagstar Bank's overall review of current market and other conditions, effective Friday, January 15, 2021, Flagstar is pleased to announced enhancements to certain products as well as the reinstatement of some products that were temporarily suspended earlier this year.

PRODUCT ENHANCEMENTS AND REINSTATEMENTS	
FANNIE MAE ONE-CLOSE CONSTRUCTION, DOC. #5717	The One-Close Construction products are being reinstated with a 9-month construction period only; the 12-month construction period will remain suspended
	Primary residence, 1-unit: <ul style="list-style-type: none"> • 89.99% LTV up to the conforming loan limits with a 720 minimum credit score • 70% LTV up to the conforming loan limits with a 700 minimum credit score • 89.99% LTV up to the high balance loan limits with a 720 minimum credit score
	Second homes will remain suspended
	Teardowns and major renovations will remain suspended as they are only eligible with a 12-month construction term, which is not being reinstated at this time
	Additional overlays: <ul style="list-style-type: none"> • The customer/originator 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 customer/originator 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 • Contingency reserves: <ul style="list-style-type: none"> ○ NEW CONSTRUCTION: All new construction properties require 5% contingency funds based on the total cost of improvements, excluding the cost/value of the land; the contingency may only be waived if the borrower can document 10% additional reserves after the down payment

JUMBO ONE-CLOSE CONSTRUCTION, DOC. #5724	<p>The Jumbo One-Close Construction products are being reinstated with 12-, 18- and 24-month construction periods available</p>
	<p>Primary residence, 1-unit:</p> <ul style="list-style-type: none"> • 80% LTV up to \$1,500,000 with a 720 minimum credit score • 70% LTV up to \$2,500,000 with a 720 minimum credit score
	<p>Second homes will remain suspended</p>
	<p>Additional overlays:</p> <ul style="list-style-type: none"> • The Loan Advisor 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 customer/originator 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 • Contingency reserves: <ul style="list-style-type: none"> ○ NEW CONSTRUCTION: All new construction properties require 5% contingency funds based on the total cost of improvements, excluding the cost/value of the land; the contingency may only be waived if the borrower can document 10% additional reserves after the down payment ○ RENOVATION: All renovation loans require a contingency reserve equal to at least 10% of the cost of renovations and must be included in the cost breakdown

TRAINING

If you have not previously closed a construction loan with Flagstar Bank as a Loan Advisor please review the available training classes, available both live and recorded, in order to be approved. Live and recorded training classes are available. Find all training under Resources> Training, then Search for “Construction”.

CUSTOMER SUPPORT

If you have questions, regarding the construction process please email constructionquestions@flagstar.com

Please continue to contact underwritingsupport@flagstar.com or call the underwriting support desk at (866) 945-9872 for underwriting related questions.