To:	All Customers	From:	Credit Policy
Date:	02/25/21	Memo#:	21029
Subject:	**Conventional Guideline Updates**		

The *Conventional Underwriting Guidelines* will be updated with the following changes and are effective immediately unless otherwise noted.

VERIFICATION OF DEPOSIT REQUIREMENTS

For Freddie Mac (LPA) transactions, when the current balance on a Verification of Deposit form is considerably greater than the average balance, the source of funds must be verified when the increase from the average balance exceeds 50% of the sum of the qualifying income on purchase transactions.

SEASONAL JOB INCOME

Seasonal income, including seasonal unemployment compensation, is considered stable for qualifying use when the borrower has a two-year history of receipt of seasonal employment (e.g. outdoor laborers, landscapers, construction workers, supplemental department store works during holiday periods, etc.). It is no longer required for the employer to indicate a reasonable expectation that the borrower will be rehired for the next season or for the borrower to have been in the same job (or same line of work) for the last two years.

SECONDARY EMPLOYMENT INCOME

The Underwriting Guideline section for Part-Time Income has been reclassified and consolidated under the section of Secondary Employment Income. Secondary employment or multiple-job income is generally considered stable for qualifying use when received for the last two years, but no less than 12 months. For Fannie Mae (DU) transactions, there can not be a gap in secondary employment beyond one-month in the most recent 12-month period.

See Flagstar's Conventional Underwriting Guidelines for complete details which may supersede Fannie Mae and Freddie Mac Seller Guides.

ADDITIONAL RESOURCES

- Fannie Mae: SEL-2021-01
- Freddie Mac: Bulletin 2021-4