



To: All Customers **From:** Credit Risk
Date: 04/01/21 **Memo#:** 21044
Subject: **Government Product and Overlay Enhancements/Reinstatements**

Effective for loans locked on or after Friday April 2, 2021, the following product and overlay enhancements are being revised:

FHA PRODUCT AND OVERLAY ENHANCEMENTS	
Purchase 1-2 Unit/PUD/Condo	The minimum credit score is being lowered from 640 to 620
Rate/Term-Simple Refinance 1-2 Unit/PUD/Condo	The minimum credit score is being lowered from 640 to 620
Cash-out Refinance 1-2 Unit/PUD/Condo	The minimum credit score is being lowered from 640 to 620
	Maximum cash-in-hand will follow AUS
	Maximum DTI is increasing from 45% to 50%
Streamline Refinance 1-2 Unit/PUD/Condo	The minimum credit score is being lowered from 640 to 620
FHA 203(h) 1 Unit	The minimum credit score is being lowered from 640 to 620
FHA 203(k) 1-2 Unit/PUD/Condo	The minimum credit score is being lowered from 640 to 620
Gift Funds	FHA transactions using gift funds the maximum DTI will follow AUS and gifts are limited to family members, close friends and employers only.
VA PRODUCT AND OVERLAY ENHANCEMENTS	
Purchase 1-2 Unit/PUD/Condo	The minimum credit score is being lowered from 640 to 620
Cash-out Refinance 1-2 Unit/PUD/Condo	The minimum credit score is being lowered from 640 to 620
	Maximum cash-in-hand will follow AUS
	Maximum DTI is increasing from 45% to 50%
	The three months reserve overlay is being removed
USDA PRODUCT AND OVERLAY ENHANCEMENTS	
Purchase 1-Unit/PUD/Condo	The minimum credit score is being lowered from 640 to 620
Rate/Term 1-Unit/PUD/Condo	The minimum credit score is being lowered from 640 to 620
Streamlined-Assist 1-Unit/PUD/Condo	The minimum credit score is being lowered from 640 to 620

We are also pleased to announce that the following products are being reinstated effective for loans locked on or after Friday, April 16, 2021:

FHA PRODUCT REINSTATMENTS	
FHA \$100 HUD REO Program 1-2 Unit/PUD/Condo	Minimum credit score will be 620
Purchase 3-4 Units/PUD/Condo	Minimum credit score will be 660
Rate/Term-Simple Refinance 3-4 Unit/PUD/Condo	Minimum credit score will be 660
Cash-out Refinance 3-4 Unit/PUD/Condo	Minimum credit score will be 660



	Maximum cash-in-hand \$300,000
Streamline Refinance 3-4 Unit/PUD/Condo	Minimum credit score will be 660

VA PRODUCT REINSTATEMENTS	
Purchase 3-4 Unit/PUD/Condo	Minimum credit score will be 660
Cash-out Refinance 3-4 Unit/PUD/Condo	Minimum credit score will be 660
	Maximum cash-in-hand \$300,000
Interest Rate Reduction Refinance (IRRRL) 3-4 Unit/PUD/Condo	Minimum credit score will be 660

The [Temporary COVID Guidelines](#), [Government Underwriting Guidelines](#) and *Product descriptions* will be updated with these changes. Please contact your Account Executive if you have any questions regarding your pipeline.

CUSTOMER SUPPORT

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