



**To:** All Customers **From:** Credit Risk  
**Date:** 05/13/21 **Memo #:** 21064  
**Subject:** **Non-Agency Underwriting Guidelines**

The [Non-Agency Underwriting Guidelines](#) will be updated with the following clarifications and is effective immediately.

**CRYPTOCURRENCY**

Clarification is being added to address Cryptocurrency (e.g. Bitcoin) is eligible under the terms of Sale of Personal Assets. Proceeds from Bitcoin, or other digital currency exchange, must be converted to U.S. currency and deposited into an eligible asset account. Documentation must show the funds coming from a digital currency account that was owned by the borrower. Cryptocurrency must be sold and loans against digital currency are not considered eligible.

**POWER OF ATTORNEY**

The Power of Attorney guidelines will be updated to provide clarification on the allowable use and requirements for a POA.

- Flagstar will continue to retain our existing POA requirements including, but not limited to, the restriction of use on all cash-out, investment, and single borrower transactions.
- Clarification is being added to indicate the eligible persons who may act as an agent for the borrower.
- For second liens products (e.g. HELOC) the use of a Power of Attorney is allowable when approved for use under the concurrent Flagstar first lien mortgage.

A Power of Attorney (POA) is a legal document giving one-person (described as the agent or attorney-in-fact) power to legally bind the borrower enacting the POA to the mortgage transaction. The eligibility requirements apply to any use of a POA for the closing documents, regardless if the person enacting the POA is a borrower to the transaction (e.g. party to title only).

Eligible Occupancy Types	Owner Occupied and Second Homes only. Investment properties are not eligible.
Eligible Loan Purpose	Purchase and Rate-and-Term Refinance only. Cash-out transactions are not eligible.
Borrower Eligibility	At least one borrower must be present at closing. POA may only be utilized when there are multiple borrowers on the loan transaction.  Single borrower transactions will only be considered when the borrower is engaged in military service outside the U.S. or when the Flagstar has historical experience with the borrower to compare the POA signatures.
Power of Attorney	<ul style="list-style-type: none"> <li>• Must be specific to the transaction referencing the property address, unless the POA is a Military Durable POA.</li> <li>• Signatures on the POA must match signatures in the file to Flagstar Bank’s satisfaction (may not be eSigned).</li> <li>• POA must be notarized.</li> <li>• The POA must executed by the borrower prior to its use by the agent.</li> </ul>



Application	<p>The application and Purchase Agreement (if applicable) must be signed by all parties of the loan.</p> <p>A POA may sign the initial application only when the borrower is on military service servicing outside the U.S. or deployed on a U.S. vessel, as long as the POA expressly states the intent to secure a loan on the subject property</p>
Eligible Agent/ Attorney-in-Fact	Family member of the borrower
Title	The title policy must not make any exceptions to the use of a POA. See Flagstar's Settlement/Closing Requirements for signature requirements
Flagstar Secondary Financing	The use of a POA under a Flagstar concurrent secondary lien (e.g. HELOC) is eligible when approved under the concurrent first lien mortgage.

Refer to the [Non-Agency Underwriting Guidelines](#) for complete details.

If you have any questions on the contents on this memo, please email [underwritingsupport@flagstar.com](mailto:underwritingsupport@flagstar.com) or call the Underwriting Support Desk at (866) 945-9872