To:	All Customers	From:	Underwriting
Date:	06/24/21	Memo#:	21082
Subject:	**Flagstar to Flagstar Refinance**		

FLAGSTAR TO FLAGSTAR REFINANCE – ESCROW CREDITS APPLIED TO PAYOFFS (NET PAYOFF)

Effective with Flagstar payoff letters requested after June 24, 2021, Servicing will no longer place a disbursement hold on the borrower's escrow funds.

Flagstar will continue to apply a credit for the existing escrow balance against the outstanding loan balance and net payoff the refinance except as follows:

- If an escrow disbursement is due within 30 days of the closing date, the escrow credit will not be applied against the outstanding loan balance. Any funds remaining in the borrower's escrow account after payoff of the previous loan, will be sent from Servicing to the customer within 20 business days of funding.

This will reduce the potential risk of customer service issues arising due to a short payoff, or the impact of duplicate escrow payments being made.

Example:

If the borrower currently has an escrow account, the escrow amount can be credited towards the payoff amount if an escrow credit is allowed.

- Payoff $100,000 and escrow balance $3000
  - With escrow credit = Payoff total $97,000
  - Without escrow credit = Payoff $100,000

Days between closing date and earliest due date *(calendar days)*	Collect payment at close?	How much to collect?	Payoff with Escrow Credit[1] allowed?
0-30	Yes	Full payment	No
31 +	No	N/A	Yes

1. **Borrower will be refunded the amount left in their current escrow account. Please contact Servicing regarding inquiries for refund amount. (800) 968 – 7700 or loanservicing@flagstar.com**