To:	All Customers	From:	Credit Policy
Date:	07/16/21	Memo#:	21092
Subject:	**Conventional Guideline Updates**		

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

APPRAISAL EXPIRATION AND UPDATES- FANNIE MAE (DU)

Clarification is being added that when an appraisal update report on Form 1004D is provided, to extend the original appraisal date beyond 120 days, the effective date of the appraisal update must be within four months of the Note date.

ASSET DOCUMENTATION- FANNIE MAE (DU)

For rate-and-term and cash-out refinance transactions, the most recent one-month period of account activity (30 days) for bank statements or an investment portfolio (e.g. stocks) will be required when asset documentation is required per DU.

DU will be updated in a future release to only require a bank statement covering a one-month period on refinance transactions however this change is effective immediately.

GIFT FUNDS USED FOR EARNEST MONEY DEPOSIT- FREDDIE MAC (LPA)

An eligible gift donor may provide the EMD directly to the builder or real estate agent. Evidence of transfer of funds from the donor's account to the deposit holder must be verified.

For any Mortgage where the source of the Borrower's EMD is gift funds, the amount must be ran as gift funds in LPA, and not as EMD.

Refer to the *Conventional Underwriting Guidelines* for complete details which may supersede Fannie Mae and Freddie Mac Seller Guides.

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

ADDITIONAL RESOURCES

- Fannie Mae Announcement 2021-06
- Freddie Mac Bulletin 2021-25