



To: All Customers **From:** Credit Policy
Date: 08/05/21 **Memo #:** 21105
Subject: **Temporary COVID Guideline Changes for Non-Agency**

The [Temporary COVID Guidelines](#) will be updated with the following changes and are effective immediately unless otherwise noted.

NON-AGENCY UNDERWRITING GUIDELINES

AGE OF INCOME DOCUMENTATION-RETIRED

The age of income documentation is no longer required to be dated within 60 days of the Note date and will follow the standard age of documentation requirement of 120 days.

AGE OF ASSET DOCUMENTATION-RETIRED

The age of asset documentation is no longer required to be dated within 60 days of the Note date and will follow the standard age of documentation requirement of 120 days.

MARKET BASED ACCOUNTS (STOCKS/BONDS/MUTUAL FUNDS)-RETIRED

A 30% reduction to the balance is no longer required for eligible reserves, 100% of the account balance may be utilized. In addition it is no longer required to document liquidation of funds prior to closing when using toward the down payment of the transaction.

VERIFICATION OF MORTGAGE REQUIREMENTS-UPDATED

USE OF CREDIT SUPPLEMENTS

When evidence is present in file to indicate a mortgage may have had missed payments as a result of a COVID-related forbearance, a credit supplement is not an acceptable form of due diligence to verify the payment history.

LOANS IN FORBEARANCE

For mortgages identified with missed payments over 12 months old which resulted from a COVID-related forbearance, the borrower must have formally exited the forbearance by either:

- Reinstating the loan by repayment of the missed payments in full, or
- Documenting a servicer approved resolution (e.g. payment deferral, repayment plan, or other modification) and verification of three subsequent full payments made after the date of the approved servicer resolution

Missed payments within the most recent 12 months remain ineligible. For COVID-related forbearance servicer resolutions only, standard modification timing requirements for derogatory events do not apply.

All other temporary requirements remain in place until further notice. See the [Temporary COVID Guidelines](#) for complete details.

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