

**To:** All Customers **From:** Credit Policy  
**Date:** 08/19/21 **Memo#:** 21109  
**Subject:** **Temporary COVID Requirements Expiring and Reminders- Conventional**

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

## EXPIRING

The following COVID related restrictions are being removed, effective immediately:

- Age of Documentation for Income and Assets
  - Will no longer be limited to 60 days and will return to standard requirement for documentation to be within 120 days of the Note date. This change does not apply to the ongoing self-employment requirements which still require a P&L within 60 days.
- Stock, Bonds, and Mutual
  - Accounts will no longer require evidence of liquidation when funds are used for down payment and closing; and
  - The balance of the account(s) no longer has to be reduced to 70% in order to use for reserves

## PREVIOUSLY EXPIRED

As a reminder, the below COVID related tolerances have expired and no longer eligible for use based on application date:

- Verification of Employment: alternative documentation for wage earners (expired 4/30/2021)
- Condo Review: expanded documentation tolerances for condo approval (expired 4/30/2021)
- Appraisal Flexibilities: tolerances for exterior and desktop appraisals (expired 5/31/2021)

## ONGOING

The following COVID related tolerances continue to remain in place until further notice:

- Self-Employment
  - Requirements for use of self-employment income to qualify
  - Verification business is operational within 20 days of the Note date
- Mortgage History
  - Requirements for all financed properties
- Construction and Renovation (Flagstar Overlay)
  - Contingency requirements for all transactions
  - Contractor review requirements for projects exceeding \$40,000

As a reminder, additional due diligence to ensure that accurate borrower information is obtained and that the borrower's ability to repay the mortgage is not negatively impacted by any disruption to borrowers' employment (or self-employment) and/or income due to COVID-19 may be required at the discretion of Flagstar Bank.

ADDITIONAL RESOURCES

- [Fannie Mae Lender Letter 2021-03](#)
- [Freddie Mac Bulletin 2021-28](#)

See the [Temporary COVID Guidelines](#) for complete details.