



To: All Customers From: Credit Risk
Date: 08/26/21 Memo #: 21115
Subject: **Government Guideline Updates**

The [FHA Underwriting Guidelines](#), [VA Underwriting Guidelines](#) and [USDA Underwriting Guidelines](#) will be updated with the following changes effective immediately.

The following FHA overlays listed below have been removed and will now follow the guidance from the [FHA Single Family Handbook 4000.1](#).

FHA OVERLAYS REMOVED	
GIFT FUNDS	Down Payment Assistance (DPA) with credit scores below 660: The total debt-to-income (DTI) cannot exceed 43%
RATIOS	If the credit score is below 660 and the loan receives an AUS approve/accept the maximum DTI ratio cannot exceed 55%
REFINANCE TRANSACTION	Maximum DTI ratio for cash-out refinances 1-4 Unit - Cannot exceed 50%.

The following VA overlays listed below have been removed and will now follow the guidance from the [VA Lenders Handbook](#).

VA OVERLAYS REMOVED	
LTV – CASH-OUT REFINANCE	3-4 unit: 90% - Borrower receives cash back and/or consolidates non-mortgage debt
	3-4 unit: 100% - Borrower does not receive cash back and only paying off mortgage debt
	Maximum CLTV is 150%
RATIOS	Maximum ratio for manually underwritten loans – 47%
	Maximum ratio for loans that receive an AUS approve/accept – 60%

The following USDA overlays listed below have been removed and will now follow the guidance from the [Guaranteed Loan Program Handbook USDA HB-1-3555](#).

USDA OVERLAYS REMOVED	
MAXIMUM LOAN AMOUNT	Contiguous 48 states: \$548,250
	Alaska and Hawaii: \$822,375

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

RESOURCES:

- [FHA Single Family Handbook 4000.1.](#)
- [VA Lenders Handbook](#)
- [Guaranteed Loan Program Handbook USDA HB-1-3555.](#)