



Flexibilities for Creditworthy Borrowers

Fannie Mae is focused on supporting broad access to mortgage credit by offering key flexibilities for creditworthy borrowers regardless of loan product. This job aid summarizes *Selling Guide* flexibilities for eligible transactions (including HomeReady® loans) up to 97% LTV and other loans up to the applicable maximum LTV. See below for how to enter information for loan casefiles in Desktop Underwriter® (DU®) and other helpful information.

This summary is intended for reference only. All criteria are subject to the formal terms and conditions of the Fannie Mae Selling Guide. In the event of any conflict with this document, the Selling Guide will govern.

| Category | Permitted Flexibility | DU Considerations and Other Information |
|---------------|--|---|
| Assets | <p>Flexible sources of funds that can be used for down payment*, closing costs, and reserves (if required) on a primary residence:</p> <ul style="list-style-type: none"> • Gifts** • Grants • Funds from savings clubs and pooled funds (down payment) • Rent credit for option to purchase (down payment) • Community Seconds® may be used for down payment, closing costs, renovations, or permanent interest rate buydowns (up to 105% Combined LTV) <p>*No minimum borrower contribution required for 1-unit primary residence **Gift funds may also be used for second home purchases</p> | <ul style="list-style-type: none"> • Gifts and grants should be entered as “Gift” • Savings Clubs/ Pooled Funds should be entered as a “Savings Account” • Rent Credit should be entered as an Other Credit of “Lease Purchase Funds” in the Details of Transaction • New Community Seconds should be entered as subordinate financing in the Details of Transaction <p>“Other” assets that may be used for down payment, closing costs, and reserves include bridge loans, bonds, certificate of deposit, checking and savings accounts, money market funds, mutual funds, net equity, retirement accounts, secured borrowed funds, stocks, and trust funds. Note - cash-on-hand may be used for HomeReady loans only.</p> |
| Credit | <p>Borrowers with traditional credit:</p> <ul style="list-style-type: none"> • DU evaluates credit data (not credit score driven) • No minimum number of tradelines as long as the borrower has a credit score • Minimum 620 representative credit score required <p>Borrowers without traditional credit can be underwritten in DU or manually (restrictions apply)</p> | <p>Borrower’s credit report must be ordered or reissued in DU</p> |
| Income | <p>In addition to salary, overtime, bonus, and commission income, the following income types are acceptable for use in qualifying:</p> | <p>Other/non-employment income must be entered in DU as “Other Income” in Section V. The other income types can be selected.</p> |



| Category | Permitted Flexibility | DU Considerations and Other Information |
|--------------------------------|---|--|
| | <ul style="list-style-type: none"> • Alimony or Child Support • Automobile Allowance • Boarder Income (restrictions apply) • Capital Gains Income • Disability Income – Long Term • Employment Offers or Contracts • Employment-Related Assets as Qualifying Income • Foreign Income • Foster Care Income • Housing or Parsonage Income • Interest and Dividend Income • Military Base pay, flight or hazard pay, rations, clothing allowance, quarter’s allowance, and proficiency pay • Mortgage Credit Certificates • Mortgage Differential Payments Income • Notes Receivable • Public Assistance • Retirement, Government Annuity, and Pension Income • Seasonal Income • Social Security Income • Temporary Leave Income • Tip Income • Trust Income • Unemployment Benefits • VA Benefits Income (non-education) <p>Refer to the Selling Guide for the related documentation requirements.</p> | <p>Income types not appearing in the Other Income List must be entered as “Other Types of Income” (for example, Housing or Parsonage Income).</p> <p>Refer to B3-3.1-09, Other Sources of Income and B3-3.1-05, Secondary Employment Income (Second Job and Multiple Jobs) and Seasonal Income, for information on how to verify the sources of income that may be used.</p> |
| Mortgage Insurance (MI) | <ul style="list-style-type: none"> • Standard and Minimum MI coverage acceptable • Financed MI acceptable (restrictions apply) | <p>Enter the necessary MI data in the Details of Transaction or the Proposed Housing section.</p> |

Resources on FannieMae.com/singlefamily

- [Selling Guide](#)
- [Eligibility Matrix](#)
- [Loan-Level Price Adjustment \(LLPA\) Matrix](#)