

# Fannie vs. Freddie

	Fannie Direct	Freddie Direct
INCOME		
Non-occupying Co-Borrower	Blended ratios not allowed	Blended ratios ok with LP accept. 5% occupant borrower funds required if LTV>80%.
Job gap over six months	No specific seasoning on new job required, need to determine stable and predictable income	Re-entering work force, with less than 2 year employment/income history, need 6 months on new job.
	Newly employed & less than 2 year employment/income history possible by proof of attending school or training program immediately prior to current employment	Newly employed & less than 2 year employment/income history possible by proof of attending school or training program immediately prior to current employment
IRA/401k Retirement Income	Document regular & continued receipt with: award letter, tax returns, w-2's, 1099's or proof of current receipt	2 months receipt & 36 month continuance required. Use 70% of balance for proof of continuance.
Years of tax returns used for calculating	Follow AUS, typically 2 year requirement	Follow AUS, possible to get 1 year.
Converting Primary to a Rental	Proof of 30% equity is required with a current 2055 exterior appraisal. Copy of full executed lease, security deposit check, & bank statement showing the deposited security funds	Proof of 30% equity is required with a current 2055 exterior appraisal. Copy of full executed lease, security deposit check, & bank statement showing the deposited security funds. 2 year landlord history also required to utlizie the rent.
Rental Income	Cash flow calculated from most recent tax returns. Leases may be used at 75% factor if property acquired since last tax filing. Rent on a subject property purchase ok at 75% per comparable rent schedule.	Cash flow calculated from most recent tax returns. Leases may be used at 75% factor if property acquired since last tax filing with 2 yr landlord history. Rent on a subject property purchase ok at 75% per comparable rent schedule with 2 yr landlord history. 2yr landlord history requirement waived on 2 to 4 unit primary residences.
Depletion of Assets	Must be a retirement based asset and borrower must be of retirement age. Calculation is 70% of value divided by 360 months.	Must be a retirement based asset and borrower must be of retirement age. Calculation is 70% of value divided by 360 months.
SEASONING		
R/T refi recently taken off of the market	Allowed, property must be taken off of the market prior to disbursement date of the new loan.	Allowed, property must be taken off of the market prior to disbursement date of the new loan.
Cash-Out refi recently taken off of the market	Max 70% if listed within 6 months (more restrictive if required by product, occupancy or property type). Must be taken off market prior to disbursement date.	Max 70% if listed within 6 months (more restrictive if required by product, occupancy or property type). Must be taken off market prior to disbursement date.
R/T refi recently purchased	No restrictions	120 day seasoning requirement after purchase
Refi Recently added to title	At least one borrower must meet continuity of obligation or an acceptable exception.	At least one borrower must meet continuity of obligation or an acceptable exception.
Cash-Out less than 6 months after purchased	Allowed; Must meet delayed financing exception to cash-out guidelines. Locked/Priced as cash-out refi.	Allowed; Must meet cash-out guidelines. Locked/Priced as cash-out refi.
Equity Buy-Out	Can be considered R/T if Continuity of Obligation is met and buy-out agreement provided.	Can be considered R/T if Special Refinance guidelines are met.
Seller title seasoning	No restriction/requirement	No restriction/requirement
NOTE!	Seasoning requirements are generally located in the borrower eligibility section of the guidelines. Refinance guidelines always reference Continuity of Obligation (FNMA) or General Requirements for all refinance mortgages (FHLMC) which are the general guidelines that address borrower eligibility to refinance a property. Beyond these general guides both R/T and C/O guidelines may apply additional restrictions. Ref. FNMA: B2-1.2-04, FHLMC: Chapter 24.2.	
ASSETS		
Borrower's own funds	4Not required for 1 unit Primary residence. 42-4 Unit, not required if <80% LTV. 5% required if >80% LTV 4Second homes, not required if <80% LTV. 5% required if >80% LTV 4No gift funds allowed on investment properties	45% required from occupant borrower's own funds if utilizing gift funds over 80% LTV or if using non-occupant co-borrowers 4Gift funds not allowed on investment properties
The above are basic guidelines.		