

Fannie vs. Freddie

	Fannie Direct	Freddie Direct
DEBT		
Paying off revolving debt	Must be paid in full and account closed prior to or at closing	Must be paid in full. Does not need to be closed.
30 day open accounts (i.e. American Express)	Ok to ignore if borrower has sufficient liquid assets to pay the debt off. Payoff not required.	Ok to ignore if borrower has sufficient liquid assets to pay the debt off. Payoff not required.
Disputed Accounts	Follow AUS (AUS typically requires account to be taken out of dispute)	Follow AUS (AUS typically results in error findings when 1 or more accounts are disputed)
401k loan	With an equal or greater vested balance in 401k account, do not need to count the debt in DTI	With an equal or greater vested balance in 401k account, do not need to count the debt in DTI
MISCELLANEOUS		
Max financed properties	No limit if primary residence. Max 4 financed properties if investment or 2nd home. 5-10 considered on case to case basis	No limit if primary residence. Max 4 financed properties if investment or 2nd home.
Private Road	⁴ Private road agreement required unless in a state with statutory requirements ⁴ If agreement does not exist and no state laws to govern, then underwriter will base decision on risk	⁴ Private road agreement required unless in a state with statutory requirements ⁴ If agreement does not exist and no state laws to govern, then underwriter will base decision on risk
Deed Restrictions	Allowed, no cap on the percent of the project devoted to deed restricted units	Max of 30% of the project can be devoted to the deed restricted units
Acreage	No max specified....must typical for area and have similar comparables	No max specified....must typical for area and have similar comparables
Subordinate Financing	Subordinate financing with negative amortization, prepayment penalties or balloon payments <5yrs are prohibited	Fixed rate purchase money seconds must have a maturity date at least 5 years from the note date on the first. HELOC's used in conjunction with purchases do not have maturity restrictions. No maturity restrictions on refinance transactions.
CONDO REVIEW		
Primary Attached Projects	Max 80% for limited review (outside of FL), Max 75% for limited review (FL only)	Max 90% for limited review (outside of FL), Max 75% for limited review (FL only)
Primary Detached Projects	Limited Review for all LTVs	Limited Review for all LTVs
2nd Home Attached Projects	Max 75% for limited review (outside of FL), Max 70% for limited review (FL only)	Max 75% for limited review (outside of FL), Max 70% for limited review (FL only)
2nd Home Detached Projects	Limited review all LTVs	Limited Review for all LTVs
Investment Attached Projects	Always full review	Always full review
Investment Detached Projects	Limited review all LTVs	Full review all LTVs
ALL CONDO PROJECTS		
HO6 Insurance	Coverage is determined by insurer, which is sufficient to repair the condo unit to its condition prior to a loss claim event.	Coverage is determined by insurer, which is sufficient to repair the condo unit to its condition prior to a loss claim event.
Co-Insurance	Not allowed	Allowed
TRUE PLANNED UNIT DEVELOPMENTS		
Attached	Limited review-All scenerios Cannot be on the Fannie ineligible list or have those characteristics e.g. commercial space over 20%, one entity owns over 10%, pending litigation, etc (possible to request an exception from Fannie)	Limited review-All scenerios Usually ok with "yes" answers, e.g. commercial space over 20%, one entity owns over 10%, pending litigation, etc
Detached	No review required	No review required
Insurance	Type E (Established PUD)—not required to verify liability insurance coverage, all other PUDs must be verified.	Proof of HOA Insurance required for all PUD types
The above are basic guidelines.		