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**Mortgage Tidbits**

**Keeping you informed and in the know….**

**Gift Funds**

Gift funds can be provided as a Gift of Equity or actual monetary funds. Here is a chart that helps identify who and the limitations of these type of gifts.

|  |  |  |
| --- | --- | --- |
| Gift Funds | | |
| Agency | Who Can Gift? | Specific Guidelines to Be Aware Of |
| Fannie Mae & Freddie Mac | * A relative, defined by FNMA as the borrower’s spouse, child or other dependent, or any individual who is related to the borrower by blood, marriage, adoption or legal guardianship. * Fiancé or Fiancée or domestic partner | * Primary and Second home purchase only * May not be a gift from a party to the transaction (1) * Gift letter and proof of transfer of funds from the donor’s bank account * Second home purchase will require a minimum 5% of the borrower’s own funds if LTV >80% |
| FHA | Family Member is defined as:   * Child, foster child, parent or grandparent * Spouse or domestic partner * Legally adopted son or daughter, including a child who is placed with the borrower by an authorized agency for legal adoption * Brother, stepbrother, sister, stepsister * Uncle or aunt * Son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law of the borrower | Gift of equity may be limited to 85% LTV unless:   * Residence is being sold is the family member’s primary residence or * Purchasing family member has been renting/occupying the residence 6 months prior to the contract date   Gift documentation needed:   * Gift letter, for equity or monetary gifts * Proof of deposit in borrower bank account * Donor’s bank statement for 30 days that includes the withdrawal of gift funds * Verification of large deposits will be required |
| USDA | Anyone that does not have an interest in the sale of the property | * Gift letter * Documentation of gift similar to FHA requirements |
| VA | No Specific Guidance from VA. Most Lenders will not allow from a party to the transaction, except for Gift of Equity | * Documentation similar to FHA requirements |

(1)Gift of Equity may only be provided by the seller of the home and the seller must meet the program relationship requirements.

**Call us today for the best answers to the mortgage questions!**

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