

Topic	Notable Agency Gift Policy Differences
Eligible Gift Funds Donors Who Are Also Interested Parties	<ul style="list-style-type: none"> Freddie Mac allows. Will apply interested party contribution limits to the gift amount. FHA only allows when real estate agent, who is also eligible donor, gifts commission from the transaction to borrower. FHA will not apply interested party contribution limits to the gift.
Wedding Gift Funds	Freddie specifically allows wedding gift funds and doesn't limit eligible donors to family members.
Donors Not Related to Borrower	USDA and VA do not require donors to have familial ties to borrower. Freddie Mac does not limit wedding gift donations to family members.

Agency	Eligible Donors	Personal Gift Funds and Gift of Equity Guidelines
Fannie Mae <i>Selling Guide B3-4.3-05 & B3-4.3-04</i>	<ul style="list-style-type: none"> a relative, defined 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 <p><i>Note: The donor of personal gift funds may not be, or have any affiliation with, any interested party to the transaction.</i></p>	Guidelines – Personal Gift Funds
		<ul style="list-style-type: none"> Primary residence and second home purchase only Minimum borrower investment of 5% is required for 2-4 unit primary residence or second home if LTV is >80%.
		Documentation – Personal Gift Funds
		<ul style="list-style-type: none"> Gift letter¹ To verify availability and transfer of funds the following are acceptable: <ul style="list-style-type: none"> a copy of the donor's check and the borrower's deposit slip, a copy of the donor's withdrawal slip and the borrower's deposit slip, a copy of the donor's check to the closing agent, or a settlement statement showing receipt of the donor's check. When funds are not transferred prior to settlement, obtain copy of a certified check, a cashier's check, or other official check given to closing agent. Proof of 12 months shared residency for eligible gift donors who reside with borrower will allow funds to be used to meet minimum borrower investment, if necessary. Donor must certify 12 months of past shared residency and intent to continue.
		Guidelines – Gift of Equity
		<ul style="list-style-type: none"> Primary residence and second home purchase only Not considered an Interested Party Contribution Minimum borrower investment of 5% is required for 2-4 unit primary residence or second home if LTV is >80%.
Documentation – Gift of Equity		
<ul style="list-style-type: none"> Gift letter¹ 		

¹ The gift letter must contain

- the donor's name, address, and telephone number;
- the donor's relationship to the borrower;
- the dollar amount of the gift;
- a statement that no repayment is required; and
- the date the funds were transferred.

Gift Funds and Gifts of Equity - All Agency Chart

Agency	Eligible Donors	Personal Gift Funds and Gift of Equity Guidelines
Freddie Mac <i>Selling Guide 5501.3</i>	<ul style="list-style-type: none"> a related person, defined 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 <p><i>Note: Unrelated persons are eligible donors of wedding gifts.</i></p>	Guidelines – Personal Gift Funds
		<ul style="list-style-type: none"> Primary residence and second home purchase only Minimum borrower investment of 5% is required second home if LTV is >80%
		Documentation – Personal Gift Funds
		<ul style="list-style-type: none"> Gift letter² Verification that the gift funds were deposited into the borrower's account or Verification evidencing the transfer from the donor to the borrower. Wedding gifts only require the following: <ul style="list-style-type: none"> Copy of marriage license Verification of gift funds deposit within 60 days of the date of marriage
		Guidelines – Gift of Equity
		<ul style="list-style-type: none"> Primary residence and second home purchase only Not considered an Interested Party Contribution <u>if</u> the seller is not, nor has any affiliation with, an interested party Minimum borrower investment of 5% is required second home if LTV is >80%
Documentation – Gift of Equity		
<ul style="list-style-type: none"> Gift letter² 		

² The gift letter must contain

- the donor's name, address, and telephone number;
- the donor's relationship to the borrower;
- the dollar amount of the gift;
- a statement that no repayment is required.

Gift Funds and Gifts of Equity - All Agency Chart

Agency	Eligible Donor	Personal Gift Funds and Gift of Equity Guidelines
FHA 4000.1 II.A.2.b.ii. (A) 4000.1 II.A.4.iii(F) 4000.1 II.A.5.c.iii(F) 4000.1 II.A.4.d.iii.(Q) 4000.1 II.A.5.c.iii(Q)	Family member defined as <ul style="list-style-type: none"> 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. 	Guidelines – Personal Gift Funds
		<ul style="list-style-type: none"> Primary residence 1-4 unit only Funds may not be used to fulfill mandatory reserve requirements for manually underwritten files. No borrower funds are required for down payment. Cash on hand is not an acceptable source of donor funds.
		Documentation – Personal Gift Funds
		<ul style="list-style-type: none"> Gift letter³ If the gift funds have been verified in the borrower’s account, obtain the donor’s bank statement showing the withdrawal and evidence of the deposit into the borrower’s account. If the gift funds are not verified in the borrower’s account, obtain the certified check or money order or cashier’s check or wire transfer or other official check, and a bank statement showing the withdrawal from the donor’s account. If the gift funds are paid directly to the settlement agent, verify that the settlement agent received the funds from the donor for the amount of the gift, and obtain the donor’s bank statement. If the gift funds are being borrowed by the donor and documentation from the bank or other savings account is not available, have the donor provide written evidence that the funds were borrowed from an acceptable source, not from a party to the transaction. Regardless of when gift funds are made available to a borrower, the lender must be able to make a reasonable determination that the gift funds were not provided by an unacceptable source. This usually requires a copy of the donor’s bank statement.
		Guidelines – Gift of Equity
		<ul style="list-style-type: none"> Limited to 85% LTV unless: <ul style="list-style-type: none"> residence is currently selling-family member’s primary residence or purchasing family member has been renting residence 6 months prior to sales contract date.
Documentation – Gift of Equity		
<ul style="list-style-type: none"> Gift letter³ 		

³ The gift letter must contain

- the donor’s name, address, and telephone number;
- the donor’s relationship to the borrower;
- the dollar amount of the gift;
- a statement that no repayment is required.

Gift Funds and Gifts of Equity - All Agency Chart

Agency	Eligible Donor	Personal Gift Funds and Gift of Equity Guidelines
<p style="text-align: center;">USDA 3555, Chap 9, Att 9-A</p>	<p style="text-align: center;">Anyone that does not have an interest in the sale of the property (seller, builder, real estate agent, etc.)</p>	<p style="text-align: center;">Guidelines – Personal Gift Funds</p>
		<ul style="list-style-type: none"> Gift funds may not be used as reserves. Gift funds are considered the applicant’s own funds and are eligible to be returned to the applicant at loan closing as applicable. Cash on hand is not an acceptable explanation for the source of funds. Gift funds that will be used for funds to close may be entered in the “Other Credits” section of the “Transaction Details” GUS application page. The amount entered should not exceed the actual amount of funds required to close. Remaining gift funds not used for closing assistance may be entered in the “Asset and Liabilities” application page as “gift funds”. If cash back is received at loan closing, it cannot exceed monies advanced by the borrower minus utilized gift funds.
		<p style="text-align: center;">Documentation – Personal Gift Funds</p>
		<ul style="list-style-type: none"> Gift letter⁴ Evidence of funds from the party providing the gift. Evidence the funds were deposited into the applicant’s account.
		<p style="text-align: center;">Guidelines – Gift of Equity</p>
		<ul style="list-style-type: none"> These gifts should be applied as a reduction to the purchase price of the dwelling. Ensure the appraiser is aware of the gift. This will allow them to properly complete their appraisal report, note the reduction, and support the appraised value compared to purchase price if applicable. The borrower may not receive cash back at loan closing for these gifts.
<p style="text-align: center;">VA VA Pamphlet 26-7 chapter 4d⁵</p>	<p style="text-align: center;">Gifts acceptable from a donor with no affiliation with the builder, developer, real estate agent, or any other interested party to the transaction.</p>	<p style="text-align: center;">Guidelines – Personal Gift Funds</p>
		<ul style="list-style-type: none"> No additional guidance.
		<p style="text-align: center;">Documentation – Personal Gift Funds</p>
		<ul style="list-style-type: none"> Gift letter³ Evidence of the borrower’s deposit, or A copy of the donor’s funds by check/electronic transfer to closing agent, or The CD showing receipt of donor’s funds
		<p style="text-align: center;">Guidelines and Documentation – Gift of Equity</p>
<ul style="list-style-type: none"> Gift letter³ 		

⁴ The gift letter must contain

- the donor’s name, address, and telephone number;
- the dollar amount of the gift;
- a statement that no repayment is required.

⁵ Changes effective 5-23-2019