

**Mortgage Tidbits**

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

**Fannie Mae Acceptable Sources of Cash Reserves**

Lenders do not want to leave borrowers hanging after a closing, so they make sure that the borrowers have some money or reserves left over once everything is said and done! Typically cash reserves are based on two months of the borrower’s mortgage payment which includes taxes, insurance, PMI, & other associated fees. What’s the difference between acceptable and unacceptable reserves on a purchase or refinance transaction? Take a look at the list below!

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| --- | --- |
| Acceptable Cash Reserve Resources | Unacceptable Cash Reserve Resources |
| * Checking or savings account
* Investments in stocks, bonds, mutual funds, certificate of deposit, money market funds, &/or trust accounts
* The amount vested in a retirement savings account
* The cash value of a vested life insurance policy
* Verified gift funds
 | * **Funds that have not been vested**
* **Funds that cannot be withdrawn under circumstances other than the account owner’s retirement, employment termination, or death**
* **Stock held in an unlisted corporation**
* **Non-vested stock options & non-vested restricted stock**
* **Personal unsecured loans**
* **Interested party contributions (IPCs)**
* **Any amount of a lender contribution**
* **Cash proceeds from a cash-out refinance transaction on a subject property**
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