



# WHOLESALE ANNOUNCEMENT 2024-4

January 17, 2024

**Fannie Mae**  
**Updates**

## **Effective Date**

Effective immediately

## **Updates**

### **Verification of Employment Alternatives**

- The following policy updates have been made to the verbal verification of employment requirements:
  - Permit lenders to use a borrower-provided paystub to satisfy the verification of employment requirement when an employer will not complete a verbal verification of employment (verbal VOE). The paystub must
    - meet the requirements in B3-3.1-02, Standards for Employment Documentation; and
    - be the most recent paystub (reflecting the most recent pay period available) no more than 15 business days prior to note date.
  - Permit lenders to use updated asset documentation to satisfy the verbal VOE requirement when an employer will not complete a verbal VOE. The asset documentation must
    - meet the requirements in B3-4.2-01, Verification of Deposits and Assets (including a screenshot or printout of the borrower's account information or third-party vendor sourced report)
    - reflect a payroll deposit for the most recent pay period available within 15 business days prior to note date; and
    - not include any information indicating the borrower may not be actively employed.
    - In both cases, lenders remain responsible for representations and warranties related to the borrower's income, employment, and assets. This includes re-underwriting the loan if the documentation introduces new information (such as impacts to the debt-to income ratio if the income amount changes or evaluating large deposits, if applicable)

### **Restricted Stock Units and Restricted Stock**

- Restricted stock units and restricted stock (collectively referred to as "restricted stock") have been added as an eligible income source under Other Sources of Income. To be used as qualifying income, the restricted stock must have vested and been distributed to the borrower without restrictions and the lender must document all the following:
  - evidence the stock is publicly traded;
  - the current vesting schedule reflecting past and future vesting;
  - a brokerage or bank statement showing receipt of the previous year(s) distribution and, at a minimum, the number of vested shares or the cash equivalent;
  - a completed Request for Verification of Employment (Form 1005) that reflects distributions, or the borrower's recent paystub showing receipt of the income; and
  - the borrower's IRS W-2 forms covering the most recent two-year period.



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- The calculation method for restricted stock income will vary depending on whether the income is received in the form of shares or cash and the length of time the borrower has received compensation

### Nontaxable Income

- Fannie Mae has clarified that lenders may treat 15% of Social Security income and the full amount of qualifying child support income as nontaxable income without having to provide documentation evidencing the nontaxable status. This nontaxable income may then be grossed-up and added to qualifying income

### Income Calculator

- Fannie Mae has created a new tool – the Income Calculator to assist lenders in accurately determining the monthly qualifying income for self-employed borrowers. Income Calculator provides a complete analysis of self-employed income for each borrower on a business-by-business basis and produces a Findings Report. Loans are eligible for relief from enforcement of representations and warranties for the income calculation if all requirements are met as follows:
  - All information submitted to Income Calculator must be accurate and complete.
  - A copy of the Findings Report must be kept in the loan file.
  - The amount of income used for qualifying cannot be more than the amount calculated by the tool

Fannie Mae Product Announcement has been posted to FCM's [Wholesale Knowledge Center](#)

Should you have any questions, please reach out to your Account Executive or Client Manager