



WHOLESALE ANNOUNCEMENT 2024-59

August 22, 2024

Fannie Mae Updates

Effective Date

Effective Immediately

Guideline Updates

Rent-related credits

- **Rent credit with an option to purchase**

Current policy states that rent credit, which is determined by calculating the difference between the market rent and the actual rent paid for the last 12 months, can be credited towards the downpayment or minimum borrower contribution under a documented rental/purchase agreement. This policy update permits more than 12 months' rent credit to be used as long as all other requirements are met.

Additionally, we expanded the documentation requirements to include:

- rent verification documentation, including bank statements or other reasonable methods evidencing the rental payments over the term of the agreement; and
- minimum terms outlined in the rental/purchase agreement.

- **Rent-back credit**

A rent-back credit is an amount paid by the property seller to the borrower in exchange for allowing the seller to stay in the home for a specified period of time after closing. While rent-back credit to the borrower paid by the seller is permissible as part of the sale, it cannot be used as an eligible source of funds for closing costs, down payment, or reserves. Additionally, lenders must underwrite the loan without any consideration of the rent-back credit and must document that the borrower has sufficient funds for the transaction from eligible sources.

- *Note:* For loans secured by the borrower's principal residence, the borrower must continue to meet any occupancy requirements as outlined in the security instrument.

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