

Personal Gift Funds and Gift of Equity Agency Guidelines Comparison

Agency	Eligible Donors	Personal Gift Funds and Gift of Equity
<p>Fannie B3-4.3-05 B3-4.3-04</p>	<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 the donor of personal gift funds may not be, or have any affiliation with, any interested party to the transaction 	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 letter* 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 residence for gift donors who reside with borrower will allow funds to be used to meet minimum borrower investment, if necessary.
		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%.
<p>Freddie 5501.3</p>	<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 unrelated persons are eligible donors when it's a wedding gift 	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 letter* 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 letter*

Personal Gift Funds and Gift of Equity Agency Guidelines Comparison

Agency	Eligible Donor	Personal Gift Funds and Gift of Equity
FHA 4000.1,II, A, 2, b, ii, (A) 4000.1,II, A, 4, d, iii, (F)	<ul style="list-style-type: none"> • 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 letter* • 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 that the funds were from an acceptable source. • 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 letter* 		

Personal Gift Funds and Gift of Equity Agency Guidelines Comparison

Agency	Eligible Donor	Personal Gift Funds and Gift of Equity
USDA 3555, 9.3, E, 1	<ul style="list-style-type: none"> a relative (no definition provided) 	Guidelines – Personal Gift Funds
		<ul style="list-style-type: none"> Gift funds may not be used as reserves
		Documentation – Personal Gift Funds
		<ul style="list-style-type: none"> Gift letter* To document transfer of funds, obtain a copy of the canceled check or other withdrawal document showing the withdrawal is from the donor’s personal account, along with the homebuyer’s deposit slip or bank statement that indicates the deposit. If gift funds are provided at loan closing, acceptable documentation includes <ul style="list-style-type: none"> if the transfer of funds is by certified check, obtain a bank statement to document the withdrawal from the donor’s account with a copy of the certified check. or if the transfer of gift funds is from a donor-purchased cashier’s check, money order, official check or bank check – obtain a withdrawal document or canceled check for the amount of the gift to evidence the funds came from the donor’s personal account, or if the transfer of funds was via a wire transfer, obtain a wire transfer confirmation to verify that the settlement agent received the funds from the donor for the amount of gift. Donor must be able to furnish conclusive evidence that the funds given to the homebuyer came from the donor’s own funds, and were not provided directly or indirectly by the seller, real estate agent, builder, or any other entity with an interest in the sales transaction.
		Guidelines and Documentation – Gift of Equity
		No guidance provided
VA 26-7, 8.5	<ul style="list-style-type: none"> no guidance provided 	Guidelines and Documentation – Personal Gift Funds and Gift of Equity
		No guidance provided, however a requirement for a gift letter* would be a reasonable expectation.

*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 (for Fannie Mae only).