

August 16, 2016

- 
- ◆ **Significant Derogatory Credit— Waiting Periods**
  - ◆ **Use of Rental income when Partial or No Rental History is on Tax Returns**

#### **Significant Derogatory Credit-Waiting Periods**

##### **Previous Credit Policy**

Previous foreclosure, deed-in-lieu of foreclosure or a short sale within the last 7 years, the mortgage must be a primary residence purchase transaction with the lesser of 90/90/90 LTV/CLTV/HLTV or maximum LTV/CLTV/HLTV

##### **Updated Credit Policy**

Amended, to remove the above stated requirement and to refer to FannieMae Guidelines as it pertains to Significant Derogatory Credit Events—Waiting Periods and Re-establishing Credit

#### **Use of Rental income when Partial or No Rental History is on Tax Returns**

##### **Previous Credit Policy**

- Fully executed lease agreement, covering 12 months and FNMA Form 1007 (the lower of the two will be used to qualify, regardless of marketplace or tenant explanation)
- Copy of cancelled checks from the tenant to support the terms of the lease. (money order, cashier's checks or any other form of payment will not be accepted)
- 3<sup>rd</sup> party verification to confirm property is not currently listed for sale

##### **Updated Credit Policy**

- Fully executed lease agreement, covering 12 months
- Copy of cancelled checks from the tenant to support the terms of the lease (money order, cashier's checks or any other form may be acceptable, if the underwriter is able to determine the purchaser is the same individual as the tenant)

Updated FannieMae Premium Overlay and Fact Sheet has been updated to reflect the above revisions and can be located on [LMS Xpress/Product Matrices and Underwriting Guidelines](#)