

## Direct Account Verifications, Seasonal and Secondary Income, Retail IHDA Tax Returns or Transcripts and Holiday Closure

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### Purpose

This announcement includes the following topic:

- ✓ Direct account verifications (VOD) – *Freddie Mac*
  - ✓ Seasonal/Secondary Income – *Fannie Mae*
  - ✓ Retail IHDA Tax Returns or Transcripts – *reminder*
  - ✓ Good Friday Holiday Closure
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### Direct Account Verifications

The following recent update from Freddie Mac is *Effective with locks or Retail HFA reservations taken on or after March 1, 2021:*

Per Freddie Mac Bulletin 2021-4

Direct account verifications (i.e. verification of deposit form (VOD)) are used to verify the Borrower's accounts held in financial institutions.

Freddie Mac now requires additional documentation for Purchase transactions when the current balance in an account exceeds the average balance by more than 50% of the sum of the total monthly qualifying income and the amount derived from the asset calculation for establishing the debt payment-to-income ratio.

For example, if the current balance reflected on the Borrower's VOD is \$15,000 and the average balance is \$12,000, the source of the \$3,000 increase must be verified if the Borrower's total monthly qualifying income is less than \$6,000.00.

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## Direct Account Verifications, Seasonal and Secondary Income, Retail IHDA Tax Returns or Transcripts and Holiday Closure, Continued

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### Seasonal and Secondary Income

The following recent updates from Fannie Mae is *Effective with locks or Retail HFA reservations taken on or after March 1, 2021:*

Per Fannie Mae SEL-2021-01

The requirements have been simplified for verifying income and employment as follows:

- Seasonal Income: removed the requirements to confirm with the employer if the borrower is likely to be rehired the next season and to confirm if the work is in the same job (or same line of work) as the previous two years
- Secondary employment: clarified that while a borrower may have different employers, they may not have any gap in employment greater than one month in the most recent 12-month period, unless the secondary employment is considered seasonal income.

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## Direct Account Verifications, Seasonal and Secondary Income, Retail IHDA Tax Returns or Transcripts and Holiday Closure, Continued

**Retail IHDA Tax Returns or Transcripts - reminder**

Retail IHDA requires:

- ✓ Three (3) years of Signed tax returns or transcripts
- ✓ The most recent year's W2's for each borrower (which should align with the tax returns provided)
- ✓ **CANNOT** accept IRS tax extensions

Files Closing <b>Before</b> April 15, 2021	Files Closing <b>After</b> April 15, 2021
1. 2017, 2018, 2019 <b>OR</b>	<del>1. 2017, 2018, 2019</del> <b>Not accepted after 4/15/2021</b>
2. 2018, 2019., 2020	Only 2018, 2019, 2020

**Holiday Closure**

- FSM, *including the Lock Desk*, will close at Noon on April 2, 2021 for the observance of Good Friday.

**Effective Date**

As Noted

**Questions**

Retail – Please contact your Manager with any questions  
 Mod Corr – Please contact Brent Wilder, National Account Executive, at [bwilder@fsmloans.biz](mailto:bwilder@fsmloans.biz)