

VA Expanded Home Loan Eligibility and Freddie Mac Update

Purpose

This announcement includes the following topics:

- ✓ VA Expanded Home Loan Eligibility – certain members of National Guard
 - ✓ Freddie Mac Update – Evaluation of 30-day Accounts (formerly “open end”)
-

VA Expanded Home Loan Eligibility – National Guard

As explained in [VA Circular 26-21-08](#), the definition of a Veteran, for purposes of VA home loan benefits, has been expanded to include certain members of the Army National Guard of the United States or the Air National Guard of the United States.

To be eligible, the member must have performed not less than 90 cumulative days of full-time National Guard duty, of which, at least 30 of those days must have been consecutive.

Full time National Guard duty includes training or other duty in the member’s status as a member of the National Guard of a State or territory, the Commonwealth of Puerto Rico, or the District of Columbia under 32 U.S.C. §§316, 502, 503, 504 or 505 for which the member is entitled to pay from the United States or for which the member has waived pay from the United States.

Full-time National Guard duty **does not** include inactive duty, such as monthly drills. It also does not include basic or initial training.

Continued on next page

VA Expanded Home Loan Eligibility and Freddie Mac Update, Continued

**VA Expanded
Home Loan
Eligibility –
National Guard,
continued**

Certificates of Eligibility

When submitting to VA a COE application, processing delays may be avoided by:

- Listing in Block 9c any active-duty time served under 32 U.S.C. §§ 316, 502, 503, 504 or 505
- Providing copies of one or more of the following documents
 - DD Form 214
 - DD Form 220
 - For National Guard members still serving on active duty, a current Statement of Service which identifies the National Guard member by name and social security number and provides (1) the date of entry for the current active-duty period and (2) the duration of any time lost (or a statement noting there has been no lost time). The Statement of Service should also specify the authority under which the National Guard was called to serve. Generally, this is a document written on military letterhead and signed by the Commanding Officer.
 - A copy of the retirement point statement, or NGB 23 Form, National Guard Bureau Retirement Credits Record, which includes one or more periods in which the National Guard member served on active duty.
 - Any other documents to support the activation may be submitted.

Continued on next page

VA Expanded Home Loan Eligibility and Freddie Mac Update, Continued

Freddie Mac Update – Evaluation of 30-day Accounts (formerly “open end”)

Effective with loans closed on or after June 7, 2021, FSM will be aligning with the requirements outlined in [Freddie Mac Bulletin 2021-9](#) pertaining to evaluation of 30-day accounts (formerly referred to as “open end”) and as stated below:

- ✓ The full amount of the outstanding account balance must be included in the debt payment-to-income ratio **OR**
- ✓ Verify the borrower has sufficient funds to pay off the outstanding account balance. The funds must be in addition to any funds used to qualify the borrower for the mortgage transaction and the source of the funds must be an eligible source as described in Freddie Mac Guide Section 5501.3

Note: Using 5% of the account balance as a default payment has been removed and is no longer an option.

Effective Date As Noted

Questions Retail – Please contact your Manager with any questions
Mod Corr – Please contact Brent Wilder, National Account Executive, as bwilder@fsmloans.biz
