

UPDATED GUIDELINE SUMMARY

EMET Mortgage is announcing policy updates for CONVENTIONAL CONFORMING PRODUCTS to align with guidance released from Fannie Mae SEL 2023-10 & Fannie Mae SEL 2023-11. The following updates will apply to all DU loans accordingly effective immediately.

CONVENTIONAL CONFORMING PRODUCTS	
Section	Update Summary
Employment offers or contract. (DU Loans: SEL-2023-10)	<ul style="list-style-type: none"> ▪ When the borrower is scheduled to begin new employment under the term of an employment offer or contract, the offer or contract cannot be for employment by a family member or interest party to the transaction.
Verification of employment alternatives (DU Loans: SEL-2023-11)	<ul style="list-style-type: none"> ▪ Following alternative documents are permitted to use to satisfy the verification of employment requirement when an employer will not complete verbal VOE. <ul style="list-style-type: none"> - Most recent paystub (reflecting the most recent pay period available) dated no more than 15 business days prior to the note date - Bank statements reflect a payroll deposit for the most recent pay period available within 15 business days prior to the note date
Restricted stock units and restricted stock (DU Loans: SEL-2023-11)	<ul style="list-style-type: none"> ▪ Restricted stock units and restricted stock (collectively referred to as “restricted stock”) are added to be an eligible income source under <i>Other Sources of Income</i>. ▪ To be used as qualifying income, the restricted stock must have vested and been distributed to the borrower without restrictions and must document all the following: <ul style="list-style-type: none"> - Evidence the stock is publicly traded; - The current vesting schedule reflecting past and future vesting; - A brokerage or bank statement showing receipt of the previous year(s) distribution, or the borrower’s recent paystub showing receipt of the income; and - The borrower’s IRS W-2 form covering the most recent two-year period. ▪ The calculation method for restricted stock income will vary depending on whether the income is received in the form of shares or cash and the length of time the borrower has received compensation.
Using nontaxable income to adjust the borrower’s gross income (DU Loans: SEL-2023-11)	<ul style="list-style-type: none"> ▪ Following income may treat as nontaxable income without having to provide documentation evidencing the nontaxable status: <ul style="list-style-type: none"> - Child support income: Full amount of the income - Social Security income: 15% of the income