



## **MFM Bulletin: 014-2023**

**Date:** April 11, 2023

**Subject:** Fannie Mae Updates Regarding Medical Collections and Use of Real Estate Commission as Assets

Fannie Mae has made the following Selling Guide changes, which are **effective immediately**:

### **Medical Collections**

Medical collection accounts are no longer required to be paid off at or prior to closing for both DU and manually underwritten loans, regardless of the amount. This change will align the Guide policy with DU's risk assessment and messages on the findings.

Additionally, for manually underwritten loans, non-medical collection accounts and non-mortgage charge-off accounts that exceed \$250 individually or \$1,000 in aggregate, must be paid in full at or prior to closing.

DU will be updated the weekend of April 15, 2023 to no longer include accounts reported as medical collections in the collection messages. **Please remember that per our overlays, MFM does not allow manual underwriting on conventional loans.**

### **Use of Earned Real Estate Commission**

Fannie Mae has updated their policy to permit the use of borrower earned real estate commission for down payment and closing costs. The borrower's earned real estate commission is an eligible source of funds when the borrower is a licensed real estate agent and will receive a sales commission from the purchase of the subject property.

The purchase contract must clearly show the borrower's license number, that they are acting as an agent to the transaction, and the amount of commission they will receive.