QUALIFYING BORROWERS ON FUTURE EMPLOYMENT

Under FannieMae guidelines, GMFS allows for qualifying borrower income from employment offers or contracts if the loan meets the following criteria:

- purchase transaction,
- principal residence,
- one-unit property,
- the borrower is not employed by a family member or by an interested party to the transaction, and
- the borrower is qualified using only fixed base income.

GMFS must obtain and review the borrower's offer or contract for future employment. The employment offer or contract must:

- **clearly identify the employer and the borrower**, be signed by the employer, and be accepted and signed by the borrower;
- clearly **identify the terms of employment, including position, type and rate of pay, and start date**; and
- **be non-contingent**. Note: If conditions of employment exist, GMFS must confirm prior to closing that all conditions of employment are satisfied either by verbal verification or written documentation. This confirmation must be noted in the mortgage loan file.

Also note that for a union member who works in an occupation that results in a series of short-term job assignments (such as a skilled construction worker, longshoreman, or stagehand), the union may provide the executed employment offer or contract for future employment.

The borrower's start date must be no earlier than 30 days prior to the note date or no later than 90 days after the note date.

Prior to delivery, the GMFS must obtain the following documentation depending on the borrower's employment start date:

If the borrower's start date is...	Documentation Required
The note date or no more than 30 days prior to the note date	• Employment offer or contract; and • Verbal verification of employment that confirms active employment status
No more than 90 days after the note date	Employment offer or contract

GMFS requires documentation, in addition to the amount of reserves required by DU or for the transaction, one of the following:

- Financial reserves sufficient to cover principal, interest, taxes, insurance, and association dues (PITIA) for the subject property for six months; **or**
- Financial resources sufficient to cover the monthly liabilities included in the debt-to-income ratio, including the PITIA for the subject property, for the number of months between the note date and the employment start date, plus one. For calculation purposes, consider any portion of a month as a full month.

  Financial resources may include:
  - financial reserves, and
  - current income.

Current income refers to net income that is currently being received by the borrower (or coborrower), may or may not be used for qualifying, and may or may not continue after the borrower starts employment under the offer or contract. For this purpose, the lender may use the amount of income the borrower is expected to receive between the note date and the employment start date. If the current income is not being used for qualifying purposes, it can be documented by the lender using income documentation, such as a paystub, but a verification of employment is not required.