



**MFM Bulletin: 032-2024**

**Date:** December 24, 2024

**Subject:** Fannie Mae and Freddie Mac VLIP Mortgage Credit Update

Fannie Mae and Freddie Mac are extending their \$2,500 Very-Low Income Purchase (VLIP) Mortgages Credit through February 28, 2026. **They have also added the requirement that at least one Borrower be a First-Time Homebuyer.**

**This new policy is effective for loan applications on or after December 26th, 2024.**

All loans in process with VLIP credit AND where none of the borrowers are first time homebuyers must close by January 7th, 2025, if loan is being sold to an investor. Loan where servicing is retained must close on or before February 7th, 2025.

**Below are updated general requirements for the VLIP Program Credit:**

Eligible Mortgages	Mortgage must be a HomeReady or Home Possible Mortgage.
Eligible Borrowers	<b>At least one Borrower must be a First Time Homebuyer.</b>
Mortgage Purpose	Purchase transactions only.
Borrower income	Borrower's qualifying annual income must not exceed 50% of the Area Median Income for the location of the property.
Underwriting requirements	Must meet all other program requirements and receive an Approved/Eligible or Accept through AUS.
Eligible Use of credit	VLIP credit may be used to offset the 3% contribution due from the borrower's own personal funds.  Credit will be given to borrower on the Closing Disclosure.

Please contact the MFM Underwriting Dept. ([underwriting@memberfirstmortgage.com](mailto:underwriting@memberfirstmortgage.com)) if you have any questions or concerns.

Thank you