



Bulletin 19-17

Update to Gift Funds Documentation Requirements on FHA Transactions

FHA has recently made updates and clarifications to the 4000.1 Handbook including an enhancement to documenting gift funds when the gift funds are not in the borrower's account prior to closing.

The following is now acceptable to FHA to document the transfer of gift funds when **not** in the borrower's account:

- Evidence of the payment to the borrower or settlement agent (no change), and
- A copy of the donor's bank statement showing sufficient funds for the amount of the gift (previously the bank statement **and** evidence of the withdrawal required)

There is no change to the requirements when the gift funds are already in the borrower's account prior to close; a copy of the donor's bank statement, showing the withdrawal, and evidence of the deposit into the borrower's account is still required.

As a reminder, regardless of when gift funds are made available to the borrower or settlement agent, Homebridge may ask that any large deposit be explained to ensure the funds did not come from an interested third party.

The FHA guidelines have been updated with this information and posted on the Homebridge website at www.homebridgewholesale.com

If you have any questions, please contact your Account Executive.