

Assets and Reserves



Your assets are an important aspect in a loan approval. At a minimum, most underwriters will require that you show at least two months of reserve assets after your mortgage payment is covered. That will be equal to two monthly PITI (principle, interest, taxes, and insurance) payments. If your loan exceeds the 80% LTV conforming threshold, you will need to include your PMI amount. Essentially, you just need to show enough money in the bank to convince an underwriter that you're a good risk.

Don't get caught playing stupid games with your assets because underwriters have seen them all. In general, they will require a VOD (Verification of Deposit) form to be completed for each account that you want to use in qualifying. They will take a two-month average of your asset balances and use that amount in qualifying. If you are a little short on cash reserves to qualify, I can show you perfectly legitimate ways to fix the problem. Take a look below at the Fannie Mae requirements.

The VOD link below shows you the form, or a similar one, that your lender will send either my mail or electronically to each of your account holders to verify your stated deposit information. That is why it is very important that you list the correct assets information on your loan application.

VOD Verification of Deposit form

https://www.fanniemae.com/content/guide_form/1006.pdf

The following link from the Fannie Mae Underwriting Guide discusses reserve assets in great detail. You should review these guidelines when you are preparing your loan application documents. I will, of course, counsel you in what you can and can't do.

Fannie Mae Minimum Reserve Requirements

<https://www.fanniemae.com/content/guide/selling/b3/4.1/01.html>

This following link gives you some advice regarding reserve assets from a realtor's perspective. If you are buying a house, it's always somewhat helpful to consider a second opinion.

Assets and Reserves Basics

<https://usmortgagecalculator.org/getting-mortgage-assets-reserves-requirements/>