



DELEGATED CORRESPONDENT ANNOUNCEMENT 2020-21

May 5, 2020

Guideline Update

FNMA and Freddie Mac have issued new guidance around unemployment and furloughed borrowers.

Unemployment Benefits:

Unemployment benefits cannot be used to qualify a borrower unless they are clearly associated with seasonal employment that is reported on the borrower's signed federal income tax returns. We recognize that many unemployed and furloughed individuals are eligible for unemployment benefits under the CARES Act; however, unemployment compensation is short-term in nature and is therefore not a reliable and predictable source of income for borrowers who are not established seasonal workers.

Furloughed Borrowers:

The COVID-19 pandemic has resulted in an increase in furloughed employees. A furlough is a suspension from active employment that does not typically guarantee restoration of an employee's position when the furlough period ends. Until furloughed employees actually return to work, they are unable to provide evidence of a stable and reliable flow of employment-related income and are therefore ineligible under our Temporary Leave Income policy



USDA Loan Limits:

As of May 4, 2020, the standard USDA loan income limit for 1-4 member households is \$90,300 or \$119,200 for 5-8 member households in most U.S. counties. Total household income should not exceed these limits to be eligible for a USDA home loan, but income limits can vary by location to account for cost of living.