



# WHOLESALE ANNOUNCEMENT 2024-53

July 18, 2024

Freddie Mac  
Updates

## Effective Date

Effective immediately

## Update/Summary

### Rental Income

- Source of Rental Income-On a Purchase Transaction
  - Permitting use of rental income to qualify when the Borrower rents their Primary Residence, provided the rental payment is documented. Previously, rental income could be used to qualify only when the Borrower owned their Primary Residence.
  - Permitting an exception to the requirement that the Borrower must rent or own their Primary Residence (i.e., be on the Mortgage or the lease) to apply to at least one Borrower when multiple Borrowers share their Primary Residence, regardless of whether they resided together.
- Source of Rental Income-Subject Investment Property Purchase Transaction and Primary Residence being converted to an Investment Property
  - Permitting the full amount of net rental income to be used to qualify as long as at least one Borrower has a minimum of one year of investment property management experience. Previously, all Borrowers were required to have one year's investment property management experience.
- Property owned as a rental property during the entire prior calendar year
  - Permitting the following exception to the requirement to annualize (i.e., divide by 12) the net income or loss reported on Schedule E; the qualifying income may be established based on the number of days in service on Schedule E, provided that:
    - The property was out of service for any time period during the prior year, and
    - The Mortgage file contains documentation of an event such as a renovation, as supported by a reduced number of days in use and repair costs on Schedule E
- Property purchased or converted to a rental property later in the prior calendar year
  - Permitting the income used for qualifying to be based on the number of months after the purchase or conversion date. Previously, the net income or loss reported on Schedule E was required to be annualized.
  - Permitting the following exception to the above requirement: the qualifying income may be established based on the number of days in service on Schedule E, provided that:
    - The property was out of service for a period of time after the purchase or conversion, and
    - The Mortgage file contains a documentation of an event such as a renovation, as supported by a reduced number of days in use and repair costs on Schedule E

**Should you have any questions, please reach out to your Account Executive or Client Manager**