



WHOLESALE ANNOUNCEMENT 2024-61

August 22, 2024

Freddie Mac Updates

Effective Date

Effective for Mortgages with Note Dates on or after November 8, 2024

Guideline Updates

Self-employed income

- The following updates related to self-employed income are being made:
 - Self-employed history of less than two years:
 - Specifying that the Borrower must have a combined two-year history of receipt of income from the current self-employment and the prior job in the same or similar occupation or industry
 - Specifying that the qualifying income must be determined by using the lesser of the stable monthly income from the new business or the stable monthly income earned in the previous occupation
 - Business structure changes: Adding guidance and requirements to address business structure changes (e.g., the Borrower's business structure changed from a sole proprietorship to an S-corporation), including requiring that there must be no change in the Borrower's percentage of ownership interest in order for the current and prior business structures to be considered the same business

Non-arm's length employment

- The following updates to Non-Arm's length employment are being made:
 - Permit the use of the Internal Revenue Service (IRS) wage and income transcript for the most recent year in lieu of the tax returns, and
 - Specify that the documentation must validate the prior year earnings from current employment and support the current income level. If the current income level is not supported, the Seller may use the validated income amount from the prior year as qualifying income.

Effective Date

Effective immediately

Guideline Updates

IRS Form 8821

- Section 3402.5 has been updated to align with Section 5302.5 in stating that IRS Form 8821 is an acceptable alternative to IRS Form 4506-C. Using IRS Form 8821 in lieu of IRS Form 4506-C to obtain tax transcripts from the IRS through a third-party service provider using a direct connection to the IRS may reduce fulfillment time (often same day versus weeks), reduce costs and provide certain income representation and warranty relief when using automated income assessment with Loan Product Advisor using tax data, part of AIM. Furthermore, tax transcripts can be used for fraud prevention.

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

