

Announcement #26-44

Date: May 06, 2026

Freddie Mac Updates to Age of Tax Return Requirements and Underwriting Guideline Clarifications

Pennymac is pleased to announce alignment with policy updates introduced in Freddie Mac Bulletin 2026-4 regarding age of tax return requirements and clarification on assets, liabilities, and flood insurance. These changes are effective immediately.

Age of Tax Return Requirements

Age of tax return guidance has been updated as follows:

- References to specific tax years have been removed and replaced with more general references to the “note year.” Requirements are now based on the application date and the note date of the specific transaction.
- For Automated Income Assessment (AIM) using tax data for self-employed or rental income, IRS Forms 4868 and/or 7004 as applicable, are required for tax returns on extension.

Refer to the Freddie Mac seller guide for complete requirements, including examples illustrating required documentation based on the note date.

Optional Flood Insurance

Only required premiums for flood insurance (coverage mandated by Freddie Mac policy) must be included in housing expense ratios; optional premiums may be excluded.

Asset Accounts Held in the Name of a Living Trust

Assets held in the name of a living trust may be used to qualify under assets as a basis for repayment when:

- The account is considered owned by the borrower as the settlor of the living trust.
- When the borrower is the living trust, the underwritten settlor is considered the owner of the asset account.

Automobile Lease Payments

Requirement to include automobile lease payments in the debt-to-income ratio has been revised to clarify circumstances that may permit exclusion:

- **Paid Off (new):** The lease payment may be excluded from the DTI only when the remaining balance is paid off or prepaid in full.
- **Paid Down:** If the borrower pays down the lease balance but a remaining balance still exists, the monthly lease payment must be included in the DTI.

Refer to the Freddie Mac Seller Guide for complete requirements.

Please contact your Sales Representative with any questions.

