

Announcement #26-52

Date: June 01, 2026

Fannie Mae Income Assessment Policy

Pennymac is aligning with Fannie Mae's multiple income assessment policy updates announced under SEL-2026-02; effective immediately. These updates introduce restructured sections, new and updated policies, and clarifications including but not limited to:

General Income Requirements:

- **Income Continuance** is now measured from the note date instead of the application date.

Requirements for Employment Related Income:

- **"Multiple jobs"** replaces the term "secondary employment" when referring to qualifying a borrower with multiple, simultaneous income sources; including self-employment. Requirements by income type must be met, a two-year history per income source is recommended and a shorter timeframe of at least 12 months is allowed when backed by strong offsetting factors. Job gaps cannot exceed one month.
- **Employment gap** timelines are no longer an indicator of eligibility. A determination that the current job is stable may be required in conjunction with the income standards by income type.
- **Pay raises** from a current employer may be used to qualify for purchase and limited cash-out transactions, provided the raise takes effect within 60 days of the note date. Refer to the selling guide for documentation requirements.

Sources of Employment Related Income:

- **Variable base income** requires a 12-month minimum history and reduces documentation to the most recent year's W-2, while introducing an alternative "Average Hours" calculation method.
- **Fixed based income** now only requires the most recent W-2 and paystub (previously required two years' W-2s)
- **Bonus, commission, overtime and tip income** Certain documented, non-recurring income gaps may be excluded; refer to the Fannie Mae selling guide for full details. Qualifying income relies on pay frequency and trend analysis, with the final conclusion depending on whether the trend is stable, increasing, or decreasing.
- **Employment offers or contracts** now requires a VVOE for option 2.
- **Seasonal income** requires income to be calculated using an average of year-to-date income (when present) and the previous two years' earnings.
- **Unemployment benefits** require income to be calculated using a 24-month average for stable trends, or a 12-month average if the history shows a downward trend.
- **Military income** now incorporates National Guard and Reserve members as eligible borrowers for military income and provides documentation requirements.

Other Sources of Income:

- **Annuity income** from personal and insurance annuities is now defined as an eligible income type. Fixed payouts require no minimum history, while variable distributions require a 12-months.

Refer to SEL 2026-02 clarification on **adoption assistance income as public assistance, section 8 housing choice voucher** and **long-term disability incomes**, which all now require validation of receipt of the first payment prior to the first payment due date. Refer to the Fannie Mae selling guide for complete requirements.

Please contact your Sales Representative with any questions.