

Announcement #24-76

Date: August 23, 2024

## Freddie Mac Bulletin 2024-9: Rental Income Updates

On July 3, 2024, Freddie Mac issued Bulletin 2024-9 announcing additional flexibilities for rental income requirements. Pennymac is aligning with this change effective immediately.

### Subject Investment Property (Purchase)

- Rental income is now eligible to be used when the borrower rents their primary residence, provided the rental payment is documented.
- When multiple borrowers share their primary residence, at least one borrower must rent or own their primary residence in order to use rental income. Previously, all borrowers were required to own or rent their primary residence.
- The full amount of net rental income may be used for qualification as long as at least one borrower has a minimum of one year of investment property management experience. This also applies to a primary residence being converted to an investment property.

### Property owned as a rental property during the entire prior calendar year

- Qualifying income may be established based on the “the number of days in service” on the 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

- Qualifying income may 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.
- In addition, 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

Please refer to Freddie Mac Bulletin 2024-9 and sections 5306.1 and 5306.4 of the Freddie Mac Selling Guide for complete requirements.

Please contact your Sales Representative with any questions.

